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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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(With this Issue appears a Special Survey of America's New Deal; and the Index to Volume CXXIV of THE ECONOMIST)

THE GOLD BLOC FALLS

THE expected has happened. The gold bloc has fallen. For five years the garrison had held the citadel with a dogged pertinacity worthy of Verdun's defenders, though at heavy cost. It was evident, however, that the end was near last week, when the suspension of M. Vincent Auriol's "Baby Bond" issue and the raising of the discount rate of the Banque de France revealed that M. Blum had abandoned all hope of recovery by a policy of internal expansion within the bounds of the "Poincaré franc." In the early hours of last Saturday the outside world learned that the French Government had determined to risk devaluation. Within the next twenty-four hours Switzerland decided also on devaluation, and Holland, swearing she would ne'er consent, consented—though with obvious reluctance. On Monday, finally, it was announced that Greece, Turkey and Latvia were "aligning" their currencies with sterling.

Thus the past week marks the third decisive stage in a process of currency adjustment which began when the pound sterling, with a number of other currencies, cut loose from gold in September, 1931, and continued when the dollar was depreciated in 1933. It is not a final stage of stabilisation uniting all the currencies on a new swing of gold parities. But it has been made possible by an act of international co-operation: for the French Government only took the plunge on receiving assurances from Britain and the United States—in terms closely akin to those repeatedly suggested in these columns—that British and American resources would be used to prevent undue exchange disturbances.

One may anticipate with some confidence that in the present case there will be no such period of widespread uncertainty as followed the earlier episodes. The world has learned that uncontrolled inflation is not a necessary corollary of devaluation; that the new franc, like the new pound and the new dollar, need not go the way of the German paper mark. France's present action has, indeed, for a long time been widely regarded as bound to come sooner or later; and the advent to power of M. Blum with his expansive and expensive New Deal has done nothing

more than set the seal on the final failure of the policy of deflation. There has been ample time for the most nervous to accustom themselves to the idea of a further change, and to make actual preparations for it. Both foreign centres and the French public itself have certainly done so.

This long notice has enabled an unusually large body of capital to seek refuge in flight from France. But, by the same token, the authorities have had ample time in which to prepare to meet the situation that might be created by its repatriation. And in any case it is unlikely to return to France in its entirety—partly because of the political uncertainty that still persists in France and partly because French economic recovery, though it may be confidentially predicted, will come gradually and not with a sudden boom.

What, in general terms, are likely to be the consequences of the gold bloc's action when once the period of immediate readjustment is over? The French franc has never been an international currency in the same sense as sterling or the dollar, and its devaluation is likely to have a smaller disturbing effect than the fall of either of its distinguished predecessors. It is to be hoped, therefore, that the stimulus to French internal activity and external trade will be helpful to the world as a whole and will outweigh the effect of France's increased export competition. Certain of her industries—especially her wool textile industry—may be enabled to regain part of their lost markets. But, as we show in a later Note, the "luxury articles," and many other commodities which figure largely in French exports, are largely non-competitive with the characteristic products of countries like Great Britain and the United States; and a recrudescence in tourist traffic should help France and Switzerland without seriously hurting anyone else. The devaluation of the Dutch guilder, on the other hand, may have some deflationary effect on the general price level; for a significant share of the world's supplies of such essential raw materials as rubber, tin and oil is produced in the Dutch East Indies. The extent of devaluation in Holland, however, is likely to be less than in the other gold bloc countries; and any declining tendency in prices will be

checked by the restriction schemes which apply to most of these commodities.

Any adjustments that may have to be made in these directions are, however, of minor importance compared with the fact that an indispensable step has been taken towards the reconstruction of the edifice of world trade which collapsed after 1929. The countries whose currencies have been devalued within the past five years were responsible for more than four-fifths of the world's international trade before the depression set in. In the interim the value placed upon the world's monetary gold reserves (allowing for the effect of devaluation) has increased by approximately one hundred per cent. The latest developments have come at a moment when there is in many countries a psychological reaction against extreme economic nationalism and trade restriction. In many States, further, a definitely expansive economic philosophy is common to Government and people. There is little doubt that a World Economic Conference to-day would hold out far better prospects of achieving a modicum of sanity in international trade relations than its ill-fated predecessor of 1933.

It would be unwise, nevertheless, to look for a rapid and spectacular transformation of the international scene. In the first place, industries have been fostered and vested interests created by the prevailing system of high tariffs, exchange controls, quotas and prohibitions. Such interests are notoriously prone to outlive the emergencies which call them into being. In the second place, political relationships have changed greatly for the worse since 1931. Industries have been concentrated on armament production, and in more than one country self-sufficiency based on the alleged needs of defence has become an obsession.

These difficulties are formidable; but they should not be allowed to stand in the way of a determined effort by the countries which have adjusted their currencies to secure every practicable amelioration of trade restrictions among themselves. Without a reasonably free apparatus of payment and of valuation, trade cannot flow freely. These countries have an opportunity of demonstrating this truth to the world, and of showing that facilities for trade bring a handsome dividend in increased prosperity.

It is appropriate also that these countries should take the lead. For they are precisely the nations who believe in an increasingly international world as the condition of the advance of civilisation, who look upon narrow nationalism as a "throw-back" towards barbarism.

These, however, are considerations of the longer run. For the moment the task of the world's statesmen is to make the most of the opportunities which the events of the past week have placed before them. Devaluation of the franc, even when it is coupled with an agreement between the three Western democracies, does not automatically solve the problems that are still plaguing the world. But it does present manifold opportunities of moving forward along paths that were blocked so long as a group of the world's most important currencies were still stubbornly deflating. There is now a better prospect than at any time in the past seven years of true exchange stability, corresponding to a genuine equilibrium between the different national economies, and not merely to the rigid imposition of an arbitrarily "stabilised" rate of exchange. There is now an excellent prospect of the movement of domestic recovery spreading to the countries which have hitherto experienced nothing but a steady restriction of employment. Finally, there is the possibility of a real beginning being made at long last with the task of removing the barbed-wire entanglements which still cumber international trade.

These are great prizes. But they will not ripen and drop from the living tree of events without some exertion on the part of Governments. It will exercise all the talents and employ all the experience of the authorities of the three covenanting nations to preserve a genuine stability of the exchanges, a moving equilibrium between disparate national economies. It will need constant watchfulness to ensure that the movement of expansion which can be expected in every country of the world does not degenerate into mere inflation.

The measure of last week's achievement will not be fully revealed until time has been given for all these opportunities to be seized or let slip. If the tide of chance is now taken at the flood, it will indeed lead on to fortune.

MR EDEN AT GENEVA

THE speech which the Foreign Secretary made on Friday of last week in the League Assembly at Geneva is one in which we may take some small comfort, since Mr Eden has not entirely thrown up the sponge or despaired of saving the world from anarchy. His speech is hopeful because it holds out the promise of action on the part of the Government which he represents. That action extends over a broad front: it deals with the general principles of international relations, as well as with such concrete questions of the moment as access to raw materials and to markets, restraint of competition in armaments, the reform of the League, and regional pacts. Further, the speech goes into the intensely practical question of the relation between these particulars and the fundamental questions that underlie them. For example:—

In considering the future of the League, there are two essential elements—first, the League machinery, and secondly, the will to work that machine. The second is infinitely more important than the first, but the machinery can also be improved.

This was admirably said, and the speaker did not stop short at generalities. He grappled with the dilemma between the duty of believing in our own faith (and defending the institutions in which it is embodied) and the duty of tolerating the different, and even contrary, faiths and institutions of our neighbours. In fact, Mr Eden raised in precise terms, the problem of toleration. And this was well done; for that ancient problem, which within living memory seemed out

EFFECTS OF DEVALUATION

This issue of *The Economist* includes the following:

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of date because it appeared to have been solved, is now as urgent again in Western Christendom in A.D. 1936 as in A.D. 1636.

The problem of believing in our own faith, and at the same time tolerating our neighbour's, implies, of course, that at bottom there lies some bed-rock of common ground. And Mr Eden gave prominence to two strong desires, in matters of capital importance, which are common to all living Governments and peoples, whatever their superficial differences in political creed and temper. Both the "haves" who wince at the thought of relinquishing any of their great possessions, and the "have-nots" who have been running after the will-o'-the-wisp of economic self-sufficiency, have a common desire and interest that international trade should be liberated from its present strangling shackles. Both, again, have a still stronger common interest and desire that a general war between the Great Powers shall be avoided—whatever reservations they may make about preparing to fight to the death rather than sacrifice treasured possessions or cherished ambitions.

So far so good; but when we look closely at these two possible foundation-stones for a new world-order, we cannot be blind to their weak points. Both these common interests may prove rather too negative and rather too material to offer a sufficient basis on which to inspire an international loyalty, and set up an organ of collective action. It is as if, in the domestic political life of this country, we had tried to build up our present parliamentary institutions simply on our common desire to stimulate trade and to preserve the King's peace. Certainly these two motives, between them, do account for a considerable part of the common

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ground which unites our opposing political parties and makes our parliamentary system workable. But we need look no further than the public speeches, made by leading members of all parties within the last few weeks, to remind ourselves that the essence of our common British faith is something at once more spiritual and more positive.

Unfortunately, there is as yet no comparable unit of inspiration between nations with their widely differing faiths, or if it exists it is at most but a feebly flickering flame. Yet, if disaster is to be avoided, we must make the most we can of any forms of co-operation that we can find. We should, therefore, give Mr Eden all our support in his renewed effort to grapple with the particular concrete problems through which we shall have to work out our own salvation. For example, the Foreign Secretary has renewed the offer concerning access to raw materials made in the same Geneva forum, twelve months ago, by his predecessor, Sir Samuel Hoare.

"This," said Mr Eden last week, "is a matter for suitable discussion at Geneva under the auspices of the League. We are prepared that steps shall be taken in this direction by this Assembly."

Here is a constructive piece of work which the Seventeenth Assembly ought to make sure of putting in hand before it disperses.

Again, Mr Eden's remarks about the avoidance of war affect the three closely inter-related topics of re-armament, the reform of the League, and regional pacts. On the question of re-armament, we cannot quarrel with the Foreign Secretary's frank declaration (melancholy though it be) that our own re-armament in the United Kingdom must be persisted in "unless and until nations reach an agreement for the reduction and limitation of armaments"; that "disarmament, to be real, must be not only military but mental" and that no solution can be found in a mere "standstill in armaments, calculated to give a permanent advantage to nations which had urgently concentrated upon achieving the most intensive measures of armaments within their power."

In this connection, we can only point, for the moment, to the encouraging fact that the French Government has now become the leading advocate of disarmament, after having steadily blocked all progress along this path for the first fifteen or sixteen years after the Armistice of 1918. No doubt, in one sense, France has reached a better frame of mind because her former intransigence has brought its Nemesis in the shape of a German re-armament on a titanic scale. Dare we hope that Germany may have the wisdom and generosity to avoid emulating her neighbour's error?

In regard to the reform of the League, Mr Eden has grasped and preached the all-important point that the will matters more than the machine. But he has gone further; for, in surveying the machinery, he has made certain definite suggestions for reform which are not at all on those defeatist and reactionary lines that might have been expected from His Majesty's Government after Mr

Chamberlain's famous "midsummer of madness" speech. Mr Eden did not suggest that we should cut out Article X and emasculate Article XVI. The Articles to which he addressed himself were XIX and XI. His strong plea for making a practically operative reality out of Article XIX on the ground that "we cannot encase human life in a rigid mould of a given date" ought to evoke a hearty response in Germany, Italy and Japan. Conversely, countries living under the fear of aggression ought to welcome Mr Eden's other suggestion (which a painful experience commends up to the hilt) that Article XI, relieved of the incubus of the unanimity rule, should be re-gear'd in a way that will make earlier effective action possible.

There is one point, however, in Mr Eden's speech on which we are left in doubt—his reference, namely, to regional pacts:—

"We favour regional pacts provided that they are harmonised with the Covenant. They might well be submitted to the Assembly and Council, and the Assembly might see that certain situations are included under them. His Majesty's Government are resolved to negotiate such a pact for Western Europe. This, however, is not our whole task. There is nothing essentially wrong with the League. Its general principles are right, and a logical and reasonable system can be constructed upon it."

If these words could be read *in vacuo*, they would in themselves dispel any lingering fear lest His Majesty's Government might consent to purchase a short-term immunity against German attack, at the price of giving Germany a free hand in Eastern Europe, by repudiating our British obligations under the Covenant in that region. Unhappily, Mr Eden's words have to be read in the light of the Manchurian and Abyssinian records of the Government of which he is a member, and of its immediate predecessor. Can Mr Eden explicitly reassure us on this all-important point?

EUROPE'S CURRENCY CRISIS THE STORY OF THE WEEK

The following is a brief chronicle of the principal events of this week's currency crisis. Market reactions and movements of prices and exchange, etc., are discussed in detail in our Money, Stock Exchange and Overseas Correspondence Sections.

SATURDAY, SEPTEMBER 26

At 1.10 a.m. M. Vincent Auriol, the French Finance Minister, announced at the Ministry of Finance that the Government had decided to devalue the franc. He stated that its new value would be between the limits of 49 and 43 milligrammes of gold, 0.900 fine (compared with the previous rate of 65.5 milligrammes), and that an exchange stabilisation fund of 10,000 million francs would be set up.

Parliament would be convened on the following Monday to ratify devaluation, and meanwhile the Bourse would be closed. At the same time, M. Vincent Auriol revealed the terms of a monetary agreement reached between the French, British and United States Governments. He added that devaluation had been made dependent on this agreement.

The agreement was also announced in statements made by the British and United States Treasuries in the early hours of the morning. The British Treasury's statement was as follows:—

1. His Majesty's Government, after consultation with the United States Government and the French Government, join with them in affirming a common desire to foster those conditions which will safeguard peace and will best contribute to the restoration of order in international economic relations, and to pursue a policy which will tend to promote prosperity in the world and to improve the standard of living.

2. His Majesty's Government must, of course, in its policy towards international monetary relations, take into full account the requirements of internal prosperity of the countries of the Empire, as corresponding considerations will be taken into account by the Governments of France and of the United States of America. They welcome this opportunity to reaffirm their purpose to continue the policy which they have pursued in the course of recent years, one constant object of which is to maintain the greatest possible equilibrium in the system of international exchanges and to avoid to the utmost extent the creation of any disturbance of that system by British monetary action. His Majesty's Government share with the Governments of France and the United States the conviction that the continuation of this two-fold policy will serve the general purpose which all Governments should pursue.

3. The French Government inform His Majesty's Government that, judging that the desired stability of the principal currencies cannot be ensured on a solid basis except after the re-establishment of a lasting equilibrium between the various economic systems, they have decided with this object to propose to their Parliament the readjustment of their currency. His Majesty's Government have, as also the United States Government, welcomed this decision in the hope that it will establish more solid foundations for the stability of international economic relations. His Majesty's Government, as also the Governments of France and of the United States of America, declare their intention to continue to use the appropriate available resources so as to avoid as far as possible any disturbance of the basis of international exchanges resulting from the proposed readjustment. They will arrange for such consultation for this purpose as may prove necessary with the other two Governments and the authorised agencies.

4. His Majesty's Government are moreover convinced, as are also the Governments of France and the United States of America, that the success of the policy set forth above is linked with the development of international trade. In particular, they attach the greatest importance to action being taken without delay to relax progressively the present system of quotas and exchange controls with a view to their abolition.

5. His Majesty's Government, in common with the Governments of France and the United States of America, desire and invite the co-operation of the other nations to realise the policy laid down in the present declaration. They trust that no country will attempt to obtain an unreasonable competitive exchange advantage and thereby hamper the effort to restore more stable economic relations which it is the aim of the three Governments to promote.

A similar statement was issued by the United States Treasury which undertook to "use appropriate available resources" to prevent undue exchange disturbances.

Later in the morning decrees temporarily suspending the payment of commercial claims in gold or foreign currencies, and closing the Paris exchanges until further notice, appeared in the *Journal Officiel*. Exports of gold were suspended in fact by the action of the Bank of France in raising the minimum quantity of gold obtainable to an extremely high level.

All foreign exchange dealings were suspended after a short time in the London market. In the few transactions which took place the pound fluctuated between \$4.90 and \$4.95.

The Swiss Federal Council held a meeting in the morning at which it was decided that the existing gold parity of the Swiss franc would be maintained. At a further meeting of the Council in the late afternoon, however, a decision was taken in favour of devaluation.

In Holland it was announced in the morning that no change would be made in the Government's monetary policy. After an exodus of gold of nearly £2,000,000 during the day, however, the Cabinet, meeting at midnight, decided that the Swiss decision had compelled the Dutch Government to reconsider its attitude, and that since Holland was the only country on the world gold standard, at the pre-1931 parity, the existing monetary policy could not be maintained.

In a statement to the press in the evening M. Blum said that it was the first time in history that three Great Powers had announced their determination to re-establish normal monetary and economic relations between one another. The French Government would never have devalued "unilaterally"; but they were prepared to do so as the first step to a new era in economic relations.

SUNDAY, SEPTEMBER 27th

The French Devaluation Bill was submitted to the Finance Committee of the Chamber, and adopted with minor amendments by 20 votes to 12, with 7 abstentions. The Bill contained the following provisions:—

(1) The provisional fixing of the full value of the franc between the limits of 43 and 49 milligrammes 0.900 fine.

(2) The institution of an Exchange Equalisation Fund of 10,000 million francs.

(3) The approval of a new Convention with the Bank of France by which the profit on the gold reserve should accrue to the Treasury.

(4) The extension of the Bill to colonies and dependencies using French francs as their currency; and a stipulation that it should not apply to foreign payments regularly made in gold before its application.

(5) The forbidding of all imports and exports of gold in bars or coin and all dealings in them at home, except with the authorisation of the Bank of France. French holders of gold coin or bullion, whether at home or abroad, to be compelled to declare their holdings to their local tax collector before October 20th; and foreign companies whose capital is mainly French to be subject to the same rule. Holders of less than 60 grammes of gold to be excepted. The excess value of such gold holdings due to devaluation to be sequestered by the Government; and failure to declare holdings to involve a fine equal to the value concealed. All exchange operations by Frenchmen between September 20th and September 26th to be declared within 15 days, under penalty of a fine equal to three times the amount involved.

(6) The institution of a sliding scale, varying with the cost of living, for all wages specified in the collective wage agreements recently signed or to be signed, and for "manual" wages and salaries in professions which have no such contracts. Power also to be taken to adjust civil servants' salaries to the cost of living, and to abolish the last of the "Laval cuts" in ex-soldiers' pensions.

It was later announced in Paris that special privileges would be granted to holders of the recently issued "Baby Bonds." The Director of the Sinking Fund had been authorised to issue reversionary annuities in exchange for *rentes*, Treasury bonds of a currency of more than six months, and National Defence Bonds, held by persons who had acquired these securities before September 26, 1934, who are more than 55 years of age, and whose 1930 incomes are below the taxable limit. The bonds to be taken back at their par value, and the *rentes* at the average daily rates ruling during the preceding fortnight.

In the course of the evening the Swiss Federal Council requested the National Bank of Switzerland to fix the gold value of the franc between 190 and 215 milligrammes of fine gold, corresponding to a devaluation of about 30 per cent.

MONDAY, SEPTEMBER 28th

The debate in the French Chamber on the Devaluation Bill began in the morning and continued throughout the day. In the main the Right attacked the Government, and the Popular Front parties supported it; but both the Radicals and Communists showed themselves restive. M. Bonnet argued that the Government had been forced to devalue by circumstances and had not chosen their own time. M. Paul Reynaud said the devaluation would have had much better effect if it had come long before. M. Vincent Auriol, in reply, said the currency problem

was international and that the monetary agreement between the United States, Great Britain and France was of "historic importance." The debate continued throughout the night.

In London there were no dealings in French francs, Swiss francs or Dutch guilders. The price of gold, however, rose to 140s. 9d. an ounce, and sterling depreciated in terms of dollars to about 4.95, compared with \$5.03½ on Friday. On the Stock Exchange there was some weakness in gilt-edged securities. The French, Dutch, Swiss and Italian bourses were closed throughout the day.

Dr Colijn, in a statement broadcast in the morning, said that outside forces had compelled Holland to leave the gold standard. For the present Holland would have a managed currency, and an Equalisation Fund of 300 million guilders would be formed. The Government were prepared to abolish trade barriers and work for international stabilisation.

The news of the abandonment of gold was received quietly in Holland, and private transactions indicated a depreciation in the guilder of 15 to 20 per cent.

The following statement was issued the same morning by the Bank of Greece:—

Consequent on the new international monetary situation the Bank of Greece, in agreement with the Government, has decided to base the drachma on the pound sterling. The buying price will be fixed by the Governor of the Bank within the limits of 540 and 550 to the pound. The price of other currencies will be fixed on the basis of their parity to sterling on the London Stock Exchange. After this decision the buying rate of sterling was to-day fixed at 546 drachmas, and the selling rate at 550. Since the London and Paris Exchanges are closed the Bank is unable to quote a rate for the franc.

The drachma was previously based on the Swiss franc, and on Friday, September 25th, it was quoted at 531.2 to the pound sterling.

Later in the day the Latvian Government announced that the currency would be devalued and attached to sterling. Previously the lat had been attached to the French franc, and had been quoted at 15.50 lats to the pound sterling. The new rate will be 25.22 lats.

In the evening the Turkish Government announced that it had adopted the pound sterling as the basis for its currency instead of the French franc. The new rate would be £16.35-£16.38 to the pound, compared with a rate of £16.34 quoted on Friday, September 25th.

TUESDAY, SEPTEMBER 29th

The debate in the French Chamber on the Devaluation Bill continued during the early hours of the morning. M. Blum, replying to the Government's critics, said that no Government could have refrained from devaluing the franc in the existing circumstances. The Bill was finally adopted by 350 votes to 221 at 10.30 a.m. The provision for a compulsory adjustment of wages according to a cost-of-living scale was abandoned in favour of a clause granting general powers to the Government to prevent a rise in prices. In its amended form the Bill also contained provisions permitting the Government to modify import quotas and tariffs, and to arrange a Convention with the Crédit Foncier enabling it to reduce interest rates in return for an advance by the Treasury.

The Dutch Chamber passed in the course of the evening the Bill providing for devaluation, including measures (1) against increases in prices; (2) for the establishment of an Equalisation Fund; (3) for the prohibition of gold exports.

Dealings in guilders and Swiss francs were resumed on the London market. Guilders opened at 9.9.20 to the pound, compared with 7.46½ on Friday, September 25th. Swiss francs were at 21½-21¾, compared with 15.48 on September 25th.

WEDNESDAY, SEPTEMBER 30th

After the approval of the First Chamber had been obtained a few hours previously, the Swiss Lower Chamber adopted the Government's devaluation proposals soon after midnight.

In the French Senate the Government's Bill was debated throughout the day. Finally, despite an appeal by M. Blum, the "social" provisions were removed, and a single clause empowering the Government to prevent price-raising

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was adopted. In this form the Bill was voted by a small majority. The Chamber met at 11 p.m. to receive the Bill in its amended form.

In the afternoon Dr Schacht read a declaration to the Central Committee of the Reichsbank. He said that Germany did not intend to devalue her currency, but was prepared to join in international negotiations designed to free the channels of international trade and payments. Should an international agreement of a more far-reaching kind than the three-Power monetary agreement prove possible, Germany would consider changing her currency policy.

THURSDAY, OCTOBER 1st

The French Chamber re-passed the Devaluation Bill in its original form soon after midnight, and added a clause providing for a tax of 50 per cent. on all profits made by speculation on Friday, September 25th. The Senate, on receiving back the Bill, adjourned in order to allow its Finance Committee an opportunity to reach a compromise. A plan was eventually adopted which, instead of granting arbitrary power over prices to the Government, provided for the institution of special tribunals to examine disputed questions connected with wages and prices. A new Bill will also be drafted, providing for measures, not included in the Devaluation Bill, to protect ex-Servicemen. This compromise was accepted by the Senate, and later by the Chamber. The Devaluation Bill thus became law.

THE PRICE OF GAS

LAST month the South Metropolitan Gas Company, which supplies a population of a million and a-half in a statutory area of about 52 square miles—including almost the whole of the County of London south of the Thames—replaced its flat-rate charge of 8½d. per therm by a new tariff under which individual consumers will pay 11d. for the first ten therms each month, 7½d. for the next "block" consumed (which for most consumers will be ten therms) and 4d. for all additional consumption. In reply to a considerable volume of protest from local authorities, Members of Parliament and other consumers' representatives, the company has intimated that it can justify but cannot postpone the new tariff. Its critics maintain that many of the company's poorest customers will pay an increased gas bill. The company has replied, through its president, Dr. Charles Carpenter, that, despite higher manufacturing efficiency, it is unable without adjustment to carry the burden of "unremunerative customers," owing to the rise of coal and labour costs and to economies in the use of gas; that actual increases in the price of gas will in no case exceed 5½d. a week; and that many of the company's poorest customers—other than the smallest—will benefit under the new tariff. In reply to the Leader of the London County Council, the President of the Board of Trade has replied that the company is acting within the powers conferred on it by Parliament; but that he intends to consider the desirability of a Parliamentary investigation of the propriety of those powers.

It may be questioned whether the company has been wholly well advised in introducing so far-reaching a change at relatively short notice. Recently an American telephone company conducted a whole year's propaganda before changing the basis of its charge, and American gas com-

panies, generally, have gone to great lengths in preparing the mind of their public for the introduction of tariff alterations. To secure the goodwill of customers appears the more desirable in the present instance, since the South Metropolitan Company's decision may be widely interpreted as a species of test case for the application of a principle whose importance may be crucial to the gas industry in its future competitive relationship with the electricity industry. The implications of this principle may be briefly indicated.

Both private consumers and industrialists have now become habituated to a tariff for electricity composed of two parts, the one dependent on the actual or estimated maximum demand and the other on the quantity of electricity consumed. The typical form of gas tariff, on the other hand, has been a flat rate per therm, or per cubic foot, for domestic users, with a cheaper rate for large-scale consumers. Despite the extended application of gas heat to industrial processes, the domestic user remains the bulwark of the industry, and the continuance of lower rates to factories and other industrial consumers is dependent on its success in retaining and extending its domestic load.

A charge based on a flat rate per cubic foot was reasonable and equitable when the use of gas was confined almost entirely to lighting; for demand was then fairly uniform between different customers. To-day, however, the position has been decisively changed by two factors. The first has been the increasing use of gas for purposes like cooking, continuous water heating and refrigeration, which has rendered demand from different customers no longer uniform. The quantity taken by an individual domestic consumer may now vary from a very few thousand to over forty thousand cubic feet a year. The second factor has been the post-war development of national electrification, which has taken from the gas industry part of its actual or prospective load and rendered a revision of charges necessary, if gas undertakings are to hold their own or to make new progress.

The cost of gas can be conveniently grouped under two heads. The first is dependent on the amount taken (the "commodity" or "gas into holder" cost) and the second on the number of customers or the size of the maximum demand on the works and distributive system. In the majority of undertakings in Great Britain the commodity cost represents less than half the total expenditure. In the case of a typical company selling gas at 8d. per therm, the cost of the gas actually produced may be no more than 3d., and the remaining 5d. covers "customer costs," expenses of distribution and remuneration of capital. When all consumers took more or less identical quantities of gas, the make-up of the total supply-cost was of minor importance. To-day, however, the companies must necessarily consider the consequences of a system under which small consumers may obtain their supply at less than cost, while larger domestic users pay more than their proportionate share of incidental expenses. On the figures already given, a consumer of five therms a quarter would contribute 2s. 1d. to the overhead costs of his supply, while the consumer of thirty therms would contribute 12s. 6d.—i.e. six times as much. Such a consumer may be disposed to lend a favourable ear to the counter-offers of electric supply undertakings, who are in a position to provide light and heat to large consumers on more advantageous terms. During recent years, in fact, there has been a persistent tendency for the number of British gas consumers to increase and the average amount taken by each consumer to decline.

Unfortunately, while few authorities defend the old system, there is no general agreement on the most desirable form which new tariffs should take. In the United States, where progress has been more conspicuous, many gas companies have secured the approval of State Public Utility Commissioners for two-part tariffs similar to those adopted by British electricity undertakings. In Germany, where the majority of works are municipally owned, two-part gas tariffs are common. In Great Britain the problem is peculiarly difficult, because gas is an "old" industry, while electricity, on its modern scale, is relatively "new." Electricity undertakings with a two-part tariff can maintain their flat rates at a relatively high level and reduce their charges per unit to an attractively low figure. The gas industry, which has operated for a century or more under

a different system of charging (the South Metropolitan Company was founded in 1829) has had ample time to reduce its flat-rate charges to levels which offer decidedly limited scope for new inducements to consumers. Except in a limited number of cases, where a reduction in average prices may produce a more than proportionate increase in consumption, special rates for the large domestic consumer, unaccompanied by any increase in the flat rate, may involve the sacrifice of revenue.

Companies, as distinct from municipalities, encounter a further difficulty where their authorised dividends to shareholders are correlated with the prices they charge. Under the sliding scale and the basic price systems the highest price to any customer is the "price of gas" for dividend purposes, and any two-part tariff must be devised within the framework of this limitation. Such two-part tariffs as are in existence are relatively simple. The Gas Light and Coke Company, for example, follows the practice of many electricity concerns in basing the fixed part of its tariff on rateable value and supplying gas thereafter at half the normal price. The Bradford and Leicester authorities base their fixed charge on the number of rooms in each consumer's premises. Manchester and Oldham, however, charge an identical amount to each domestic customer, whatever the size of his house.

In short, the gas industry is faced with the difficult task of putting old wine into new bottles; its problem is to graft upon an "old" industry—subject to statutory limitations mainly imposed at a time when its monopoly was more or less complete—a new system of charging which will secure for it the advantages of maximum consumption and return enjoyed by a formidable modern competitor, the electricity industry. Considerations of social advantage and psychological expediency alike may emphasise the undesirability of any "solution" which necessitates an appreciable increase in the amount paid by the poorest consumers. No complete answer to the problem has yet been discovered, and none which is one hundred per cent. satisfactory to all parties may be obtainable. It may be worth while, however, to draw attention to at least one method which incorporates the "promotional" element, inherent in the two-part tariff, without the necessity for a fixed quarterly charge. Under this system, "blocks" of consumption are fixed for different classes of customers—based usually on the number of rooms in their houses. After the consumption of these agreed amounts of gas at the standard price, all additional consumption is charged at a reduced figure. For example, a house of six rooms may be rated at twenty therms a quarter, all "excess" consumption paying only one-half or two-thirds of the standard figure. This type of tariff, which is in force in Glasgow and Newcastle, gives domestic users the advantages of a "block" tariff for increased consumption, but distinguishes between their different levels of normal demand. It is particularly suitable for undertakings which may be doubtful of the success of a conventional two-part tariff, but find that competitive conditions demand a more modern form of charging than the flat rate; and its use seems likely to become increasingly widespread in the industry.

THE NEW DEAL

In just over four weeks' time the people of the United States will go to the polls to elect a President for the next four years. Nowhere else in the world is so much political power placed in a single pair of hands by a process of free democratic election. Nowhere else is the battle of politics so completely a personal duel as in the quadrennial Presidential election in the United States.

The Presidential election is exciting and momentous even when the contestants are nonentities. But this year President Roosevelt is fighting for more than his own personality, for more even than his own Party. He is fighting for a whole philosophy of politics as embodied in the vast experiment of the last three and a half years. A verdict is required from the American people on the whole New Deal.

What is the New Deal? An attempt to answer this question has been made in the special Survey which accompanies this issue of the *Economist*. But even there, many

aspects of the New Deal remain unmentioned. Nothing has been said about the Social Security Act (which is hardly yet, however, in effective operation), about the effects of recent legislation on the railroads, about public health or education. Moreover, even apart from whole departments of the programme with which there has not been space to deal, there is much in the character even of the more familiar aspects of the New Deal which can hardly be put down in black and white. There is, first of all, the character of the President himself. In its hectic early months the New Deal derived a great deal of its force from the infectious optimism, the smiling confidence of Mr Roosevelt. He inspired the public and vitalised business. But these same qualities of character which made him a great democratic leader in the emergency of 1933 have given him many enemies in the more sober atmosphere of 1935 and 1936. What had earlier seemed to be courageous confidence now seems to his critics to be autocratic irresponsibility. The bold improvisation of 1933 has become rudderless instability. What was greeted as refreshing financial flexibility is now condemned as reckless extravagance. Sublime disregard for red tape has been converted in many men's minds into a deliberate assault on the Constitution. Humane Liberalism assumes the ominous guise of Red Revolution.

There can be no doubt that since 1933 there has been a very widespread and far-reaching revulsion of feeling against the President among virtually all the more comfortably established members of the community. How far this change of opinion is due to changes in the President's policy, how far to changes in the opinions of his critics, and how far to changes in circumstances, are interesting questions, but it is unprofitable to discuss them here. The qualities which inspire loyalty in a crisis are not those best calculated to inspire confidence in a calmer period. Mr Roosevelt is, above all else, a very shrewd politician. That is almost the same thing as saying that his methods are tortuous. Moreover, though his enactments are those of very moderate Liberalism, his statements, particularly in denunciation of the rich, are often extreme. If the fluctuations of his course and the violence of his language be borne in mind, the bitterness of the opposition to him can be understood, though not shared. It is very significant that hostility to the President is many times stronger than opposition to his policies.

It is sometimes difficult for observers in foreign countries to remember that the New Deal is a political movement—and one, moreover, sponsored by a Party which for three-quarters of a century has been almost continually in the minority. There have been divergent interests to be reconciled within the Democratic Party; there has been the future strength of the Party to be quite legitimately considered; there have been the irritating constitutional obstructions of the "separation of powers" to be overcome. If the President is accused of playing politics, he can justly retort that no one but a politician could have achieved anything at all. Whether this retort serves to excuse the extent to which the "spoils system" has been applied to the new agencies of government or to palliate the excessive partisanship of many of the Administration's acts is, to say the least, open to doubt. If the charge of dictator often hurled at Mr Roosevelt is laughable, it is still true that he and his agents have frequently been unnecessarily peremptory and prone to resort to petty bureaucratic tyranny.

If these matters have been mentioned at length, it is because they colour the background of the last three years and because they will enter largely into, and perhaps determine, the electors' vote on November 3rd. They are the life and substance of politics. But the outside observer has the opportunity, denied to the American elector, of regarding the accomplishments of the last three years with the perspective of three thousand miles of ocean, and of applying the less subjective criteria of judgment. Apart from the manner of its actions, has the New Deal in substance achieved its aims? Has it successfully attained to its three-fold goal of Relief, Recovery and Reform? Provisional judgments on isolated topics are expressed in the different chapters of our Survey. But the electors cannot particularise; they will have to express one single verdict, favourable or adverse, on the New Deal as a whole. Can

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the outsider also arrive at some final synthesis of judgment?

If the criterion be Utopia, the achievements of the New Deal appear to be small. Relief there has been, but little more than enough to keep the population fed, clothed and warmed. Recovery there has been, but only to a point still well below the pre-depression level. Reform there has also been, but it is slight in comparison with the reformers' blueprints. The great problems of the country are still hardly touched. There has been no permanent readjustment of agriculture to meet its changed environment. Very little has been done to iron out the fluctuations of industrial production for the future. The monetary structure of the country, on balance, is less under control than formerly. All these problems have barely been broached. Moreover, the great overriding political problem of how America is to construct a socially responsible and socially regulated economy with her present Constitution has been shirked. There was a moment when it looked as if the President was going to put the issue of the "horse and buggy" Constitution squarely before the people. But the immediate reaction was unfavourable, and he relapsed into silence.

This is strong and sweeping criticism. Does it imply that the conscientious American should vote Mr Roosevelt out of office? A good case could undoubtedly be made for an Opposition which, without hiding behind the letter of the Constitution, would accept the paramount necessity for a broad economic and social policy and set out to correct Mr Roosevelt's mistakes. But the only way of voting Mr Roosevelt out would be to vote the Republicans in, and the Republicans have never shown any desire to be this sort of Opposition. Under Mr Hoover their policy was one of non-intervention so long as that was possible, and when non-intervention became humanly impossible, it was a policy of helping the men and institutions at the top of the social and economic heap in the hope that this help would "filter down" to the bottom. "Better the occasional faults of a Government that lives in a spirit of charity," says Mr Roosevelt, "than the consistent omissions of a Government frozen in the ice of its own indifference." Under Mr Landon, the Republicans have a policy distinguishable only in minor shades of emphasis from that of the Democrats. The Republicans in this campaign are paying Mr Roosevelt the tribute of borrowing his policies while denouncing his philosophy.

If the New Deal be compared, not with the absolute standards of Utopia, but with the achievements of other Governments, the former adverse judgment must be modified. If it be compared with either the performance or the promise of its rivals, it comes out well. If its achievements be compared with the situation which confronted it in March, 1933, it is a striking success. Mr Roosevelt may have given the wrong answers to many of his problems. But he is at least the first President of modern America who has asked the right questions.

NOTES OF THE WEEK

The Party Conferences.—The political season begins again this week-ended with the meeting of the Conservative and Labour Party Conferences. Of the two conferences the Conservative is the briefer, and its decisions are not binding on the Party leaders. Perhaps the chief interest at this year's Conference has been in personal issues, and in particular in the future of Mr Baldwin and the question of his successor. Mr Baldwin himself has not been able to be present, since his health does not permit it; and it has fallen to Mr Neville Chamberlain to deputise for him at the mass meeting with which the Conference concludes. In the past few years the conference has considered it its duty to "ginger" the Government into a more Conservative policy; and it has served as a reminder to the country that a Government generally regarded as Conservative might be even more Conservative still. Now that the Indian question is dead, most of the ginger is being directed towards re-armament, agricultural policy and the House of Lords. Sir Samuel Hoare, speaking at the Conference on Thursday, concentrated on re-armament, and he pleased the assembled Conservatives by declaring that "if, as we all hope, in the future we can arrive at a general limitation of armaments, it must be on the assumption that our own programme has been completed." There was audible in Sir Samuel's speech the political ring which is, perhaps, inseparable from a party conference. But he, at least, showed statesmanship in refusing to bind the Government never to consider any sort of transfer of British Mandatory or Colonial Territories. Sir Samuel concluded by inviting what he called the "more responsible Socialist leaders" to support the Government's re-armament policy. The Labour Conference will now be keenly watched to see how far the Party responds to this invitation. Do the speeches of Mr Bevin and Sir Walter Citrine at the T.U.C. portend a final abandonment of the hope of disarmament and collective security, and a virtual acceptance of the Government's attitude of qualified passivity in Europe? Or will the emphasis at the Labour Conference be on the strengthening of the pacific countries? Or will the traditional anti-war elements in the Party perhaps show unexpected strength? In comparison with these tormenting dilemmas, internal issues are likely to provoke relatively little dissension.

Records in the Air.—New air records, both for height and speed, have been made this week. On Monday, Squadron-Leader F. R. D. Swain, flying a Royal Air Force machine, reached the record height of 49,967 feet and, despite symptoms of suffocation, succeeded in bringing his machine safely to earth. Squadron-Leader Swain afterwards stated that at a height of 46,000 feet, then over Sussex, he had a view of the English coastline from the Wash to Margate, and from Margate to Land's End. On Tuesday, the competitors started in the Portsmouth-Johannesburg race held in conjunction with the Rand Jubilee. The winner, Mr C. W. A. Scott, covered the distance in 57 hours. What, it may be asked, is the purpose of these mechanical triumphs, and what good does it do a man to ascend 50,000 feet above the earth, or reach Johannesburg in 57 hours from London? Futile as are some records, however, the mechanical progress of aviation undoubtedly depends to some extent on record-breaking flights. Squadron-Leader Swain is one of the test pilots of the R.A.F. establishment at Farnborough, and was using a special high-flying aeroplane built by the Bristol Company. It may also be recalled that the acceleration of the air mail service to Australia followed on the breaking of the record time from London to Australia by Mr C. W. A. Scott. Feats of speed and endurance in the air, in fact, are the prelude to mechanical progress; and mechanical progress is the means to a quickening and cheapening of transport. And quicker and cheaper transport, in a world devoted to peace and trade, would contribute to raise the standard of living of all peoples alike.

British Statesmen and Democracy.—British statesmen have been accused more than once in recent months of remaining silent in face of the ever noisier battle in Europe between the principles of democracy and dictatorship. A fortnight ago it was left to M. Blum to speak up for liberty and equality after the totalitarians had had their hysterical say in Nuremberg and Moscow. The three speeches, therefore, by Mr Eden, Sir John Simon and Mr Winston Churchill last week-end, all actively championing the cause of political freedom, were very refreshing indeed. If there is any issue on which all British opinion is united, it is this; and certainly no speaker could get a hearing at either of this week's party conferences who questioned the fundamentals of Parliamentary government. For never were the ghastly consequences of appealing to political force more apparent than to-day. In Spain the horrors of war and anarchy have been let loose; and in Europe as a whole peace is threatened by the aggressive inclinations of dictators who are perpetually seeking to divert their peoples from internal affairs by threats against other nations. At the same time, this week's monetary agreement has added a new economic bond to those already linking the democratic countries together. The French democracy has refused to fall back, like Germany, Italy and others, on a totalitarian economy designed to "defend" the currency. In the United States the Press is talking of a "democratic *entente cordiale*." Here is yet another opportunity for British, French, American and other democratic statesmen to resume the international leadership that is fast slipping from their hands.

The Spanish Government at Bay.—On Thursday, September 24th, the Spanish Government made a desperate effort to stem the advance of the western rebel army upon Toledo and Madrid by opening the Alberche dam, which holds up the main water supply of Madrid. A vast mass of water flooded down upon the confluence of the Alberche and Tagus rivers at Talavera, which it was hoped would sweep away the camps and dumps in the rebels' advanced positions. Whatever damage Colonel Yague's force may have suffered, the rebels' progress has not been checked; Toledo fell at 9.0 p.m. last Sunday, with the defenders of the Alcazar still heroically holding out. The enemy is now at the threshold of Madrid, and the capital is a city which, in regular warfare, is not easy to defend. According to the comparatively merciful rules of the conventional war-game, the next step would probably be the evacuation of Madrid by the Government and its "peaceful" occupation by the insurgents. But in the conditions of a Spanish civil war it is probable that the Government will be inclined to fight to the death. The strategy of the rebels, however, is likely to aim at cutting Madrid off from its sources of supply and starving it into surrender; and already part of their forces seems to be swerving to the right in order to cut the railway between Madrid and Valencia. Meanwhile, as the toils close round Madrid, the reign of terror in the unhappy city is becoming daily more atrocious—in spite of the Government's apparently genuine, and temporarily successful, efforts to keep it in check. At the same time, at Geneva, the Spanish Foreign Minister, Señor del Vayo, has publicly denounced the non-intervention arrangements between the Powers. It must be said that the proceedings of the London non-intervention committee give some colour to his bitter complaint, notwithstanding the news of Portugal's belated adhesion to the agreement on Sunday. On the one hand, this Portuguese adhesion is hedged about with sweeping reservations. On the other, the procedure agreed upon by the committee for dealing with allegations that the agreement is being violated appears to preclude the entertainment of any direct representations from the Spanish combatants by laying down that "alleged breaches of the agreement will only be considered if the complaint is submitted on behalf of one or other of the countries that are parties to the agreement."

Geneva this Week.—Since the settlement last week of the question of the credentials of the Abyssinian delegation at the present session of the Assembly, the focus of interest at Geneva has shifted from Abyssinia to Spain. But whichever of these two unhappy countries happens to be in the limelight, the reflection cast upon Anglo-French policy is the same. A Franco-British anxiety—wholly praiseworthy in itself—to stem the drift towards another war between the Great Powers of Europe seems to be leading the two Western Powers ever farther along the dubious road of avoiding trouble by saving appearances. In the Assembly on Monday M. Litvinov attacked this attitude, and declared that "some countries strove to seek salvation in neutrality, but were often unconsciously placing their neutrality at the service of the forces of aggression." M. Litvinov also referred bitterly to the consequences in Spain of the working of the non-intervention agreement to which the Soviet Government was (reluctantly) a party. In making his accusation that the non-intervention agreement was being broken in the rebels' favour by foreign Governments, the Spanish Foreign Minister named no names—apparently because he had been warned that, if he did, the President of the Assembly was likely to call him to order. For the Spanish delegate's audience the most telling passage in his speech was his suggestion that, while the classic kind of war might be dying out, we were approaching a time like that of the Wars of Religion, when not nations but ideas were at war. M. Delbos, when he replied last Saturday, simply deplored the dangerousness of the "ideological mobilisation of Europe" and expressed a pious hope for "relief in the economic as well as in the political tension." In fact, his speech might be read as a tacit admission that M. Blum's Government would abandon Spain as his predecessors had abandoned Abyssinia.

The Gold Bloc's Economic Position.—The economic position of the former gold bloc countries is of special interest in the light of the past week's events. That France, Holland and Switzerland have suffered a severe contraction of economic activity since 1931—and still more since 1929—is clearly shown by the following table:—

ECONOMIC POSITION OF GOLD BLOC COUNTRIES						
	1929	1931	1935	Jan.-July		
				1935	1936	
France:—						
Industrial production (1929=100)	100.0	88.9	67.4	66.4	71.4	
Applications for work	10,052	75,215	465,875	415,964	458,543	
Imports } Million francs	4,852	3,517	1,745	1,760	1,972	
Exports } Monthly averages	4,178	2,536	1,289	1,294	1,182	
Holland:—						
Industrial production (1929=100)	100.0	79.0	66.3	68.2	69.8	
% unemployed	7.1	18.1	36.3	33.9	35.4	
Imports } Million guilders	229	158	78	76	78	
Exports } Monthly averages	166	109	56	53	54	
Switzerland:—						
% wholly unemployed	5.9	11.8	8.3	10.4	9.1	
Imports } Million francs	228	188	107	104	91	
Exports } Monthly averages	175	112	69	65	66	
Great Britain:—						
Index of business activity (1929=100)	100	88.8	101.6	99.6	106.1	

* August.

† July.

Although signs of recovery have been apparent, in some cases, since the beginning of this year, all these countries remain depressed. Business activity in Great Britain surpassed the 1929 level last year and has since tended strongly upwards; in the gold bloc countries, however, production is still around 70 per cent. of the 1929 figure. The scope for recovery is correspondingly great, and it may be confidently expected that forces of revival will be strengthened under the new regime.

Devaluation and French Exports.—In view of the probable repercussions of devaluation on international trade, it may be well to analyse the export trade figures of each of the gold bloc countries, and to show which are the leading commodities in each case, and how the returns for 1935 compare with those of the pre-depression year, 1929.

France's exports are distributed over a fairly extensive range of articles, the most important being metal goods, textiles and "luxury articles":—

FRENCH EXPORTS (In millions of francs)		
	1929	1935
Chemicals*	748	298
Cotton yarn and manufactures	2,942	855
Fruit and nuts	577	117
Glass and pottery	892	187
Prepared hides and skins	882	136
Iron and steel	2,127	639
Machinery, apparatus and parts	2,193	669
Metal wares and tools	1,850	551
Automobiles and parts	1,609	524
Paper	536	242
Perfumery and soap	861	223
Precious stones	1,244	140
Rayon tissues	889	287
Silk	1,526	145
Sugar	717	327
Wool, yarns and manufactures	3,290	407
Total exports	50,139	15,473

* Chloride of potassium, quebracho, fertilisers.

The value of the exports of all the commodities given in the table slumped heavily between 1929 and 1935, but the decline has not been uniform. The shrinkage of sales of textiles, for example, has been much more marked than the decline in exports of metal goods. Thus, the value of silk tissues exported in 1935 was less than one-tenth of the 1929 level. French specialities, such as perfumery and wine, have suffered a severe contraction. The majority of French export industries, accordingly, may derive considerable benefit from devaluation if costs do not rise unduly.

Swiss Exports.—The largest items in Switzerland's export trade are machinery and instruments, clocks and watches, dairy products and textiles, especially cotton and silk manufactures:—

SWISS EXPORTS (In thousand francs)		
	1929	1935
Aluminium, and its manufactures	49,351	22,322
Cheese	103,661	34,531
Cotton manufactures	218,702	66,514
Instruments and apparatus	39,907	16,947
Machinery	197,403	77,657
Condensed milk	39,795	4,755
Silk manufactures	201,232	36,560
Watches and clocks	267,283	123,635
Woollen manufactures	44,226	8,859
Total exports	2,076,195	791,569

As the British engineering industry is unable to meet even the requirements of the home market, an expansion in Swiss exports of machinery and instruments may be felt most keenly by German manufacturers producing similar goods. Devaluation may enable Switzerland to regain some of the trade lost in clocks and watches; but in textiles Swiss exporters will have to face keen competition from France.

Dutch Exports.—Though the nature of Holland's export trade differs widely from that of France, it has suffered a scarcely less marked contraction since 1929:—

DUTCH EXPORTS (In thousand Gulden)		
	1929	1935
Butter	86,339	26,198
Cheese	79,057	23,464
Coal	64,109	21,941
Cotton manufactures	109,041	16,353
Electric lamps	27,815	5,874
Flower bulbs	40,365	21,642
Margarine	40,139	1,375
Pork	68,484	17,546
Condensed milk, sweetened	38,904	15,599
Vegetable oils	65,862	24,785
Vegetables	94,370	21,879
Total exports	1,989,431	675,104

A substantial proportion of Dutch exports consists of dairy products, meat, vegetables and margarine. The scope for expansion is somewhat limited owing to the imposition of duties and quantitative restrictions by the United Kingdom—the principal market for Dutch exports of foodstuffs. Although Holland's exports are in the main non-competitive, there are a number of industries, such as wireless and electric lamp manufacture, vegetable oils and coal, where an expansion of exports might cut into Britain's share of international trade.

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Dutch East Indies Exports.—The Dutch colonial possessions in the East Indies are an important source of some of the world's primary products. The export trade of the Dutch East Indies has suffered severely in recent years owing to the fall in the prices of primary commodities, and as a result of the growth of economic nationalism in former importing countries. The resulting changes in the exports of some of the leading commodities between 1929 and 1935 are shown below:—

(In millions of guilders and thousands of metric tons)

	1929		1935	
	Value	Volume	Value	Volume
Coffee	70	83	19	83
Tea	86	83	37	74
Sugar	311	2,982	36	1,410
Tobacco	83	85	36	51
Rubber	235	315	70	321
Petroleum and products ...	164	3,704	87	5,388
Total (all exports)	1,443	...	483	...

In the case of coffee, tea, rubber and petroleum the volume of exports has been well maintained, but the return per unit has shrunk considerably. Exports of tobacco and sugar suffered a severe decline in both volume and value. The catastrophic fall in Java's sugar exports is mainly due to the increase of subsidised production by former importing countries. The output of tin, another important raw material produced in the Dutch East Indies, was reduced from 35,730 long tons in 1929 to 24,719 tons in 1935. Other primary products exported by the Dutch East Indies in substantial quantities include sisal, copra and pepper. As devaluation is likely to be accompanied by an expanding world demand for primary products, the Dutch East Indies may experience a marked increase in the value of exports. The outlook for the prices of some of the principal commodities produced by the Dutch East Indies is discussed below.

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Devaluation and Commodity Prices.—In view of the importance of the Dutch East Indies as an exporter of primary products it has been suggested that the devaluation of the guilder may be followed by a fall in prices. A wider profit margin, it has been argued, may induce Dutch interests to endeavour to secure a larger share of world trade by cutting prices. Some deflationary tendency there may well be—at the outset at least—but it may be questioned whether it is likely to go far. Supplies of rubber, tea and tin, three of the leading commodities produced by the Dutch East Indies, are strictly controlled by international restriction schemes. So long as supplies are not increased, there is no ground for expecting a serious fall in prices. Only this week the International Rubber Committee decided to leave export quotas unchanged during the fourth quarter of 1936. The Dutch authorities moreover, have already taken steps to prevent an expansion of native shipments by increasing the export duty on native rubber from 37 guilders to 47 guilders per 100 kilogrammes. The rubber, tea and tin markets have, in fact, remained quite steady in the past few days, while tin prices have risen in anticipation of an early agreement with Siam. Petroleum output is also "controlled" by international agreement. It is possible, however, that the Government of the Dutch East Indies may endeavour to stimulate

exports of sugar, sisal, coffee and tobacco, and that its action may have a somewhat detrimental effect on British East Africa. But the output of these commodities cannot be increased at short notice; and, before larger supplies are available, world demand for primary products, including demand from France, Holland and Switzerland, may itself have expanded. Altogether, there need be no surprise that devaluation has caused so little disturbance in the commodity markets this week. For the rest, the continued advance of wheat is due to unfavourable crop prospects. The marking-up of cotton prices has been due, in part, to the depreciation of the pound in terms of the dollar.

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Devaluation and British Industry.—What conclusions do these figures suggest for British industry? It is still too early to assess the probable repercussions on individual trades in great detail. M. Blum's "New Deal" measures are not yet fully operative, and it is consequently impossible at this stage to estimate the future French cost, in terms of sterling, of producing, say, a given quality of worsted tissue. A marked industrial revival in France, Holland and Switzerland would stimulate world trade, and help the British shipping, shipbuilding and ancillary industries, including coal mining in South Wales. The cheapening of the two francs and of the guilder may divert an increasing volume of tourist traffic to France and Switzerland at the expense of Germany and Austria, and it may reduce the number of French visitors to Great Britain. The total volume of tourist traffic, however, will probably be increased. Apart from such general effects, it is necessary to distinguish between probable changes in direct Anglo-French, Anglo-Dutch and Anglo-Swiss trade, and changes due to increased competition in foreign markets. As far as foreign markets are concerned, France and the two other countries stand to gain most in the case of goods which embody a large proportion of labour costs. Thus, the automobile and textile industries of France, the machinery, clock and watch trades of Switzerland and the electrical appliances industry of Holland may derive an advantage from devaluation on the international market. In the case of wool tissues, in particular, France may tend to displace some of Yorkshire's products, for her exports have fallen from 43.3 million lbs. in 1929 to 5.7 million lbs. in 1935. In the foreign trade in linen and silk goods France may also gain a competitive advantage. Moreover, the improvement in the export trade of France, Holland and Switzerland may not be compensated at once by rising imports. If anything, the imports of these countries, especially of finished goods, may tend to fall at first, and it will probably take time before the increased purchasing power derived from expanding exports will react on imports. This is particularly the case in the direct trade of the three countries with England. But there is no danger that the British market will be flooded with French goods; the tariff and customs officials will see to that. France may, however, attempt to regain her lead in fashion goods, and to increase her exports of "luxury articles" generally. On the whole, however, the events of last week-end are likely to be beneficial rather than prejudicial; for British industry has everything to gain from increased world prosperity.

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On the Eve in Palestine.—The situation in Palestine is rapidly moving towards deeper complications. The outstanding events of the last few days have been the arrival of the powerful reinforcements to the British Army on the spot; the consultations between the Palestinian Arabs on the one hand and the four independent Arab sovereigns of Saudi Arabia, the Yemen, Iraq and Transjordan on the other; and, finally, the publication of "The Palestine Martial Law (Defence) Order-in-Council, 1936." The new Order, which requires a proclamation by the High Commissioner in Palestine in order to bring it into force, goes far beyond the introduction of martial law on the ordinary

terms. General Dill, the General Officer Commanding, is to be empowered to make regulations for the public safety which will not be open to challenge in any civil court of law, and to set up military courts of his own for the trial of offences against these regulations—with discretion to exempt the decisions of these military courts from any appeal, challenge or review. The attribution of these arbitrary powers to a military officer is the more startling in view of the wideness of the field over which he is to be entitled to exercise them. The General may establish a censorship; he may execute arrests, detentions, exclusions and deportations; he may control harbours, ports, aerodromes and landing-grounds, as well as the movement of ships and transport by land, air and water; he may regulate trade, and decree the appropriation, control, forfeiture and disposition of property; and he may inflict communal fines, or the forfeiture and destruction of property, as punitive measures. In fact, the new Order-in-Council distinctly transforms Palestine into a totalitarian State under a military dictator. With so free a hand to use the ample military forces under his command, it cannot be doubted that General Dill will find himself able to crush any overt resistance—passive as well as active—that the Palestinian Arabs could conceivably put up. He can not only drive the guerillas off the field; he can break the strike of the Arab labourers and cultivators and shopkeepers. But we come back once more to the insistent question: "What next?" Can these things be done without destroying all prospect of that eventual understanding between Arabs and Jews which is the only hope for the future?

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Sino-Japanese Crisis Again.—The troubled course of Sino-Japanese relations has now culminated in the inevitable batch of Japanese demands upon the Chinese Government. Although these have not yet been made public officially, report declares them to be alarmingly far-reaching. They are said to include an insistence upon "autonomy" (especially on the fiscal and financial side) for "the five northern provinces." There is a renewal of the demand for "economic co-operation"—a vague formula which may mean as much as the Japanese have the will and the power to make it signify. Japanese troops are to be stationed at points along the Yangtse River for the protection of Japanese lives and property. Is this riverain chain of Japanese garrisons to stretch right up to Chengtu, the scene of one of the "incidents" which are the pretext for this fresh Japanese forward move? If so, the Japanese are demanding a military entry into China which will enable them to isolate one half of the country from the other and to hold the whole of it strategically at Japan's mercy. There is also reported to be a demand for the right to supervise Chinese school-books and to superintend Chinese schools with an eye to eradicating anti-Japanese propaganda. On a long view, educational control over China might be more effective for Japanese imperialist purposes than either military garrisons or economic monopolies. If this outline comes anywhere near the truth, it is hardly conceivable that the Chinese Government can even nominally accept the new Japanese demands. President Chiang Kai-shek is hurrying back from Canton to Nanking; and, meanwhile, there has been no explosion at Shanghai. But in a statement to foreign press correspondents at Tokyo last Monday, the Japanese Minister for Foreign Affairs, Mr Arita, declared that Sino-Japanese relations had now come to a crisis. "The present negotiations can end only in one way. Either our relations will be very much better or very much worse." Apparently the Japanese have made up their minds to offer China the choice which might have been offered to Jonah by his whale: "You had better come quietly into my mouth, for, if you won't, I warn you that I am going to snap you up." It was no doubt unnecessary for the whale to add that on either alternative he would be swallowing Jonah whole. Are the Japanese really now opening their mouths to take this final gulp? If so, they may find it harder to digest their catch than to swallow it; for, after all, Japan is rather a small whale, while China is an enormous Jonah.

Six Months' Revenue Returns.—The returns of Revenue and Expenditure for the six months ended September 30th, which are printed on page 12, nominally cover half the financial year. In fact, however, the heavy concentration of revenue in the last quarter of the year makes it impossible to derive any exact idea from the present figures of the probable ultimate outturn of the year. It is already clear, however, that the forecasts of very greatly increased expenditure are going to be completely fulfilled. Expenditure in the first half of the present financial year has been no less than £19,047,926 more than in the first half of 1935-36. This increase is entirely due to the Votes for the three defence services, for expenditure on the Civil and Revenue Votes has been £1,283,420 less than last year. On the other side of the account, Revenue is £1,163,756 less than last year, so that the deficit on the six months' working is £80,392,290, or £20,945,170 more than last year. The decline in revenue is due in the main to lower receipts under the heads of Income Tax and Death Duties. The latter decrease is presumably fortuitous, and there has been an announcement in the Press in the last few days of a further large payment to come from the Ellerman estate. As for Income Tax, the receipts of the first two quarters of the year consist largely of the instalment due on July 1 of tax on individual incomes, and this year's July payments, compared with last year's, would reflect the effect of the concessions in allowances made in the Budget of 1935. There is thus no reason to believe that the Budget estimate will not be realised. The future course of expenditure, on the other hand, is quite problematical. The state of our public finances does not improve as time, and the rearmament programme, move on.

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Retail Trade in August.—The value of retail sales in August, as recorded in this week's *Board of Trade Journal*, fell to the lowest level of the year; but the decline was entirely seasonal. If allowance is made for seasonal variations, retail turnover has been rising almost without interruption during the past three years. Turnover in August was 7.4 per cent. higher than a year ago and about 18 per cent. above the level of the corresponding month in 1933. During the same period the *Economist* index of business activity registered a rise of 20 per cent.:—

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

Period	Other		Total
	Food	Merchandise	
1932	102	99	101
1933	100	100	100
1934	103	103	103
1935	111	108	109
1935—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
August	116	85	101

The improvement in sales over August last year was shared by all the districts of Great Britain; it was most marked in Suburban London (+ 10.4 per cent.) and smallest in Scotland (+ 3.9 per cent.). Sales of food and perishable articles in August, accounting for about 57 per cent. of total sales, were 8.8 per cent. above the level of a year ago. The increase in the turnover of other merchandise, amounting to 5.7 per cent., was less marked. Sales of piece-goods, men's and boys' wear and sports and travel requisites were actually smaller in value than in August, 1935. On the other hand, sales of boots and shoes were 10.3 per cent. higher than a year ago, and turnover in women's wear and

*"World Economic Survey; Fifth Year, 1935/6." League of Nations, Geneva. (London) Allen & Unwin. 321 pages. 6s.

OVERSEAS CORRESPONDENCE

EFFECTS OF DEVALUATION

[The following special messages from our correspondents in France, Holland, Switzerland, the United States and Germany discuss the effects in these countries of the devaluation of the gold currencies.]

FRANCE

A MODERATE DEVALUATION

DEVALUATION has come, and the French Government now embarks on a new experiment. But the objective remains the same: to induce hoarded savings to re-enter active circulation. The experiment of deflation and that of "reflation" without devaluation were unsuccessful. The next question is whether confidence will return, now that the spectre of devaluation is in the past and not the future. Will capitalists buy public funds and industrial securities and stimulate a fall in the rate of interest, a revival of business, an increase of fiscal receipts, and a diminution of unemployment?

In general, public opinion was aware of the inevitability of devaluation. It was thus less surprised by the decision in itself than by the so-called "duplicity" of a government, which had sworn fidelity to the franc in order, it is being said, to obtain large subscriptions for its "baby bonds" issue. This is a regrettable accompaniment of the start of the new experiment.

Economic experts were astonished by the very moderate percentage of the devaluation. They had foreseen a percentage of 30 to 50 per cent. Was this moderation a necessary condition of the tripartite monetary agreement? Even if it was, the agreement is generally welcomed, as opening the way to a better collaboration between the democracies—with or against the dictatorship countries—aimed at the revival of business and the preservation of peace in the world. M. Blum's declaration was remarkable for this, among other things, that the final choice of devaluation was dictated to the Cabinet by its desire to reject the policy of economic dictatorship and autarky. But the very moderation of the devaluation may complicate the French Government's task, since it leaves, unfortunately, little margin for the Treasury, which may very soon have to launch new loans. In other words, the French experiment must work rapidly if it is to succeed, and public opinion does not seem disposed to give it an enthusiastic reaction.

THE DANGER OF RISING PRICES

The possibility of a rise in prices and of social unrest is also pressing. It originally appeared that M. Blum had conceded to the Communists a sliding scale to adjust wages and various measures to compensate injustices created by devaluation; and to the Radicals he had promised social tranquillity. These material concessions threatened, however, to nullify the collective benefit of the devaluation. The sliding scale was thus rejected by the Radicals. M. Bonnet declared that there was no reason for not extending the system to peasants, rentiers, etc.; and the Communists agreed to replace this scale by the grant of wide powers to the Government to maintain the purchasing power of the franc by means of price decrees and other necessary measures. But the Senate is refusing to accept these full powers. Its view is that these provisions are not necessary unless the rise in prices actually materialises. Had not M. Blum himself declared that he did not see how devaluation could lead to a rise of prices? The first aim of the Government must be to impede this rise of prices by other means, and particularly by putting aside the social measures which have been added to the devaluation Bill, and which are creating many new charges on the Budget.

The suppression of quotas and the reduction of tariffs appear to be obvious methods of stemming the rise of prices. But such measures will encounter much opposition, and notably among the farmers, who are calling for an increase in the price of wheat. This circumstance makes the French experiment very different from the Belgian one. On the question of industrial prices and the suppression of

quotas, it is pointed out that in May French prices were 12 to 15 per cent. higher than world prices. A further increase of 8 per cent. resulting from the social laws—which will probably reach 10 or 11 per cent.—must be added to that margin, and the Government believes that the rise in the costs likely to result from devaluation will not be less than 3 per cent.; so that the benefit of the devaluation for the French prices are already substantially nullified.

On the other hand, costs may be diminished by the revival of business and the reduction of interest rates and indirect taxes. But this revival presupposes the maintenance of social peace. M. Blum declared in his speech that he would protect public order; that strikes were already diminishing; but that he would not take aggressive action against the workers, since he did not wish to lose their confidence and support. But the proposal of the Trade Unions to legalise strikes accepted by a majority of the workers—i.e. by their responsible organisations—and to institute an official closing of factories in cases where conciliation and arbitration have failed, will hardly obtain the support of the Radicals.

The public is inclined to believe that the promise of maintaining the franc and of avoiding new "stay-in strikes" have both been broken by the present Cabinet. But the political issue in the end will depend on whether or not there is a rise in prices, particularly in the prices of meat and coal.

On the other hand, there has been an improvement in sentiment since the new agreement was reached in the Northern textile trade, and since the Radicals began their offensive in favour of property and the "liberty of labour." The impression that public opinion supports this offensive was confirmed by recent local elections, which were not a success for the extremists. The Communists' policy remains opportunist. For the sake of the maintenance of the Popular Front, they first abandoned their desire to intervene in Spanish affairs, then their opposition to devaluation, and finally the sliding scale for wages. But will they make a new rise in prices the occasion for further industrial conflict? Such conflicts would impede the rapid return of confidence which the success of the devaluation requires. For, if confidence in the probability of a rise in securities and fall in the rate of interest does not exist, the devaluation will not produce the favourable effects which the Government expects from it.

PARIS, October 1.

HOLLAND

"NATION TAKEN UNAWARES"

THE long debate for and against the gold standard has now been resolved in Holland also by the Government's surprising midnight decision last Saturday to prohibit the export of gold.

In Holland this decision came very unexpectedly. The apprehension and uncertainty surrounding the French franc had naturally exerted their influence on the Amsterdam foreign exchange market and the Stock Exchange, but there was not the slightest sign of any panic or a pronounced devaluationist movement, even on Saturday after France had already decided to devalue. The guilder had been well maintained during the previous week, and there had recently been regular imports of gold. Even the weekly return of the Netherlands Bank (September 14th) actually showed gold imports of 5 million guilders. The following is a table compiled by the Central Statistical Bureau setting forth the imports of gold, and

the gold stocks of the Netherlands Bank since June:—

	GOLD MOVEMENTS AND STOCKS (in millions of guilders)			Stocks at Nether- lands Bank
	Imports into Nether- lands	Exports from Nether- lands	Balance	
June 21-27	6.2	2.9	+ 3.3	589
June 28-July 4	1.6	2.6	- 1.0	594
July 5-11	4.3	2.1	+ 2.2	611
July 12-18	2.0	1.6	+ 0.4	624
July 19-25	23.1	1.8	+ 21.3	629
July 26-August 1	1.0	1.6	- 0.6	642
August 2-8	12.2	2.2	+ 10.1	651
August 9-15	13.6	1.3	+ 12.2	659
August 16-22	18.8	1.7	+ 17.1	663
August 23-29	8.4	4.1	+ 4.3	672
August 30-Sept. 5	14.5	1.2	+ 13.4	682
Sept. 6-12	9.5	1.5	+ 6.4	696
Sept. 13-19	16.2	1.9	+ 14.3	701

From this it will be seen that recently there has been no question of any weak tendency or pressure on the guilder. Confidence in the guilder had, if anything, been enhanced rather than undermined, and apprehension of devaluation had been dismissed from the minds of many people. This explains why it was possible to maintain tranquillity up to the very last moment. Even after the devaluation of the French franc became known, there was not the slightest suspicion of panic on the Amsterdam Exchange on Saturday morning. The Stock Exchange, which remained open, could even be termed quiet; and the leading shares barely recorded any advance. The confidence and quiet were in part induced by the official statement of the Government that they would continue to pursue the existing monetary policy and would maintain the gold standard despite the devaluation of the franc. The President of the Netherlands Bank, Dr. Trip, also declared that he "did not see a single reason for following the French example; for what had taken place in France was merely the consequence of a situation which, in effect, was already in existence. The economic policy pursued by the French Government was inevitably doomed to lead to this situation sooner or later. The level of costs and prices in France had been driven up instead of being kept down. . . . Such a state of affairs does not apply to our country in the slightest degree."

NO NEW GOLD PARITY

After these official statements, which were published in the Saturday evening newspapers, the nation was completely taken unawares by an official *communiqué* coming through at midnight on the very same day, stating that the Dutch Government would, from sheer necessity, proceed to devaluation, since Switzerland had followed the lead of France. The official statement was as follows:—

Since the Netherlands Government, subsequent to the measures adopted in France, announced its intention to maintain its monetary policy, the decision made by the Swiss Government has compelled the Netherlands Government to reconsider its attitude. Now that Holland is the only country in the world which has kept her currency unsullied at its gold parity and is thereby exposed to the full to pressure on her exchange rates and gold reserves, the maintenance of the Government's present monetary policy can no longer be regarded as being possible.

With a view to avoiding the necessity in the long run of abandoning the gold standard after the gold reserves of the Netherlands Bank had first been depleted to an unwarranted extent, the Government has decided, in complete unison with the opinion of the Netherlands Bank, to prohibit as from September 27th the export of gold, unless covered by an authentic certificate issued by the Netherlands Bank.

The Stock Exchange will be closed on Monday, September 28th, and Tuesday, September 29th.

It will be seen from this that in Holland a different method is being followed from that adopted by France. Holland has abandoned the link with gold. No new gold parity for the guilder is to be adopted; and a form of "managed currency," moving, like sterling, independently of gold, has thus come into being. No amendment to the coinage law regulating the gold content of the guilder is therefore involved, and Parliamentary approval is accordingly superfluous. Parliament, however, has been summoned to assemble to deal with legislation against unwarranted profiteering, etc.

The moment chosen by the Government for devaluation happens to be fortunate; for the gold reserves of the

Netherlands Bank are larger than they have been for a long time. There will accordingly be a big additional profit on the gold. A special equalisation fund, amounting to 300 million guilders, has been formed for exchange stabilisation purposes. The Netherlands Bank is technically still in a very strong position, and will have no difficulty in maintaining the lower rate of the guilder.

The actual extent of the efflux of gold from the Bank in the last few days is not yet known with accuracy. On Friday, September 25, the loss of gold was estimated at 10 million guilders; and on Saturday, when the dollar rate was above the gold export point, the exodus of gold was said to be of the order of 15 to 30 million guilders.

The Government's decision was received throughout the country with perfect calm. This is largely attributable to the influence of the broadcast speech which the Prime Minister, Dr. Colijn, delivered at 8 o'clock on Monday morning. In this speech he enjoined the nation to keep cool, and pointed out that the guilder would remain a managed currency like sterling. He did not state, however, how great the depreciation would be in terms of foreign currencies; it is generally assumed that it will be about 15 to 20 per cent., that is to say far less than in France and Switzerland. In response to the official statements issued in Paris, London and Washington, with which Belgium has also associated herself, Dr. Colijn made the following declaration:—

The Government of the Netherlands has consistently regarded commercial restrictions and instability of international monetary relations as the foremost obstacles on the road to world-wide recovery. It therefore goes without saying that the Netherlands Government is wholeheartedly prepared to co-operate in all efforts designed to abolish such restrictions and obstacles in international monetary affairs, without, however, cherishing any excessively optimistic expectations on this score.

To-day, Tuesday, several Bills were introduced into Parliament, some providing for measures to avert unwarranted rises in prices. The rise is likely to be very small, as numerous necessities of life have been very heavily taxed here; and as a result of the abolition of these emergency taxes and excise duties, prices—of bread and potatoes for instance—will remain unchanged.

The country remained so quiet that it was decided to allow the Amsterdam markets to reopen to-day. Sterling advanced from 7.46 on September 26th to 8.91, and the dollar from 1.48½ to 1.79½. The French franc was 9.40 and the Swiss franc 42. On the Stock Exchange, rubber and sugar shares advanced by leaps and bounds. Amsterdam Rubber rose from 146½ to 191, and Trading Company Amsterdam from 283½ to 351. Inland industrials, too, rose steeply, Philips Lamps advanced from 168½ to 198½, Unilever from 119½ to 145½, and Royal Dutch from 293 to 345½.

The market had little basis for its operations; for Dr. Colijn once again declared in Parliament this afternoon that the Government had no intention of establishing in the immediate future a new fixed gold value for the guilder. Devaluation by law is thus not to be expected in Holland, but only a natural depreciation of the guilder in relation to foreign currencies. The exchange equalisation fund of 300 million guilders is to be raised by the issue of Exchequer bonds.

All things considered, it is generally conceded that the decision of the Government was wise.

AMSTERDAM, September 29.

SWITZERLAND

AN INEVITABLE DECISION

THE devaluation of the Swiss franc was quite unexpected, particularly as some days ago the chief of the Federal Finance Department declared that in no circumstances would the gold standard be abandoned. Indeed, on Saturday morning the Swiss National Bank stated that the currency was not in danger. But before midday the Bank had lost 30 million francs of gold, and by 2 p.m. the Federal Government had decided in favour of devaluation.

Though the fate of the Swiss franc was not directly connected with the French currency, the French devaluation put Switzerland in a delicate position. Had the National Bank been in a position to satisfy the calls made on its gold reserve and to maintain the value of the currency at its old gold parity, that would not have been sufficient to avert the final crisis. All the gold in the world cannot save a country whose economic situation is unsatisfactory.

At first the Government showed reluctance to take such a decision, but the force of circumstances, and the economic pressure brought against the Swiss franc on the financial markets, compelled them to decide—on Saturday afternoon—in favour of devaluation; it was also decided to close the Bourses until Wednesday and to call an extraordinary meeting of Parliament on Monday to approve the Government's decision. The causes of the sudden change in Swiss monetary policy are many. In the first place, Switzerland was incapable of sticking to the gold standard when France—the backbone of the gold *bloc*—had devalued. France is the second-best customer of Switzerland; and trade with her would have become impossible. Switzerland could not remain any longer an islet of high prices in Europe. Though a small economic improvement had been recorded in the past months, the economic crisis was attacking the building and hotel industry, while the number of unemployed was quickly rising. The reduction of prices and costs into alignment with those of other countries could only be achieved by means of devaluation. The Government's deflation policy had proved a failure.

OPPOSITION IN PARLIAMENT

The Government believed that the French devaluation and consequent disintegration of the gold *bloc* afforded them an opportunity to free Switzerland from the burden and uncertainty of an overvalued currency. They also thought that their action—followed by that of Holland—might concur in bringing about that general alignment of currencies which may give a new impetus to world trade. Furthermore, the Government will have at its disposal a sum of about 650 million francs, the profit realised by the National Bank through devaluation; and this sum is likely to be used to create an "exchange equalisation" fund.

The Government's action was approved by Parliament, but a strong opposition revealed itself, and at one moment the Government almost had to resign. But, as a Cabinet crisis would not have helped, the devaluation of 30 per cent. and the measures for preventing a rise in prices were adopted. The general impression is that devaluation was unavoidable in the present circumstances, but that the Government, which was taken by surprise, perhaps showed too much haste. Devaluation may be dangerous in a country importing all its raw materials and nearly two-thirds of its foodstuffs, and production costs may increase so as to annul the advantages of devaluation, unless the Government modify their Customs policy at once.

Financial interests are fairly optimistic. Devaluation, it is felt, will stop the hoarding of money and make it more abundant and cheap; it will also foster exports and give a new impetus to the transport and hotel industry, and thus reinvigorate the Swiss economic situation. But the new policy can only succeed if the Government shows its authority and skill by preventing speculation and any rise in prices.

It is to be hoped that—as Dr. Meyer, President of the Confederation and chief of the Federal Finance Department, declared in his speech of Sunday last—the Swiss people will follow the example of the British and show the same coolness and discipline as the British did when the pound left gold.

The slight improvement recorded in the Swiss foreign trade figures during the first seven months of the year seems, from the August figures, to be continuing. Imports in August reached 87,894,257 francs, and exports 67,973,447 francs, or nearly 1,000,000 francs more than in July and nearly 8,000,000 francs more than August, 1935. Exports of the watchmaking, silk, cotton and machine industries expanded further, and there was an improvement in exports of iron, copper and aluminium manufactured goods. With the added stimulus of devaluation exporters should now be in a strong position.

GENEVA, September 29.

UNITED STATES

A "DEMOCRATIC ENTENTE CORDIALE"

THERE are three distinct sections of opinion on the Gold *Bloc* devaluation. The first is the speculative. Wall Street attributes the dullness and hesitancy of the Stock Market, despite brilliant autumn business reports, to apprehensions of foreign liquidation, especially from the Dutch, who are large holders of American shares. Secondly, general comment is almost millennial, and enthusiastically interprets the official communication as equivalent to a definitive stabilisation of the dollar, pound, franc and guilder *plus* the creation of a democratic and economic *entente cordiale* with the promise of an early lowering of international trade barriers and a vigorous revival of international trade.

Thirdly, in financial circles there are three attitudes. Some believe that the French Government has made a useful decision, but reserve comment on the probable effect on the French and world economies pending a clarification of the French Government's general policy, especially towards the Budget and labour. Others question what the monetary consequences on the mark and lira and miscellaneous Continental currencies will be. Others, again, discuss the probable course of the pound after the suspension of the recent flight of Continental capital to Great Britain and a possible return flight from London. The technical problems of co-operation between three or more Governmental funds are also provoking doubts.

The actual repercussions on the security and commodity markets so far are invisible. There is a general disposition to rate France's action as a constructive aid to world recovery, but it is unlikely to produce any immediate marked consequences on the American economy.

NEW YORK, September 30 (by cable).

GERMANY

A SURPRISE TO GERMANS

THE abandonment of the gold standard by France, Switzerland, and Holland, came as a surprise to Germans. It had been observed here that franc crises recurred at brief intervals, and it was long ago concluded that they would recur until the question was finally disposed of by devaluation. But there seemed to be no reason why the September, 1936, crisis should be the last. Nothing was known of French negotiations with London and Washington; and when the French bank rate was raised, it was taken for granted that this particular crisis was over. Immediately before the devaluation announcement, the franc exchange was steady in Berlin.

For propaganda reasons the condition of France is habitually represented to Germans as disorderly and dangerous. Sincere Press views of the outcome of the present experiment are therefore not to be expected. In business circles, however, it is thought that the maintenance of the franc by means of the present high bank rate would have conflicted with M. Blum's trade revival plans; and the view is held that French business will now get a stimulus. But, although official Germany claims that currency depreciation has brought great advantages in foreign trade to Great Britain and the United States, it is doubted whether France's balance of trade and payments will benefit much.

The public at first regarded the new devaluations as a step towards international currency reform, in the course of which the Reichsmark might be thrown into the melting-pot. This expectation did not indeed appear in the Press, which waited for an official lead; but it was shown by the movement of the Bourse. During nearly all September the share market had been dull; prices had changed little, and the standard industrials were neglected. Immediately after the French Government's announcement, shares advanced violently, and the advance continued on Monday, and ceased only after it was made clear that the mark would not be affected. The Bourse advance represented the traditional "flight into real values." After a statement by Herr Reinhardt of the Finance Ministry that mark devaluation was not in contemplation, it was announced

that there was "no question of an alteration of German currency policy."

This official announcement did not surprise Germans, who understand currency matters. But the mass of the public believes, as it is officially told, that the Reichsmark is stabilised at its full value, and concludes that it is even on gold, and in the same class as the three currencies now to be devalued. Some foreigners seemed to share the same error; for whenever the fate of the franc or the guilder has come up for discussion they have indulged in conjectures about the fate of the mark. The two questions have practically nothing in common. It is, of course, likely that Germany's currency (which, though usually represented to be in itself sound, is sometimes also described as an imperfect but necessary makeshift) may be ultimately reformed; and if there were no special obstacles in Germany's case, the best time for reform might be when other currencies are being stabilised and gold payments resumed. But the present devaluations do not raise the mark question. Since 1931 the mark has belonged neither to the Franco-Swiss-Dutch group nor to the sterling-dollar group. If anything, it belongs to a Soviet-German group; for the German system, though more complicated, is essentially the Russian. There is, indeed, a Nazi faction with industrial backers, which advocates what is called "mark devaluation," seeing therein a salutary inflation, comfortable repudiation of debt, and a cheap alternative to the burdensome export-subsidies. But this agitation was not associated with the gold standard's vicissitudes abroad.

PECULIAR POSITION OF THE MARK

The Reichsmark can hardly be discussed in terms of devaluation. In so far as it has a free market (e.g. register and travel marks), it is already devalued and unstable. Unlike other currencies, which are unstable only in time, it is unstable in time and space. A mark which is accepted at a railway booking office from some at full value, from others at a 60 per cent. discount, is rejected entirely in a merchant's office; and a mark which has crossed a frontier is entirely worthless. If value is the question, the first necessary step is not to devalue down but to revalue up. The so-called stable mark is a calculation and statistical unit. A mere declaration that this calculation mark is worth, say 30 per cent., less gold than it is to-day officially but misleadingly claimed to be, would have no positive effect, and it would compel a revision of all the other marks. A real currency reform would have to produce one single mark. This would be incompatible with the differential treatment of foreign debts. Such a mark would be real only if free transfer and a free exchange market, which

mean redemption in gold or in exchange, were restored. The existence of the debts and non-existence of a currency reserve make such a free market impossible.

If the new devaluations therefore have any effect in Germany, it will probably not be on her currency but on her foreign trade policy, and this effect must be contrary to that proclaimed necessary in the first French Government *communiqué*. For currency depreciations abroad are officially adduced as a main cause of German import restrictions and export subsidies. The new devaluations may intensify these features. It seems likely in any case that the negotiations for a new agreement with France, initiated during M. Bastid's visit to Berlin, may be retarded.

The Berlin Bourse suspended quotations of the French, Swiss, Dutch, Italian and Turkish currencies. Quotations of foreign shares were also suspended.

But the Reichsbank will not suffer any loss worth mentioning from the new devaluation. Since 1933 its holding of foreign bills has been inconsiderable, though the Rm. 6 millions booked as exchange reserve in the returns does not constitute the whole total. The debt of Germany to abroad will be considerably reduced. The last reported total, for January, 1936 (unofficial but compiled by Dr. Eicke of the Reichsbank), was Rm. 13,000 millions, of which Rm. 6,500 millions is long-term and Rm. 6,500 millions short-term. Of the decline of total foreign debt from the Rm. 23,800 millions of July, 1931 (highest estimate Rm. 26,800 millions in mid-1930), Rm. 4,000 millions was due to the earlier currency depreciations.

As the Reich and other public corporations and, with certain exceptions, also private debtors have until now booked French, Swiss, and Dutch liabilities at gold parity, a considerable new debt reduction will result. The last official foreign-debt return for the different countries (for September 30, 1933) showed, out of a total of Rm. 14,841 millions: in French francs, 1,573 millions short-term and 2,489 millions long-term; in Swiss francs, 1,354 millions short-term and 1,078 millions long-term; in guilders, 628 millions short-term and 474 millions long-term. In German currency at the then exchange rate the debts to the three countries were respectively Rm. 667 millions, Rm. 1,976 millions, and Rm. 1,864 millions; and to all three together Rm. 4,507 millions. After September, 1933 (down to January, 1936), the total long-term and short-term foreign debt declined by 12 per cent. The decline since September, 1933, of indebtedness to individual countries has not been divulged; but if a devaluation by 30 per cent is assumed, the saving to Germany would be about Rm. 1,200 millions.

BERLIN, September 29.

OTHER OVERSEAS CORRESPONDENCE

UNITED STATES

FURTHER MONETARY EXPANSION

THE six-month period between the end of February and the end of August introduced two changes in American banking which may or may not prove to be significant of altered trends. Three of these may be enumerated: (1) The Reserve authorities took formal action to limit the consequence of accumulating excess reserves; (2) Government financing, while still the largest single element in expanding bank credit, was less important than in the past; and (3) commercial loans, for the first time for years, showed a marked increase.

RESERVE BANK AND TREASURY ITEMS (000,000)

	Aug. 28, 1935	Feb. 26, 1936	Sept. 2, 1936
Monetary Gold Stock	\$9,197	\$10,163	\$10,717
Gold Cfs. in Res. Bks.	6,482	7,670	8,334
Money in circulation	5,573	5,775	6,225
Bills discounted	9	7	9
Bills bought	5	5	3
U.S. securities	2,430	2,430	2,430
Member bank reserves	5,346	5,839	6,206
U.S. Treasury (gen. acct.) ..	50	433	418
U.S. Treasury (gen. acct.) ..	3,352	3,735	4,045
Fed. reserve notes	860	1,059	1,158
Silver certificates*	629	431	356†
Natl. bank notes*			

* End of Month figures. † July.

In this six-month period the gold stock increased by about \$550 millions, which was only half the sum of the increase of the previous six months. The holding of gold certificates by the Reserve Banks increased by about \$100 millions more than the increase in the gold stocks. Apparently, this is mostly accounted for by the monetisation of the gold profit in the general fund, intended to continue the retirement of the National Bank currency, of which almost \$100 millions was redeemed. The increase in member bank reserves was but \$367 millions—substantially less than the increase in gold, because of the large increase in currency—\$450 millions—of which about \$300 millions was supplied by the Reserve Banks and \$100 millions by silver certificates. In spite of reduced gold imports and increased currency demand, the member bank reserves continued to rise and are now at a new high peak, although this is only slightly higher than the figure

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reached in December, 1935. Excess reserves are, however, considerably lower.

Among the reporting member banks total loans and investments rose by \$1,250 millions, while deposits increased by almost the same amount. The notable fact was the gain of \$132 millions in time deposits—the first major increase in that item for years. The increase in demand deposits was smaller than in the previous six months, but this could be attributed to the unusually high level of Government deposits on that particular date.

REPORTING MEMBER BANKS (\$000,000)

	Aug. 28, 1935	Feb. 26, 1936	Sept. 2, 1936
Total loans and investments	19,839	21,006	22,263
Loans on securities	3,109	3,117	3,177
All other loans	4,808	4,842	5,277
U.S. securities	7,877	8,690	9,263
U.S. guaranteed securities	1,035	1,201	1,236
Other securities	3,110	3,156	3,310
Reserve with F.R. Banks	4,354	4,788	5,082
Demand deposits (adj.)	13,263	14,090	14,867
Time deposits	4,960	4,900	5,032
Government deposits	557	510	820

The increase in total loans and investments was even larger than in the previous period, but of this total less than half was attributable to the financing of the deficit—namely, \$573 millions. As the buying of guaranteed securities was only nominal, the total increase in Government and Government-guaranteed holdings was only a little over \$600 millions, compared with just under \$1,000 millions in the previous six-month period. The small purchases of Government securities were not due to lack of offerings; for in that time the increase in the public debt was large, including the Bonus financing.

The distribution of the increased loans has been general, but the percentage of increase has been larger in some areas than in others.

"OTHER LOANS" (\$000,000)

District	Feb. 26, 1936	Sept. 2, 1936
Boston	286	308
New York	1,239	1,419
Philadelphia	166	189
Cleveland	185	210
Richmond	101	104
Atlanta	131	137
Chicago	357	495
St. Louis	105	119
Minneapolis	118	110
Kansas City	124	143
Dallas	120	139
San Francisco	349	376

It will be noticed that the distinctly agricultural regions show the least increase, and that the industrial areas—New York, Cleveland and Chicago—the most.

NEW YORK, September 22.

SPAIN

FOREIGN HELP FOR REBELS

THESE are moments of grave preoccupation for the men who control the Republic. The active and valuable help received by the rebels from abroad compares very unpleasantly with the slammed door marked "Neutrality" which stares in the face of the Madrid Government. This kind of thing tends to upset many calculations. It is well enough to have right on one's side and to be backed by a tremendous enthusiasm, but an old aeroplane cannot make effective answer to an ultra-modern product of a world-famous factory. Modern war is such that superiority in equipment makes it possible to remedy in no small part deficiency in numbers. If things go badly here an enormous responsibility will rest on French and British statesmen. To fight 1936 model planes one needs other 1936 model planes; and that is all there is to the situation. There have, of course, been chinks in the door of Neutrality. But very few. By and large, Neutrality has been as effective against the Government as it has been in favour of the rebels.

It is still early to note the influence of the new Cabinet. But a decided and new activity in the international field

is obvious. A great deal is being done to improve organisation in the War Department; but the multiple fronts to be defended makes this very difficult. What is important is that the Republic appears to have found at least one commanding officer with real military talent, namely General Asensio. A month ago he was still Major Asensio and in Malaga. Then he was brought up to take charge of the Guadarrama front to replace General Riquelme, and he achieved very decisive results. Now he is in command of the whole forces in the centre of Spain, but he devotes himself preferentially to the Talavera front. He seems to have the makings of a real leader of men.

THE SYNDICALISTS' AIMS

The anarcho-syndicalist National Labour Confederation, although it declined to enter the new Government, is not content to remain out in the cold. The Syndicalists are obviously in a somewhat difficult position. They have for fifty years been attacking all Governments and refusing to recognise the decisions of Governments. Their solution is to substitute the Government by a Junta and to call the Ministries departments. Señor Largo Caballero, the Prime Minister, according to the proposals made by the meeting of the various regional branches of the Confederation, would be the President of the Junta. This would be composed of five representatives of the General Union of Workers—composed of Socialists and Communists—five of the National Labour Confederation and four Republicans. President Azaña would, of course, remain in his position.

Socialists and Communists, of course, decline to accept the implication of the Confederation that it is equal in strength to these two forces. But there is here a basis for discussion. It would obviously be an advantage if it were possible to place responsibility on the shoulders of the Confederation. The new Minister of Foreign Affairs, Julio Alvarez del Vayo, has promised the foreign Press that the censorship shall be lightened.

Things are quiet in Madrid. There have been no further air raids. Food continues to be fairly plentiful, although much "queuing" is necessary. There is, however, no real shortage of essential articles, and if some rationing system were introduced there would be ample for everybody. There appears to be less activity in the way of "taking people for a ride," although these killings of Right-wing people for real or supposed activities against the "public health" still go on. To stop it entirely would need drastic action, which would perhaps call for the withdrawal from fighting fronts of reliable militias and police forces. The argument used here that this is nothing compared with what the other side is doing may be true, but it is important for the Republic that this kind of thing should stop.

MADRID, September 20.

IRISH FREE STATE

AGRICULTURAL DEVELOPMENTS

THE estimates of the numbers of live stock and the acreage under crops in the Free State on June 1st, 1936, indicate that a small increase in tillage is resulting from the Government's determined efforts in that direction. The number of milch cows and of cattle under one year, of sheep, and of poultry increased during the year, whereas the number of cattle over one year and of pigs decreased. The area under crops increased by 1.5 per cent. This increase was altogether attributable to the high prices paid for wheat and sugar beet. The increase in tillage was obtained at quite disproportionate cost to the consumer and taxpayer. The deflection of any country's agricultural production away from the direction indicated by considerations of comparative advantage needs very strong justification. It is difficult to find any such justification in the Free State, which is never likely to suffer from any food shortage in war time. If maritime communications were interrupted by enemy action in war, the difficulty which the Free State would experience would be in getting food out, not in getting it in.

The Census taken last April shows that since 1926 the rural population of the Free State decreased by 4.8 per

cent., whereas the town population increased by 9.7 per cent. This change in the ratio of the rural and urban populations reflects the industrial protectionist policy, which has caused a considerable volume of urban employment of all kinds. The employment in the towns, however, has not been sufficient to absorb the migrants from the rural areas, as is shown by the fact that a very large emigration to the United Kingdom, estimated at 78,130, took place during the intercensal period. This movement shows every sign of increasing, and it is safe to forecast that, in view of the approaching decline in the British population, and of the slowing down of the Irish birthrate, the population of the Free State will tend to decline.

POPULATION AND HOUSING

The probability of a decreasing population is very unsettling in view of the large amount of capital investment which is being financed by public borrowing. The housing programme and the schemes of hydro-electric development are but two examples of investment that may prove unprofitable owing to a falling demand. Nevertheless, the Electricity Supply Board deserves to be congratulated on the excellent results disclosed in its report for the year 1935-36. The Board earned a surplus income of £309,938 after paying interest at 5 per cent. on £10,000,000. During the year further capital expenditure of £542,590 was undertaken; the network for the distribution of current was extended to twenty-four towns or villages; the number of consumers increased by 13,667; and the units sold increased by 30,000,000 to a total of 187,000,000.

DUBLIN, September 28.

LETTERS TO THE EDITOR ARE TRAMS OBSOLETE?

TO THE EDITOR OF THE ECONOMIST

SIR.—Those members of the British Association who have been enjoying, by the courtesy of the Blackpool Corporation, free rides on a splendid tramway system, will answer in the negative your correspondent's question whether tramcars are obsolete. One notable feature at Blackpool, which I should like to see copied elsewhere, is that just after the trams leave the Cabin Halt on the North Promenade, they turn into a light railway, running on sleepers, with a short wooden fence between the road on one side and the grass-covered cliffs on the other. Hence they can run much faster and do the journey to the other Halts and on to Rossall School in a few minutes.

What people often forget is that the tram has to construct and maintain its own track, while the motor bus wears out the road maintained by the ratepayer, and even the track maintained by the tram.

2 St. Peter's Terrace,
Cambridge.
September 30.

Yours, etc.,
J. E. ALLEN.

A NEW LITTLE ENTENTE TRADE PLAN

TO THE EDITOR OF THE ECONOMIST

SIR.—In your issue of September 12th you report the new measures which have been introduced in Czechoslovakia for the apportionment of "devisen" among Czech importers. In Bratislava a short time ago the Foreign Ministers of Czechoslovakia, Roumania and Yugoslavia, i.e., the Little Entente agreed to found a common "centre économique," in Prague, with the task of improving and regulating commercial relations between the three countries.

The foreign trade between Czechoslovakia and Roumania on the one side and Yugoslavia on the other in 1934, in spite of the clearing agreement, showed an export surplus for the former.

Foreign trade of Czechoslovakia with:—

Millions of Czech crowns							
	1934		Export surplus	1935		Export surplus	Import surplus
	Imports	Exports		Imports	Exports		
Roumania	185.7	271.1	85.4	280	283	23	...
Yugoslavia	199.8	258.9	59.1	362.5	318	...	44

Although the export surplus to Roumania decreased in 1935 and there was an import surplus with Yugoslavia, the commercial debts paid to the clearing offices of the latter States, but not transferred, amounted in both countries to more than 100 millions of Czech crowns. These blocked accounts due to Czech exporters

were partly used to purchase goods from Germany which the Czech would have liked to deliver themselves. This was apparently to the double injury of Czech exporters, since with their money Yugoslavia and Roumania financed German deliveries and refused Czech offers. As Czechoslovakian exports to the clearing countries amounted in 1936 up till June 30th to about 42 per cent. of the total exports, the Czech National Bank asked the exporters not to conclude new business with certain States, including Yugoslavia and Roumania, on a clearing basis. Further exports were only to be paid for on a compensation basis, i.e., in the form of barter.

By the new economic plan which the "centre économique" intends to establish, foreign trade should be increased between the three countries, the further blocking of claims should be avoided and the existent frozen claims transferred. The new "devisen" regulations are also intended to help in the elaboration of this new plan, by controlling and regulating imports of raw materials which are to be bought as far as possible from Yugoslavia and Roumania. Doubtless some raw materials, such as iron ores and, later, copper, will be able to be bought in Yugoslavia in far greater quantities than up to now. The same applies to oil from Roumania. Later imports to Czechoslovakia of cattle and farm products could be increased, and this could give the Czechoslovakian exporting industries, especially the textile and iron trades, a new impulse. Czech frozen balances would be transferred by loans and investments.

It is obvious that there are also difficulties in the practical achievement of this plan. Raw materials have been till now bought where they were cheapest and best in quality. With the new plan, however, their price may increase and the quality grow poorer. The same may happen with agricultural products and so handicraft exports by increasing production costs. It remains to be seen if the working of the new plan will not lead to some deviation of trade and artificial canalisation of commerce.

All things considered, this new plan may be regarded as a first step towards a bigger economic area, which would be designed to grow into a closer association with Germany and the States of the Roman Pact, i.e., Austria, Hungary and Italy. It is clear that it will bring us nearer to a release of trade from the drawbacks of clearing agreements and the consequences of exchange regulation, e.g., import control, high custom duties, frozen claims, etc.

Present omens suggest that the new régime of the "centre économique" will in the end help us to abolish clearing agreements and so to return to normality.

I am, Sir,
Your obedient servant,
PIERRE A. SACHS,
The Vitkovice Mines, Steel and Ironworks
Corporation, Mor.-Ostrava X,
Czechoslovakia.

September 21.

BRITAIN WITHOUT CAPITALISTS

J. A. Hobson, reviewing "Britain without Capitalists," in *Reynolds* says:

"The substitution of full Socialism for Capitalism in this country has failed to receive the attention it deserves from many men and women with open and reforming minds, because it is deemed idealistic and impracticable.

"Now, the conspicuous merit of this book, written by an anonymous 'group of economists, scientists and technicians,' is that, ignoring the theoretic arguments of Marxism and the mainly moral indictment of Capitalism, which have occupied so much attention in controversy, it confines itself almost entirely to practical considerations relating to the wastage of the present system and the feasibility of a Soviet economy.

"After an opening chapter on 'The Economic System as a Whole,' in which the general character of the present wasteful undertakings is exposed, and a preliminary picture is presented of the new productive resources liberated under Socialism, the book turns to a detailed expert examination of the several leading industries, their present vices and defects, with the remedies which Socialism would apply.

"But whether the optimism of our writers is justified or not, the well-argued and documented case they present deserves the close attention not only of Leftists but of those defenders of Capitalism who perceive the necessity of looking to their defences."

The Financial News says: "The book is probably quite the best of its kind that has so far appeared . . . a refreshing absence of restraint . . . one of the finest tonics . . . rich in suggestions."—(28 Sept.)

8s. 6d. net.

LAWRENCE AND WISHART
2, Parton Street, London

BOOKS AND PUBLICATIONS

FIFTY GOLDEN YEARS

THESE two books* are contributions, major and minor, to the current celebration of the jubilee of the Witwatersrand. In their respective fields, both authors have fully proved their ability. Mr Letcher's is a substantial work of nearly six hundred pages, which is clearly the result of elaborate and painstaking research into the crowded history of the past fifty years. Its authority and detail are certain to encourage its use as a standard work on the Rand for many years to come. Mr Jacobsson, who is Mining Editor of the *Johannesburg Star*, has written an eminently readable primer, which yet contrives to include all the main historical and technical aspects of the Rand into convenient compass for the lay reader. The South African mining industry has been well served by these two historians.

What are the main impressions which are to be drawn from the two works? First, perhaps, is the feeling that the early speculators on the field were actuated almost by blind faith, which, providentially, turned out to be right. The diamond mines of Kimberley and the superficial richness of the Barberton gold deposits had attracted the adventurous, and provided some of them with quick fortunes. But no one was invested with sufficient technical knowledge to tackle the problems of the Rand immediately. It took three years before the true significance of the banket formation of the gold-bearing reefs had been demonstrated. And, for a time, the knowledge was as Dead Sea fruit; the recovery of gold from low-paying finely divided banket deposits at depth presented a desperate problem. Undoubtedly the discovery of the cyanide process meant the salvation of the Rand. Its subsequent development has increased the degree of recovery, under modern conditions, to as much as 98 per cent. The very regularity of the gold deposits has enabled operations to be controlled with more precision than could be applied to most manufacturing industries. Nowhere is the calculation of profits "at the margin" more easily applied.

The dependence of the Union upon the prosperity of the Rand has received, perhaps, sufficient stress in recent years to make any underlining of the authors' remarks unnecessary here. A few figures will suffice. In 1935 the mining companies paid £16.4 millions in dividends, while the Union Government's revenue from State ownership, income tax and excess profits duty amounted to £13 millions. The indirect economic advantage to the Union, of course, is incalculable. In the depressed days of 1932, when the Union Government resolutely opposed the abandonment of the gold standard, the average pay limit was 4.3 dwt. per ton. From the Union's abandonment of the gold standard the present boom has emerged. Ore of no more than 2.9 dwt. content can now be mined; the lives of the mines have been enormously prolonged; a construction boom has developed around Johannesburg; and share prices have ascended to record levels.

Both authors describe present conditions vividly. That they leave discussion of future problems aside must not be accounted to them as a fault. They regard the future with a confidence borne of three years of remarkable recovery, during which gold has rarely fallen below 140s. On the ultimate possibilities of currency stabilisation, and of rising mining costs, however, the reader is left to form his own conclusions, and his reasoning will lead him far away from these historical narratives into the realm of theoretical speculation. But for the reader who seeks knowledge of how the Rand happened, of how economic freebooting was transformed into highly organised industry and brought prosperity to a Dominion which would otherwise have been forced to gain a relatively modest livelihood solely from agriculture, these two books can be confidently recommended. Mr Paul Emden has already written vividly of the personalities who blazed the trail. Here the fruits of their work are graphically displayed.

* "The Gold Mines of South Africa." By Owen Letcher. Published by the Author in conjunction with Warlow and Sons. 580 pages. 21s. "Fifty Golden Years of the Rand." By D. Jacobsson. Faber and Faber. 206 pages. 6s.

SHORTER NOTICE

"A Foreigner Looks at Australia." By Paul Staal. Jonathan Cape. 237 pages. 7s. 6d.

From his observations as Netherlands Consul-General in Sydney, M. Staal has set out to do for Australia what not so long ago he did with distinction for India. But the attempt is not quite so successful, and he is open to the charge of assuming the rôle of candid friend a little too easily. It is not hard, as M. Staal does, to parade the weak side of Australia's finances, but it is probably better criticism to inquire as well—which he does not—into the counterbalancing influences which after all have kept the Commonwealth pretty steadily at no mean standard of prosperity.

However, M. Staal is shrewd, in a not too deep way, he is an admirer and friend of the Australian people; and his comments are entertaining. It is just in the last two or three pages that we are assailed by a sudden doubt. Is M. Staal advocating a benevolent dictatorship for Australia? He seems to be. The country, he says, needs a man and a leader, it needs to be taught ways of self-denial, it needs to learn vigorously how to make the most of its opportunities. Under democracy its methods of finance and its whole economy has grown slack. High tariff, high costs of production and high wages chase one another in a regrettable circle. The intervention of the State is too easy. The vaunted democratic machinery of the Commonwealth has become merely an instrument for the exaction of someone else's money by voters and its facile distribution by ministers.

None the less, easy-going and improvident as he finds them, M. Staal has a great liking for the Australian people, and he admires much that they have done. He is not to be found, however, among the ranks of those who give unqualified praise to the Australian economic recovery. He admits the outward signs of it, but he cannot agree that it is on a sound basis. He points particularly to the renewal of borrowing—£15,000,000 in 1933, £26,000,000 in 1934, and £30,000,000 in 1935 (though this figure was, in fact, reduced). Is this a sign that Australia is slipping back into the bad old ways of before 1929? The country will have to go warily, thinks M. Staal, and cut her coat according to her cloth or "some day the cloth will burst into shreds, and she will either have to go a-begging in London once more or walk about in her shirt." This seems to make pessimism too simple: there are one or two unsatisfactory points about Australian recovery at this stage; but the choice is very far from being the plain one between over-spending and "economy."

BOOKS RECEIVED

- The Trade Cycle.* By R. F. Harrod. (London) H. Milford. 234 pages. 10s. net.
- Mr. Keynes and the Labour Movement.* By A. L. Rowse. (London) Macmillan & Co., Ltd. 68 pages. 2s. 6d. net.
- The Poland of Pilsudski.* Incorporating "Poland 1914-1931" much condensed, and carrying on the History of Poland till mid-July, 1936. By Robert Machray. (London) Allen and Unwin. 508 pages. 15s. net.
- Fundamental Issues in the United States. A Brief Study of Constitutional and Administrative Problems.* By E. A. Radice. (London) H. Milford. 74 pages. 3s. 6d. net.
- Civil Judicial Statistics, England and Wales, 1935.* Cmd. 5277. 1s. net.
- The Book of English Law.* By Edward Jenks. (London) John Murray. 460 pages. 12s. net.
- British Waterworks Directory with Statistical Tables, 1936.* (London) British Waterworks Association, Trafalgar Square, W.C.2. £1 11s. 6d. net.
- The Round Table.* September, 1936. (London) Macmillan and Company. 5s. net.

OFFICIAL PUBLICATIONS

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

- Colonial Report No. 1755. Annual Report on the Social and Economic Progress of the People of the Gambia, 1935.* 2s. net. No. 1756. *Annual Report on the Social and Economic Progress of the People of Johore, 1935.* 2s. 6d. net. No. 1759. *Annual Report on the Social and Economic Progress of the People of St. Vincent, 1935.* 1s. net.
- Department of Overseas Trade Report on Economic and Commercial Conditions in New Zealand, April, 1936.* By R. Boulter, C.M.G., and T. G. A. Muntz. No. 651. 2s. net.
- Department of Overseas Trade Report on Economic and Commercial Conditions in Syria and the Lebanon, June, 1936.* By G. T. Havad, C.M.G. No. 650. 9d. net.

MONEY AND BANKING

THE NEW CURRENCY REGIME

THE wider economic and political implications of the devaluation of the franc are discussed elsewhere in this issue of the *Economist*. In the following article we propose to analyse the present and future relations between the franc, the pound and the dollar, and to examine the possible reactions of devaluation upon the general banking and monetary position.

The old gold parity of 65½ milligrammes of gold, nine-tenths fine, for the franc has been abandoned, and the French Government has obtained power to fix the new gold content of the franc somewhere between 43 and 49 milligrammes. Thus, in place of the former parity of Frs. 15.09 to \$1 the new parity will (on the assumption that the present gold content of the dollar remains unchanged) lie somewhere between Frs. 20.15 and Frs. 23 to \$1.

The rest is still a matter of guesswork. The French Government has still to make its selection of a point between these limits, and it does not follow that its first selection will be final. Sterling has still to find its new level against both the other currencies, whether by the play of the forces operating in the exchange markets or as the result of agreement between the three Governments. Yet even to-day it may be of advantage to discuss the question of the appropriate rates at which equilibrium between the three currencies may be secured.

On May 30th last we examined the price levels of the three countries, and tentatively concluded that the pound should then have been standing around \$4.60 against the dollar and somewhere between Frs. 82 and 104 against the franc. The cross-rate should therefore have lain between Frs. 17.80 and Frs. 22.60 to \$1. These latter rates, in fact, correspond to limits of 55½ and 44½ milligrammes of gold to the franc. Since our article was written there has been a 6 per cent. rise in French wholesale prices, on which will be superimposed the consequences of M. Blum's New Deal. British wholesale prices, meanwhile, have risen by 5.5 per cent., and American prices by rather less. American opinion, undoubtedly, would be unwilling to agree that sterling needs to fall as low as \$4.60, in order to come into equilibrium with the dollar, and some evidence can be adduced to support the American view. No one, however, would deny that at the recent rates of over \$5 the pound was over-valued.

An upper limit of 55½ milligrammes for the gold content of the franc clearly has ceased to represent the facts, and even a lower limit of 44½ milligrammes is now on the high side. Thus, the proposed new limits of 49 and 43 milligrammes (that is, Frs. 20.15 and Frs. 23 to \$1) seem to be somewhere near equilibrium. On economic grounds the establishment of a rate at or near the lower of the two limits might have much to recommend it, though on political and psychological grounds the French Government may be loath to devalue any more than is absolutely necessary.

How is sterling to be brought within the new scheme? This week's very tentative rates have been rather over \$4.90, but they are not necessarily representative of the new level of the pound. On the whole, we might find it unwise to aim at a lower rate than \$4.86, i.e. the old parity. This rate would not be too far removed from equilibrium, to drive the pound lower might cause friction between the two countries. There may be something to be said for letting the rate ride free for a short time; but if the United States were to desire our co-operation to keep the pound from falling below \$4.86, we should probably be well advised to respond.

A rate of \$4.86 to the pound, set against a cross-rate of Frs. 20.15 to \$1, would fix sterling at Frs. 98½. At Frs. 23 to \$1, the pound would rise to Frs. 112. Taking nearly the lower limit for the franc, the following scale of rates would seem to offer a reasonable degree of equilibrium

in the complete exchange triangle, judged by the level of relative prices and costs:—

Gold content of franc	44 milligrammes
Exchange Rates:—	
Paris on New York	Frs. 22.50 = \$1
New York on London	\$4.86 = £1
Paris on London	Frs. 109½ = £1

Actual events are still a matter of uncertainty. There is reason to believe that it may take a few weeks to re-establish exchange stability. There is no assurance that even the price of gold expressed in francs will be fixed rigidly at the outset. The only certainty is that the American Treasury's price will remain at \$35 per ounce. Still there is no reason to fear the wild exchange fluctuations which followed our own departure from gold. The financial world has learned a good deal more of the rules of the new game since then. In particular, it has evolved the new weapon of Government-controlled Exchange Funds. This week the French and Dutch Governments have established new Funds to supplement and co-operate with the British and American Funds, and the exchange speculator to-day runs grave danger of being caught between no less than four extremely heavy mill-stones.

The next question arises from the operations of these Exchange Funds. One change, which has now become essential, is that the American Treasury shall undertake to sell gold, not only to the central bank of a gold standard country (which to-day can hardly be discovered) but to the Exchange Funds of countries with whom it is co-operating. Doubtless this change will be made, so soon as the present temporary confusion has been cleared away. The French and Dutch authorities must equally be prepared to buy and sell gold in the same manner, while it is difficult to see how an amendment of the statutes of the Bank for International Settlements, which to-day restricts its operation to the markets of gold standard countries, can any longer be deferred. The world in short must recognise that at the moment there is no gold standard country left, in the usual sense of the term.

What is the outlook for our own interest rates? If confidence revives, some of the French capital in London will be gradually repatriated, and this may lead to a movement of gold from London to Paris. There is a tendency to assume that this will lead to a stiffening of London money rates, and under the gold standard, when an outflow of gold meant a reduction in Bank of England's reserves and a contraction in joint-stock bank cash, this would undoubtedly have been the case. To-day, however, the gold which will be given up is gold held by the Government in the Exchange Equalisation Account. This gold is segregated from the internal credit system of the country, and to carry this gold the Government has had to expand its tender issues of Treasury bills. Thus, if French money leaves the country and carries gold with it, the first consequence will be that the Exchange Equalisation Account will lose gold and take up more "tap" Treasury bills. Less "tender" Treasury bills will be available for the joint-stock banks and the money market, and this reduction in earning assets will be the counterpart to the joint-stock banks' losses of their French deposits. The banks' cash will not be reduced, but on the contrary will tend to expand through the emergence of British currency from French hoards and its return to the Bank of England. The banks' cash ratios will therefore increase. The whole movement will be the converse to what happened last May, when the influx of French money and French hoarding of British currency reduced bank cash and increased bank deposits and discounts.

Unless the Bank of England intervenes by selling gold and/or securities (it will be remembered that it bought

gold last summer to off-set the French influx of money) any French repatriation of funds will tend to weaken discount rates and to drive the banks into the gilt-edged market to replace the reduction in their Treasury bills and to prevent an undue rise in their cash ratios. Therefore, so far as the next six months are concerned, no increase in either long-term or short-term interest rates is likely to ensue from the devaluation of the franc and the repatriation of French money. The effect of such repatriation as occurs will be the exact converse of its effect under the gold standard.

A longer view is more difficult to envisage. If world trade expands, world prices rise and the will to invest capital returns in response to the restoration of exchange equilibrium over a large part of the world, then interest rates should rise in due course, and with all our desire for cheap money, we may have to conform to this world movement. On the other hand, the revaluation of the monetary gold stocks of many countries have already created an extensive reservoir of unemployed credit, which the revaluation of the gold *bloc's* holdings and the eventual revaluation of the Bank of England's gold will further increase. Any freeing of the channels of international trade and investment will render this potential credit more mobile and, *pro tanto*, delay any considerable rise in world interest rates.

These are our first thoughts on some of the monetary aspects of the events of last week-end. They are not final, for the monetary system of the world is still in process of reconstruction. The details of the new plan have still to be worked out by agreement or by force of events. But one great gain has already been achieved by the establishment of monetary co-operation between the democratic leaders of the world.

FINANCIAL NOTES

The Swiss Franc Devalued.—The devaluation of the franc has caused the immediate break-up of the gold *bloc*, and neither Holland nor Switzerland found it possible to remain on the gold standard over the week-end. Switzerland decided to devalue in principle on Saturday afternoon, September 26th, while on Sunday the Federal Council announced that the gold content of the Swiss franc would be reduced from 290 to within limits of 190-215 milligrammes. This is a devaluation of 26 to 34.5 per cent., compared with proposed French limits of 26 to 35.2 per cent. On Monday the Swiss Bourses were closed for two days. The next day Switzerland announced her intention to maintain the free movement of gold combined with the creation of an Exchange Stabilisation Fund. No definite gold parity has yet been fixed, but the proposed intention is to follow the pound and the dollar, though at a value 10 per cent. above them. Between September 25th and 30th the Swiss franc fell in New York from 32.56 to 23.01 cents or a depreciation in terms of gold of 29.3 per cent. This week's initial quotations in London were Frs. 21.32½, against Frs. 15.56 before the crisis, but the Swiss National Bank later bought gold at a price corresponding to Frs. 21.53 to the pound, and the rate promptly moved to that point. On Thursday afternoon the rate was Frs. 21.42. Forward Swiss francs are now quoted at a premium contrasted with a discount before the crisis, but the three months' rate has moved slightly during this week from 12.9 centimes to about 10 centimes premium.

The Dutch Gold Embargo.—The Dutch Government's first reaction to the Paris decision was to announce its decision to adhere to gold at the old parity. By Saturday evening, September 26th, however, when it was known that Switzerland was devaluing, it became apparent that Holland would be the only country in the world on the old gold standard, and so would become the focus of the world's demand for gold. This position would have rapidly become untenable, for the previous week's gold losses were as high as Fl. 38.8 millions, coupled with an increase of Fl. 23.6 millions in the

note circulation on Sunday. It was announced, therefore, that the export of gold from Holland and the Dutch East Indies would be prohibited, except under certificate from the Netherlands Bank, and that an Exchange Equalisation Fund of Fl. 300 millions would be created. On Tuesday, the necessary legislation was carried, together with a Bill providing safeguards against excessive price increases. The immediate result is that the guilder is now riding free. Wednesday's New York quotation was 55 cents against 67.62 cents last week, or a depreciation of only 18.6 per cent. In London, the pound rose instantly from Fl. 7.48 to Fl. 8.86, while on Thursday it was quoted at Fl. 9.08. At these rates it is considered to be still over-valued, and three months' guilders in London are at 14 cents discount. To judge from a statement made by Dr. Trip last Wednesday, Holland is for the moment waiting on events, and in particular upon the future value of sterling. The Dutch position remains sound, and markets have responded rapidly to the depreciation of the guilder. Money is very easy, and this week there has been some repatriation of Dutch capital. Still an eventual rate of about Fl. 10 to the pound appears to be indicated to bring Holland into line with other countries.

Germany's Reaction.—Dr. Schacht, in his statement to the Central Committee of the Reichsbank on September 30th, made it clear that for the moment Germany is sitting on the fence. The mark is not to be devalued. Instead, Dr. Schacht was inclined to minimise the benefits that would accrue from the devaluation of the franc, and said that the new currency agreement did not even provide for a stable relationship between the pound, dollar and franc. He professed Germany's willingness to co-operate, but insisted that even if the mark were devalued, Germany could not dispense with exchange restrictions which were forced upon her by her heavy burden of foreign indebtedness and by her difficulties in obtaining raw materials. The German Government was prepared at all times to join in international discussions designed to free international trade and payments, and at the same time to safeguard national interests. This statement suggests that Germany's aim may be to link up her co-operation in world monetary policy with the questions of her foreign debts and colonies, and in the meantime to rely on the continuance of her clearing agreements. At the same time the devaluation of the gold *bloc* currencies will place Germany's export trade at a fresh disadvantage, and so Germany may be forced by the pressure of events to abandon this attempt at a bargaining-point. At the moment, however, Germany obviously intends to do her best to wait and see.

Other Monetary Changes.—The devaluation of the franc left in the air several countries which previously had pegged their currencies to the franc. In most cases, these countries have decided to peg to sterling, with a consequent enlargement of the sterling area. In Greece the drachma had been pegged to the Swiss franc, and the sterling quotation on September 25th was Dr. 531.2. The Bank of Greece has now announced a buying rate for sterling between limits of Dr. 540 and Dr. 550, and for the moment has fixed an actual buying rate of Dr. 546 and selling rate of Dr. 550 to the pound. Latvia has abandoned its former peg to the French franc, and instead has pegged to sterling at 25.22 lats, against a rate of 15.50 lats under the old regime. Turkey has similarly forsaken the French franc for sterling. The new rate is £16.35-6.38, against a former rate of £16.34. Italy, where the lira had been virtually pegged to the French franc, is left in a difficult position. The Government is formally pledged against devaluation, but on Wednesday there were rumours that the lira would be devalued by about 40 per cent. in terms of gold, and there were rumours that sterling would rise in consequence from Lit.64½ to about Lit.90. The Spanish peseta is nominally linked to the French franc, but the internal position is so chaotic that no forecast of future Spanish monetary policy can usefully be made.

The future of the Czechoslovakian, Austrian and Hungarian currencies has also to be determined, and on Thursday afternoon the view was expressed in London that an early devaluation of the Czech crown, possibly by 20 per cent., would not be surprising. The belga, which was devalued by 28 per cent. last year, has so far maintained its *status quo*.

The Foreign Exchanges.—The London Market was closed on Saturday, but dealings were resumed on Monday, and by Thursday were fairly general. Business in French francs, however, is still suspended, and bankers are only able to meet demands from their customers for very small quantities. The Bank of England made special arrangements to supply the needs of banks having maturing forward contracts. On Monday, as a precautionary measure, francs were only so offered by the Bank at a rate of Frs. 75, but by Thursday the rate had been raised to Frs. 100. Dealings in Amsterdam and New York were on the basis of Frs. 95 to Frs. 100. A big demand for francs is anticipated so soon as Paris re-opens and dealings are resumed in London. The following table shows the net movement to date in other exchanges:

	Sept. 24	Oct. 1	Three months' rate	Sept. 24	Oct. 1
New York	\$5.06½	\$4.93½	1½ cts. pm.	1½ cts. pm.	1½ cts. pm.
Paris	Frs. 76½	Frs. 74½	Fr. 7½ dis	Fr. 7½ dis	Fr. 7½ dis
Amsterdam	Fl. 7.49	Fl. 9.08	8½ cts. dis.	13½ cts. dis.	13½ cts. dis.
Zurich	Frs. 15.56	Frs. 21.42½	17½ cts. dis.	10 cts. pm.	10 cts. pm.
Brussels	Bel. 30.02	Bel. 29.25½	6 cts. pm.	10 cts. pm.	10 cts. pm.
Berlin	Rm. 12.60½	Rm. 12.30 (nom.)	...	...	...

On the whole the market was well prepared for this week. There have been Swiss sales of sterling, probably indicating repatriation of funds, and forward Swiss francs have gone to a premium. Less confidence is felt in the new level of the guilder, and forward guilders are at a wider discount than last week. Belgian rates are practically unchanged. The market generally is still most unstable, and is awaiting the re-opening of Paris. Further alterations in rates must be expected. The Banque de France's gold losses for the week immediately preceding devaluation and suspension of dealings amounted to Frs. 2,580 millions, reducing its reserves to Frs. 50,112 millions.

Gold Movements and Prices.—Variations in the price of gold and the volume of dealings have formed an interesting background to the foreign exchange fluctuations during the past week. Up till Thursday, September 24th, the price of gold stood at about 137s. 3d. per fine ounce and dealings at the fixing were about the £200,000 figure. On Friday, September 25th, the first change came when the gold price jumped to 137s. 9½d. due probably to increased demand consequent on rumours of alignment and stabilisation. On Saturday, when the pending devaluation of the major gold *bloc* currencies was announced, there was no longer any basis for the price of gold, and at the request of the Bank of England no price was fixed. On Monday the market re-opened, and when the price was fixed at 140s. 9d., a rise of 2s. 11½d., the abnormal amount of £1,200,000 was sold, and more dealings took place afterwards. The Bank of England is understood to have operated in order to give the market a basis. This Monday gold price was based on the dollar exchange quotation of \$4.94, and subsequent movements reflected the position of the dollar exchange. On Tuesday and Wednesday the price was 140s. 7d. and 140s. 2d., respectively, and at the above prices total dealings on these two days were £1,410,000 and £1,150,000. The source of the major part of this gold was almost certainly the French hoards which had been accumulating for some time. Buyers were the British Exchange Equalisation Account, which took an unknown amount, and arbitrage dealers operating on the dollar-pound exchange, where the London price of gold yielded a profit of about 1½d. Gold shipments to New York have been substantial, and offerings of dollars in London became so considerable that to prevent the appreciation of sterling the Control found it necessary to intervene strongly as a purchaser. For the moment the

price of gold will fluctuate in sympathy with the New York exchange, and even when the French authorities fix a price for gold in terms of francs it may not at once become immutable. The turnover is likely to be heavy, for the normal arrivals from India and South Africa may be supplemented by Continental dishoarding, while, apart from operations from the various exchange funds, the United States will take gold so long as there is a premium in London over the dollar parity price.

The Money Market.—While the market was in no way affected by the devaluation of the franc, the vagaries of the calendar once more caused a temporary distortion. As was pointed out last week, heavy payments for Treasury Bills fell due on Saturday, September 26th. During the first three days of this week there were no restrictions, because these dates corresponded first to a Sunday and then to the last two days of June, when both the banks and the markets refrained from taking up Treasury Bills. On the other hand, the bulk of this week's payments for new Treasury Bills were made during the first three days, as applications were confined to December maturities. The result was that by Wednesday both the banks and the discount market were very short of money. Resort to the Bank of England was narrowly avoided, and this week's Bank return shows that bankers' deposits were as low as £60.7 millions. This is equal to only about 3 per cent. of clearing bank deposits, so that even including till-money the banks' cash ratios (except that of the bank which called on Wednesday for making-up purposes) must have been well below 10 per cent. This is a purely temporary movement, and by next week bankers' deposits should be back to about £100 millions.

	Sept. 10, 1936	Sept. 17, 1936	Sept. 24, 1936	Oct. 1, 1936
Bank rate	2½	2½	2½	2½
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

* 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.

During most of the week the banks were able to induce the market to sell bills every morning, and only lent sparingly in the afternoon. The banks' buying rate for Treasury Bills is unchanged, but three months' bank bills have hardened to 1½ per cent., as they are now a January maturity.

The Bank Return.—While this week's increase in the note circulation represents quarter-day demands for currency, it also shows that up to Wednesday evening there had been no foreign dishoarding. The Bank is continuing to buy gold, but on balance the reserve is reduced by £3.3 millions.

	Oct. 2, 1935	Sept. 9, 1936	Sept. 16, 1936	Sept. 23, 1936	Sept. 30, 1936
£ mill.	£ mill.	£ mill.	£ mill.	£ mill.	£ mill.
Issue Department:—					
Gold	193.6	246.5	246.8	247.6	248.6
Note circulation	402.0	445.6	444.9	445.1	449.4
Banking Department:—					
Reserve	52.4	62.0	63.1	63.6	60.3
Public deposits	25.5	20.4	14.8	10.4	49.7
Bankers' deposits	80.9	99.8	102.2	108.0	60.7
Other deposits	39.1	37.8	38.7	38.8	40.9
Government securities	82.5	83.5	81.6	83.7	80.3
Discounts and advances	17.3	10.5	9.2	7.9	8.6
Other securities	11.6	20.1	20.1	20.3	20.4
Proportion	36.0%	39.2%	40.5%	40.4%	39.8%

The wide divergence between Treasury Bill maturities and payments discussed in the Note on the Money Market, explains the temporary transfer of nearly £40 millions from bankers' to public deposits. Bankers' deposits have been further reduced by the increase in the note circulation and a drop of £3.4 millions in Government securities.

THE STOCK EXCHANGE

INVESTORS AND DEVALUATION

DURING the past two years the majority of British investors have adopted the view that the gold *bloc* would ultimately be compelled to surrender. Successive crises have provided clear indications of general market impact which devaluation might bring, and there has been no lack of advance warning. A week ago, the process of forearming had been carried a good deal further than at any previous crisis. Investors had effected their dispositions in the virtual certainty that the week-end would bring the inevitable decision from Paris. The market was well prepared, and in no section—except, partially, in the oil share market—could it be described as vulnerable.

This week's response has therefore been relatively temperate and, on the whole, reassuring. Undoubtedly, investment opinion generally holds that devaluation was inevitable before the forces making for greater world recovery and exchange stability had real scope. Unlike that other Monday, just over five years ago, when the Stock Exchange opened dismayed and anxious, the market this week took a favourable "view" of the consequences of devaluation, and was well supported by the general investor. In some individual instances, its opening exuberance was not wholly maintained. Unilever, for example, lost part of a sensational rise, and some lack of discrimination between British and Dutch rubber shares was apparent. Conversely, the sharp initial rise in gold shares surprised the "Kaffir" market, which for some weeks past had been fearing exchange and bullion market disturbances without anticipating the depreciation of sterling in terms of dollars. Here also second thoughts were rather more calm.

This week's market movements, illustrated by the accompanying table, have shown one thing conclusively. French holders of gilt-edged securities and favourite arbitrage oil and mining counters have been slow to take and transfer their profit on devaluation. In the gilt-edged market, falls of up to 1½ points were at first recorded, but they resulted largely from initial professional operations, in anticipation of the reopening of the Paris Bourse. Yet there has been no general tendency, on the part of foreign nationals, to sell gilt-edged and deposit the proceeds in London. During the first part of the week the closing of the Paris and Amsterdam Bourses also restricted similar profit-taking in oil and mining stocks, and the hand of the professional was again traceable in part of the fall in the leading arbitrage issues. The prompt recovery in all these markets showed that the technical disturbance, at any rate for the present, is quite limited. The market has concluded, altogether, that considerable clarification of the French political and economic position will be required before foreign holders are tempted to secure their devaluation profits.

These conditions may prevail for some time to come, and may thus even out the effects of devaluation profit-taking. Conversely, they may even tend to damp an immediate response of security prices to the prospects of an expansionary movement in international trade and world commodity prices. There has, at any rate, been no general upward movement in British industrial equities in anticipation of the spread of recovery across the Channel. Such developments, although widely—and reasonably—forecast, can only supervene after the impact effect of devaluation has been experienced. Meanwhile, the market has been largely concerned with more immediate factors. The prompt advance in the shares of rubber and tea companies operating on Dutch territory, for example, has not been based on calculations of the future prices of those commodities so much as on the prospective reduction in the "book" exchange losses sustained since 1931. Certain bonds payable in sterling at fixed exchange rates, such as Finnish 4½ per cent. and the 4 per cent. Norwegian loan of 1911, have, conversely, been nominally quoted 20 and 25 points lower, respectively.

By mid-week the Stock Exchange was better able to contemplate the long-term repercussions of gold *bloc* devaluation upon the course of the markets. The slight initial excesses of depression in the gilt-edged market and of over-confidence in the gold-mining market were corrected; and for the present the markets have resumed normality—on the surface. But long-term investment calculations are clearly vitally affected by this week's currency decisions, and certain of them may appropriately be discussed here. First, we may consider the position of home industrial shares, which have been almost unmoved by the week's developments. Undoubtedly, the Stock Exchange is right in expecting British industry to gain more from international trade expansion than it could possibly lose from any "exchange advantage" of the devalued gold currencies. An analysis of the competitive position of French and Swiss industry under the new regime is given on an earlier page. It affords, as the majority of market opinion has recognised, no ground for a bearish interpretation of the prospects of domestic equities. Where individual shares have a direct interest in an appeasement of currency difficulties, the market has taken a firmly optimistic view. The degree of currency co-operation already secured, and the new alignments to sterling, may well improve the prospects of such concerns as British American Tobacco, Cable and Wireless and Furness, Withy. At some points, such as the wool textile industry, the competitive factor may be stronger, but holders of these shares may reflect that the technical position of the French industry has deteriorated in recent years. Holders of heavy industrial equities may view the effects of devaluation with relative composure, for exports of French steel are determined by International Cartel arrangements and not by price considerations.

Provided that internal recovery is maintained, there is no danger whatever of harmful consequences to the profitability of British industry. There are, however, certain long-term possibilities which the investor may be wise to consider. If a general rise in commodity prices is stimulated, industrial costs will tend to increase. The effect of such a rise on industrial earning power would depend upon the relation of raw materials to total costs in each industry, and the ease with which increased costs could be passed on to the consumer. Manufacturers of primary foodstuffs and "consumers' goods" concerns may be more affected by such a movement than the basic equipment industries. Opportunities for discrimination between these two major divisions may become more frequent, and much more important, than they have been in the past. Companies handling primary commodities, however, have more to gain from a general rise in prices. In the case of copper shares the potential effects of exchange movements on the price of the metal are, for the moment, a minor influence beside the possibility of selling from Paris. But both here and in the oil market, shares which were reasonably valued in relation to prospects a fortnight ago should experience no more than momentary disturbance now, and their long-term prospects may even be improved. Calculation of the effect of devaluation upon the profits of international concerns, like the big oil producers, is possible only to those who know how profits are divided between "gold *bloc*" and sterling markets. This week's developments will not ease the situation in blocked exchange balances. But there remains, when all is said, a clear long-run presumption that more normal Western European trade relations will ultimately provide increased profits for these concerns, and the oil share market should recover promptly from any intermediate disturbance from Paris.

The prospects of rubber and tea companies, being bound up with the success of restriction schemes, are proportionately less easy to assess. In some quarters, a weakening on the restriction front is freely forecast, on the ground

	Sept. 23, 1931	May 5, 1936	Sept. 25, 1936 (Close)	Sept. 28, 1936 (Close)	Sept. 29, 1936 (Close)	Oct. 1, 1936 (Close)	Change this Week
Gilt-Edged							
2½% Consols.	54	85 ½	85 ½	84 ½	84 ½	85 ½	— 1
3½% War Loan	73	105 ½	107 ½	106 ½	106 ½	107 ½	—
3½% Conversion		107 ½	107 ½	107 ½	107 ½	107 ½	—
French Securities							
4% Rentes	25	22 ½	20	18 ½	20	20	+ 8
4% Midi Rly.		102	82	88 ½	88	80	+ 4
6% Nord Rly.		104 ½	97 ½	100 ½	102 ½	101 ½	—
4½% Finland	82	122 ½	139	110	110	110	— 29
4½% Norway 1911	92 ½	138	134	110	108	110	— 24
Commodity Shares							
Allied Sumatra (L1) ..	6/-	15/3	15/10 ½	17/-	17/8 ½	17/7 ½	+ 1/9
12/3		27/9	29/1 ½	30/9 ½	31/2 ½	31/6	+ 2/4 ½
Java Amalgamated (L1) ..	8/9	19/3xd	20/-	20/-	20/7 ½	21/6	+ 1/6
Sumatra Tea (L1)	7/6	13/9	16/3	16/3	17/3	16/6	+ 3d
Oil Shares							
Shell (L1)	38/9	67/10 ½	111/3	110/-	110/-	110/7 ½	— 7 ½d
Royal Dutch (fl.100) ..	£14 ½	£34 ½	£39 ½	£39 ½	£38 ½	£39	— 1 ½
Mexican Eagle (\$4)	5/7 ½	20/11 ½	26/9 ½	26/10 ½	27/3 ½	27/1 ½	+ 3 ½d
Kaffirs and Mines							
Randfontein (L1)	26/3	60/3	73/-	77/7 ½	76/10 ½	76/6	+ 3/6
Rand Mines (S/-)	2 ½	9 ½	9 ½	8 ½	8 ½	8 ½	— ½
Central Mining (L8)	6	25 ½	26 ½	25 ½	24 ½	25	— 1 ½
Geduld (L1)	4 ½	11	10 ½	9 ½	9 ½	9 ½	— ½
Ashanti (4/-)	32/6	62/5 ½	62/6xd	66/-xd	65/10 ½xd	65/6xd	+ 3/-
Gold Coast Selection (S/-)	10/-	22/10 ½	25/-	26/10 ½	26/6	27/6	+ 2/6
Roan Antelope (S/-)	6/3	38/4 ½	45/-xd	44/7 ½xd	43/1 ½xd	42/6xd	— 2/6
Rhokana (L1)	3 ½	6 ½	7 ½	7 ½	7 ½	7 ½	— ½
"International Trade" Stocks							
Southern Rly. Def. Stk.	10 ½	24 ½	22 ½	24	24 ½	24 ½	+ 1 ½
G. Western Rly. Ord. Stk.	43 ½	47 ½	56 ½	57 ½	58 ½	58	+ 1 ½
Cable & Wireless "A" Ord. Stk.	12	28	19 ½	20 ½	21 ½	21 ½	+ 1 ½
Furness Withy (L1)	23/-	18/-	23/7 ½	23/7 ½	24/-	24/3	+ 7 ½d
Unilever (L1)	26/3	31/-	34/3	38/-	38/3	38/6	+ 4/3
British American Tobacco (L1) ..	3 ½	6 ½	6 ½	6 ½	6 ½	6 ½	+ ½

† Including bonds payable in sterling at fixed exchange.
‡ Previous franc crisis.

that Dutch producers, whose costs have already been reduced to competitive levels with sterling producers, will receive an effective further reduction of a result of devaluation. For rubber, in particular, some temporary increase in native production is also expected, although the Dutch authorities have recently been more successful in controlling native supplies. Caution, and a disposition to await events, have been reflected in the International Committee's avoidance, this week, of an immediate decision on next year's production quotas. That there will be any considerable "deflation" in rubber—or tea—prices, however, is unlikely, and the market, having immediately discounted the reduction of exchange charges for "Dutch" shares, has been further helped by the firm tendency in the commodity. On the whole, shareholders may expect a moderate improvement in the industry during the next year without a widespread rise of prices.

The position of the market for gold-mining shares is one degree more amenable to prophecy. If the lower limit for the sterling-dollar exchange proves to be 4.86, the London bullion price cannot exceed approximately 144s. per ounce. But, as the market showed on Tuesday, there is a reluctance to discount such a price. On the other hand, operators have been a little disturbed by the prospect of heavy French selling of such shares as Rand Mines and Central Mining. Their position, however, is stronger owing to cautious dealing pending the fall of the franc. Investors cannot regard Monday's hurried professional marking-up of "Kaffir" prices as any indication of the trend of mining profits under the new exchange arrangements. But they may be justified in assuming a minimum gold price of 140s. in the future.

What, finally, is the outlook for holders of gilt-edged stocks? There is, at present, no real burden of foreign selling, and the initial fall in prices has been wholly rectified. If, in due course, such selling occurs, it may be offset by corresponding purchases by British banks, for reasons explained on page 21. The ultimate consequences of the past week's events, however, are more obscure. If investors are to assume that the exchange pact means the first step towards *de facto* stabilisation, and British costs, for any reason, tend to rise relatively to those of other countries, the Treasury's two reins of cheap money and exchange stability may be difficult to control simultaneously. This contingency is not likely to present itself in any forceful



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form for a considerable time to come. On the other hand, if *de facto* stabilisation paved the way to *de jure* stabilisation and made possible the revaluation of gold stocks, credit abundance might endure almost indefinitely—so long as the authorities were not intimidated by a possibly rapid rise of prices.

In short, the markets are experiencing a dynamic change, but there are weighty reasons for believing that the change will work for good. The position of specialist markets—Kaffirs, oil shares and perhaps rubber issues—may require careful attention in the next few weeks. But the broad effects of the gold *bloc's* surrender, if they are allowed free and fair scope, should be of distinct advantage to commodity and industrial equities. And for some time, at least, they are unlikely to challenge the position of the gilt-edged investor under a regime of control.

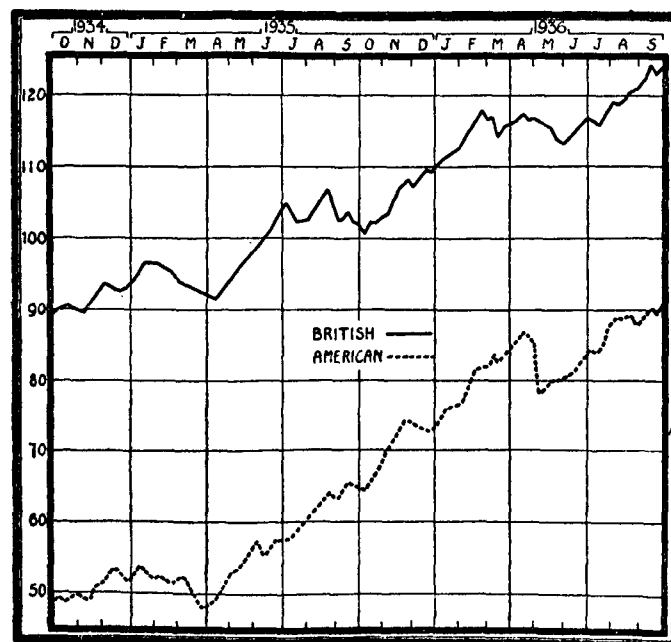
INVESTMENT NOTES

Course of Share Values.—At the beginning of September there was no disposition, either on the London or the New York Stock Exchange, to regard franc devaluation as imminent. The movement of foreign capital into British and American securities continued, but it had been a more or less continuous process for months past, and until the last ten days of the month its pace, in fact, had tended if anything to slacken. There is little doubt that the interests who were chiefly concerned in the gold *bloc*, having had ample notice, had largely completed their dispositions before the French Government took the final plunge. In London and New York alike, the trend of share prices, in the early part of September, continued to advance, as will be seen from the annexed chart. A quieter

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



tone occurred in the middle of the month, without any serious reaction in values. The news of devaluation, on September 26, was hailed enthusiastically as a bull point in London and—distinctly but a little less markedly—in Wall Street. Where every prospect pleased, only gilt-edged were vile, in the sense that between Friday, September 5th, and Monday, September 28th, $2\frac{1}{2}$ per cent. Consols fell $1\frac{1}{2}$ points—though by the close of business two days later the loss had been completely recovered and normality restored. It was clear enough that the markets believed that prospects of international trade revival transcended all else. By the month-end the markets had shed some of their enthusiasm, but obviously retained

their faith. The Actuaries' Index (computed on September 29th) showed that the reaction in gilt-edged, after a month of firm "discipline," still left $2\frac{1}{2}$ per cent. Consols fractionally higher than a month earlier. The Actuaries' mixed bag of 178 ordinary shares showed a rise of 1.3 per cent. during the month, at 88.2 against 87.0 (December 31, 1928 = 100), but a fall in average yield of no more than 0.1 per cent. from 3.63 to 3.62 per cent. Among component groups, coal shares rose by 7.0 per cent., oil shares by 6.3 per cent., and home rails by 5.8 per cent., as the following table shows:—

Group (and No. of Securities)	Prices, (Dec. 31, 1928 = 100)			Yield (%)		
	Year Ago (Sept. 24, 1935)	Month Ago (Aug. 25, 1936)	This Week (Sept. 29, 1936)	Year Ago (Sept. 24, 1935)	Month Ago (Aug. 25, 1936)	This Week (Sept. 29, 1936)
Fixed Interest:						
2½% Consols (.....)	147.4	150.6	150.9	3.02	2.98	2.95
Misc. Indust. Debs. (17)	125.2	125.3	125.6	3.88	3.93	3.93
Do. Preference (44) (..)	117.8	122.9	122.8	4.36	4.17	4.18
Ordinary:						
Building Materials (5)	87.6	105.4	107.1	4.63	4.60	4.64
Coal (7) (.....)	84.7	104.1	111.4	4.52	3.21	3.22
Iron and Steel (12) ..	63.7	79.7	80.1	3.34	3.74	3.78
Oil (5) (.....)	62.5	85.0	90.4	3.59	3.20	3.01
Electric Supplies (10)	117.2	149.7	150.2	4.37	3.62	3.61
Home Rails (4) (.....)	60.3	77.1	81.5	1.65	1.54	1.33
Miscellaneous (56) (..)	67.6	79.0	79.6	4.11	3.87	3.86

The yield on preference shares has fallen significantly over the past year. Twelve months ago the margin between the debenture and preference yields was 0.48 per cent. The present margin is only 0.25 per cent.

* * *

Wall Street and Devaluation.—Once again Wall Street has found anticipated bad news better on arrival. Most previous franc devaluation scares have caused a setback in prices, since operators were inclined to exaggerate the amount of French funds invested in New York which on devaluation would immediately return to Paris; they over-estimated the amount of such refugee money, and under-estimated the relative attractiveness of New York as an investment centre. Both these errors are now in process of correction. Since the announcement on Saturday morning of the three-power agreement on devaluation of the franc, markets have been bullish, although there have been natural signs of hesitation until the precise form of the laws to implement the French decision are known, and pending removal of such panic money as intends to leave the visible recovery of America for the unknown of France. On the eve of the devaluation announcement, Mr Morgenthau endeavoured to allay fears of a setback to American recovery through an efflux of foreign money. And with all domestic signs pointing to continued revival of business, to an excellent crop of third-quarter reports, and to dividend distributions greatly in excess of last year, the stock markets should be able to look forward to bullish conditions for some time to come. The chief remaining problem in external economic affairs is the exact nature of the agreement, if any, between the American and British Exchange Funds on the sterling-dollar exchange rate. It may require time before the two controls achieve full co-operation and find a precise objective. But the range of potential variation is certainly not great enough to upset the general expectation that the new currency arrangements will not cause any market reactions in New York. The Presidential election is about the only disturbing domestic factor between now and the New Year, and, whatever way it turns, it is likely to have only a temporary effect, if any, upon the recovery and the course of prices on the Stock Exchanges.

* * *

Railway Freight Rebates.—Consultations are now taking place between the Government Departments and the various authorities and interests affected by the reduced assessments for local rating purposes of the railway companies and the consequent revision of the present rebates on the conveyance of certain agricultural

traffics, coal, coke and patent fuel exported or delivered to iron and steel works, and other selected industrial traffics. It is estimated that the amount repayable to the railway companies by reason of the retrospective application of the reduced assessments is roughly £10,000,000, and that the amount available as reserve out of the past payments of the companies into the Freight Rebates Fund is only about £1,000,000. It is the intention of the Government to deal with the position legislatively when Parliament reassembles, and it is understood that the measure to be introduced will provide for the repayment of the balance of £9,000,000 in annual instalments over a period of fifteen years. The effect of the new assessments will be to reduce the contributions of the railways to the Fund by about 50 per cent., and the one-fiftieth per annum instalment will be the first charge on the attenuated resources of the 1929 scheme for the relief of the transport burdens of the heavy industries and certain branches of agricultural traffic. The rebates have been in operation for five years, during which railway rate concessions have been made on the traffics affected of between £3,750,000 and £4,750,000 per annum. These sums have given the coal export trade rebates averaging between 9d. and 10d. per ton, the iron and steel industry approximately an average of 1s. 2d. per ton on the coal and coke consumed by the blast furnaces and iron and steel works, other selected industrial traffics between 9d. and 10d. per ton, and the selected agricultural traffics about 1s. 10d. per ton. During the past two years the rate of rebate has been reduced, and at the present time it averages just under 8½d. on shipment coal. It is apparently the intention of the Government that the rebates on coal supplied to iron and steel works and those granted to other industrial selected traffics shall be discontinued after November 30th next, and that the sum of approximately £1,500,000 which will be available for rebate distribution under the amended scheme will be restricted to agriculture and coal for export in the proportions respectively of 20 per cent. and 80 per cent. These contemplated arrangements are strongly opposed by the industries immediately concerned, and representations are being made to the Government with a view to their modification.

* * *

Foreign Bond Movements.—The course of foreign bond quotations showed an inevitable reaction during September. In relation to the months' disturbing crop of news which included the Nuremberg rally, tension in the Far East, and the fall of the gold *bloc*—the decline of one point in the "Municipal and General Securities" index must be accounted moderate. Movements in component indices are given below:—

AVERAGE JAN.-JUNE 1934 = 100

Month	Europe	Near & Far East	Egypt	South & C. America			Complete Index	Under- faulted	De- faulted
				State.	Prov. Govt.	Tota.			
(No. of bonds)	(32)	(31)	(4)	(36)	(11)	(47)	(114)	(60)	(54)
1935									
Sept.	92.3	97.2	97.2	82.0	71.7	79.4	88.1	100.7	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.	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	96.5
May	96.1	108.5	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	102.3	95.1
July	94.7	110.6	100.9	99.1	89.2	96.7	99.8	104.4	95.0
Aug.	95.1	113.2	100.7	99.3	89.8	97.0	100.7	105.7	95.3
Sept.	94.7	110.7	99.9	98.8	89.0	96.4	99.7	104.3	94.8

† These are current totals. From August, 1935, to April, 1936, 62 defaulted, 52 defaulted bonds.

The European index has been affected by a sharp fall in Scandinavian gold bonds, but most Central European issues have been stronger. Chinese bonds show a sharp fall, partly compensated by a net rise in Japanese issues. Apart from a fall in Brazilian "defaulted" and provincial issues, little change has occurred in the South American group.

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Shareholders' Protection Association.—For some weeks, members of the Shareholders' Protection Association have been the involuntary recipients of circulars and counter-statements, putting and rebutting the view of a dissenting member that officials of the Association should not assume office on the boards of companies whose affairs were in process of investigation. At a meeting on Thursday of last week, members heard a full statement on the position. In only two cases, it was declared, had such appointments been made—on both occasions with the consent of shareholders. It was shown that such appointments might be the best way of safeguarding shareholders' interests. The meeting adopted, with one dissentient vote, a motion of confidence in the work of the Association. A somewhat unpleasant incident may, therefore, be regarded as having ended in the complete vindication of the Association's policy; and its officers emerge with dignity and unimpaired prestige from their ordeal.

COMPANY NOTES

United Steel Companies Progress.—All forecasts of the profits of this concern for the year to June last, based upon the fractional increase in dividend to $7\frac{1}{2}$ per cent., have been disproved by the impressive results published this week. Against a 10 per cent. increase in ingot production, trading profits have increased by no less than 24 per cent. from £1,243,981 to £1,545,278. Recent capital expenditure is thus bearing impressive fruits, and the latter are by no means exhausted. Analysis of the latest profits illustrates the remarkable conservatism which the company has invariably turned successfully to account:—

	Years to June 30,		
	1934	1935	1936
Trading profit and divs. from subsidiary companies	1,191,665	1,243,981	1,545,278
Directors' fees	7,053	6,999	5,963
Income tax (including net transfer to reserve)	303,638	244,198	356,122
Staff fund, etc.	25,000	48,500	110,000
Debenture and other interest and redemption	83,294	135,079	143,566
Depreciation	275,000	275,000	400,000
Ordinary shares:—			
Earned	497,680	534,205	529,627
Paid	282,023	358,937	380,441
Earned %	9.7	10.4	10.4
Paid %	5½	7	7½

General reserve	Nil	100,000	100,000
Carried forward	446,037	521,305	570,491

Although the earnings rate is unchanged at 10.4 per cent., caution is evident in the reserve provisions. Depreciation for 1934-35 took £275,000, an amount in excess of the company's formula. For the latest year, no less than £400,000 has been provided. The new pensions scheme absorbs £75,000 more than the previous year's benevolent provisions, and the income-tax provision is usually generous. The surplus is again sufficient to provide £100,000 to reserve, and nearly £50,000 to swell the balance forward. There is, therefore, no evidence that rising costs are affecting earnings, and the new coke ovens opened last year should make a significant contribution to profits. The board's conservatism may find a partial explanation in the £2,200,000 ordinary share issue of last May, which ranks for dividend during the current year. On the latest earnings, there should be no difficulty in maintaining a $7\frac{1}{2}$ per cent. dividend on the increased capital, and since the £1 stock units yield £4 11s. per cent. at the present price of 33s., prospects of increased earnings do not seem to be over-valued. The expansion of the undertaking has been soundly directed, and there are ample current resources for further development.

Stewarts and Lloyds Extensions.—The new issue of 1,042,910 £1 deferred shares of Stewarts and Lloyds at 26s. per share has been given an auspicious send-off by the directors' circular to shareholders. This issue has been expected since last May, when the chairman specifically referred to further extensions at Corby, for which temporary bank finance had been arranged. New coke ovens and additional rolling mills have already been announced; this week's circular shows that further development is already in progress to increase the iron and steel ingot capacity by 150,000 tons per annum to some 600,000 tons. Satisfactory profits on this additional tonnage are anticipated, and a general reduction in overhead costs should be effected. In addition, there is news of an important arrangement with the Lancashire Steel Corporation, by which the latter concern will take a guaranteed tonnage of semi-finished material for re-rolling at a new precision-type bar mill which the corporation is to erect on the Corby site. So far as the home market is concerned, Stewarts and Lloyds can expect a progressive increase in profits from the new extensions. But what of the export trade, which even last year took 50 per cent. of the company's total output? The collapse of the International Tube Cartel would have involved a fall in profits of nearly £700,000 for 1935, but for Corby's impressive economies. So far, profits have shown an increase this year, and the final results will be better than those of 1935. But the export trade has made little contribution to this improvement. Negotiations have been proceeding intermittently for re-forming the ranks of the International Cartel, and there is news this week that a full meeting of the interests concerned will shortly be held. Meanwhile, export prices have remained depressed, and although the company's costs easily challenge those of Continental competitors, it must probably thank the home trade for the current year's improvement. A 5 per cent. dividend can comfortably be maintained on the new capital, but at the present price of 36s.—equivalent to 34s. 3d. per share ex rights—the yield is no higher than £2 18s. 6d. per cent. The market seems already to have adequately discounted the prospects of a new Cartel.

Murex Capital Bonus.—Investors are wise who, having discovered a company with able technical management and an expanding long-term market, hold their shares for the ripe fruits of capital rights and bonuses, and steadily increasing dividends. Such a share is Murex. Since 1928, the ordinary capital has increased, by cash subscription and bonuses, from £91,330 to £553,500. Last week's dividend announcement provides the major operation of this sort, which establishes the company among £1,000,000 concerns. The ordinary capital is first to be increased to £600,000 by the issue of 46,500 £1 ordinary shares at £6 10s. in the ratio of one new for every twelve shares held. After this issue, a capital bonus of two new shares for every three shares held will be allotted, ranking for dividend from July last, which will raise the total ordinary capital to £1,000,000. On the basis of a quotation of 9½, for the existing shares, the new capital should command £5 8s. per share, yielding £4 12s. 6d. per cent. on a 25 per cent. dividend. For the large investor, the attraction of this type of share lies in the conventional marking-up of the new shares from their theoretical level, on their apparent "cheapness." It is, indeed, rare for the "ex-all" price to prevail for long. Apart, however, from these market considerations, it is evident that the company's activities are expanding rapidly, and they are largely connected with new technical processes which have great secular potentialities. Prospective income considerations, accordingly, are pleasing.

Rover Results.—The latest accounts of the Rover Company, like those of United Steel, show that a high rate of earnings may not be synonymous with expansive dividends, where directors have reasons for a conservative distribution policy. The report reveals, indeed, a distinct stability in profits, after the remarkable recovery which

had been accomplished during the previous three years. Trading profits are less than £5,000 higher at £219,375, while net profits, after normal depreciation, are over £11,000 higher at £165,282. These earnings would suffice for a tax-free dividend of nearly 32 per cent., compared with the 10 per cent. paid. Of the balance (£113,282), extra depreciation absorbs £37,500, a general reserve fund is opened with a transfer of £50,000, and the balance carried forward is increased by over £25,000. The directors have thus shown their appreciation of strong finance in an essentially speculative industry, and have built up an impressive array of liquid assets. Significant increases are shown in plant and stocks, which may include the first installation of equipment for the production of aeroplane engines. At 28s. 6d. the 8s. shares yield £3 13s. 6d. per cent. gross. They are essentially a speculative medium with a potentially important equity in the aero engine programme. Earnings from that source, however, will not mature for some time, and will at all times be subject to official control.

Specialist Engineering Companies.—Investors are showing a marked interest in the shares of light engineering companies producing various types of specialised apparatus. These devices are usually protected by patents, or are at least of characteristic design, and they serve as adjuncts to machinery or buildings. In all cases the investor must decide whether the "gadgets" of to-day are the necessities of to-morrow, or whether they will be, in retrospect, merely fads. Companies making such goods each operate, by definition, in a restricted sphere, but many have one factor in common—adequate profitability. Where the devices which they supply form a relatively small proportion of the total cost of the work in which they are incorporated, the prospect of expanding turnover and profits is usually improved. The recent accounts of three companies are analysed in the accompanying table.

Year ended	Armstrong Shock Absorbers	Carrier Engineering	Serek Radiators		
			July 31		
	June 30 1936	June 30 1936	1934	1935	1936
Total profits	£29,518†	£61,830	£30,935	£39,718	£51,835
Depreciation	1,223	905	7,383	8,408	8,274
Other expenses	1,223	11,000	2,928	3,741	3,702
Prof. dividend	1,000	1,000	...	...	...
Ordinary Shares:—					
Earned %	49.3	67.3‡	22.2	23.7	34.8
Paid %	20	50	12½	15	20
Reserve	15,000	10,000	9,000	10,000	15,000
Carry forward	761*	24,871(a)	6,221	6,352	8,336
Present price and denom.	6/6 (2s.)	65s. (5s.)	95/- (11)		
Yield %	£6 3s.	£3 17s. 6d.	£4 4s. 6d.		

† Dividends received. * After writing off £1,050 stamp duty. ‡ After charging a full years pref. dividend. (a) Includes £5,703 net from Reserve.

Serek Radiators alone has been a public company for some years, and manufactures radiators for cars and aeroplanes and water-cooling apparatus. The latest profits are, by a good margin, the highest recorded in a decade. Many car manufacturers continue to purchase radiators from outside sources, and the company should continue to share in the general progress of the industry. **Armstrong Shock Absorbers** and **Carrier Engineering** have only recently become public companies, but in both cases the latest amount earned for dividends exceeds the prospectus profits. **Carrier Engineering** makes air-conditioning and heating plant, for which it seems reasonable to anticipate an increasing future demand. The disclosure, this week, that the company has pioneered the manufacture of anti-poison gas filters has attracted renewed market interest in the shares. The company's field is still experimental, but it is favoured with a small capital in relation to earnings. Another company which makes a product which has passed from a scientific curiosity into a valuable control for heating purposes is **British Thermostat**, whose shares, recently marketed at 8s. 6d., now stand at 16s. The processes of the latter company are extensively protected by

patents. The other three companies either do not include patents among their assets, or else show them at a comparatively nominal figure. Although such concerns may be exposed to the risk of revolutionary inventions, the market at any rate views their future with optimism.

Debenhams' Accounts.—The improving profits of Debenhams since the financial clear-up in 1934 show that the operation was well timed, and has yielded fairly satisfactory fruits. Its effect, broadly, has been to transform a highly-g geared group system (through ordinary share holdings in Debenhams' Securities and the Drapery Trust) into a highly-g geared capital structure for the reorganised company. In consequence, an 8 per cent. rise in total profits from £654,928 to £706,446 has increased the equity earnings by no less than 41 per cent. The accounts, even when supported by the Harvey Nichols' report, are not particularly revealing, for interests in subsidiaries account for 42 per cent. of the balance sheet total of £11,700,000. At this week's meeting, however, the chairman indicated his willingness to consider amplifying the accounts to show the subsidiaries' profits. At present, they represent merely the formal division of disclosed profits:—

	Years to January 31		
	1934	1935	1936
Profit	£585,993	£654,928	£706,446
Fees	300	1,800	4,050
Debt interest	145,953	145,127	144,133
Preference dividends	270,000	379,000	379,000
Ordinary shares:—			
Earned	169,740	129,001	179,263
Paid	Nil	62,500	83,333
Earned %	13.1*	29.7	41.8
Paid %	Nil	12½	16½
Reserve	50,000	50,000	50,000
Carried forward	119,740	136,241	182,171

The increase in the ordinary distribution is very modest in relation to earnings, but a distinctly cautious policy is being adopted by the directors. General expansion in purchasing power can hardly fail to produce a further high-g geared advance in equity earnings, but whether this will encourage corresponding generosity on the part of the directors is another matter. The 1s. ordinary shares, standing at 6s. 1½d. yield £2 14s. 6d. per cent. in cash and nearly 7 per cent. on earnings, but are not a bargain in relation to their prospects during the coming year. On the other hand, the junior 10s. 7 per cent. preference shares yield £5 12s. per cent. at 12s. 6d. They are in a speculative class, but reasonably covered on present earnings.

Selfridge Provincial Stores.—The results of this undertaking for the year to August are unimpressive, even after allowance for the special factors which the report stresses. The profits of the controlled businesses have fallen from £195,375 to £162,611. The rebuilding of the John Barnes Store, it is stated, seriously interfered with normal trading and added materially to expenses, but since May the results have been encouraging. Shareholders, nevertheless, might have expected a return to more normal trading results during the past year, for this rebuilding was proceeding in 1934-35. During the past eight years the earnings available for the controlling company have fallen considerably, and the general recovery in retail trade has brought no improvement in profits. At the meeting on Thursday, the chairman stated that profits had increased in encouraging fashion during the current year. It is, perhaps, significant that the closing of three stores "will not materially affect trading results," which would appear to imply that they have not been contributing any substantial sum to recent profits. Shareholdings in subsidiary companies are valued at £3,283,882, and the current rate of earnings before charging tax is no higher than 3.21 per cent. on this sum. There are, in addition, several contingent liabilities undertaken for subsidiary companies, while the net liquid assets, after payment of

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£57,188 ordinary dividend, amount 'to approximately £9,000. That dividend is, in fact, slightly short-earned, and no reserve provision is therefore possible. Indeed, some £40,000 has been transferred from reserve to provide for the subsidiaries closed down. The general drapery business has not kept in step with the improvement in retail trade as a whole, but the figures do not suggest a fall in profits of the present order, particularly in view of the apparent improvement in the stocks position of the group. The £1 ordinary shares are quoted at 8s. 9d. to yield a cautionary £6 1s. 6d. per cent.

Trinidad Leaseholds.—It appears from the report of Trinidad Leaseholds that considerable success has attended the marketing of the company's petrol in Great Britain. The company treated in its refineries 8,711,602 barrels, against 7,478,438 barrels in the previous year, and made a profit from trading of £669,128, against £549,492—an increase of 22 per cent. Of the company's turnover, 40 per cent. represented production from its own fields, the remainder being purchased or drawn from fields under joint management. It is notable that the Cruse area belonging to Trinidad Central Oilfields, which the company operates on joint account, produced 826,966 barrels in the year ending June 30th last. The increase in the working expenses per unit due to the greater footage drilled was more than offset by the increase in the volume of sales and by the higher prices realised. Net earnings on the ordinary share capital amounted to 26.2 per cent., against 18.3 per cent. in the previous year. As adequate depreciation is provided out of trading profits, the company generally distributes its net earnings up to the hilt. Dividends for the year were increased from 17½ per cent. to 25 per cent., leaving £86,472, against £70,161 to be carried forward. The following table shows the trading results for the past three years:—

	Years ending June 30th,		
	1934	1935	1936
Total trading profits	£443,650	£570,431	£679,409
Overhead expenses	29,391	31,745	36,146
Depreciation	235,756	243,552	244,061
Taxes	15,000	55,000	55,000
Earned for dividend	164,503	240,134	344,202
Paid	163,945	229,523	327,891
Earned %	12.5	18.3	26.2
Paid %	12½	17½	25
Reserve	...	10,000	...
Carry forward	69,550	70,161	86,472

In view of the expansion of the company's business necessitating capital expenditure over the next few years, the directors are making an issue of shares on the basis of one new share for every four shares held, at 75s., which will be underwritten by the Central Mining and New Consolidated Goldfields free of commission. At the present price of 113s. 9d. cum final dividend of 17½ per cent., the rights to this issue are worth 6s. 10d. per share, so that the shares at the present price yield over £4 13s. per cent. on the basis of last year's distribution.

Progressive Tin Profits.—Distinctly satisfactory results (writes our mining correspondent) have been announced by Renong and United Tin Areas. The first concern, which operates in Malaya, earned £49,790 for the year ended June 30th last, against £21,860 for the previous year. Some £4,150 is provided for amortisation, etc., compared with £6,090 in 1934-35. After payment of

dividends totalling 20 per cent.—double the previous amount—an increased balance of £21,160 is carried forward. The expansion in profits arises from the progressive increase in production quotas. Thus, the yardage dredged totalled 1,577,570, as against 760,040, and the quantity of tin ore produced was no less than 703 tons, against 306 tons for the previous year. Although the price received was some £16 lower at £151 per ton, the expanding scale of operations naturally resulted in a significant reduction in costs. Permitted production averaged 58.92 per cent. of standard last year, as against 32.05 per cent. in 1934-35. On the basis of the existing quota, the domestic percentage for the F.M.S. is 65, and provided that tin prices are maintained, a further improvement in profits is probable during the current year. The £1 ordinary shares are quoted at about 35s. United Tin Areas experienced a somewhat drastic capital reorganisation scheme early last year. Earnings of £19,760 for the twelve months to June, 1936, therefore represent a substantial percentage upon the 949,950 shares of 2s. 6d. each which are now in issue. Dividends totalling 17½ per cent. leave the higher balance of £11,350 to be carried forward, after deduction of income tax, and an interim dividend of 7½ per cent. is now declared. The ore reserves, although slightly lower at 2,320 tons of concentrates, represent more than six years' supply at the present rate. The shares, quoted at 3s., obviously give a generous yield.

Other Company Results.—Our table of company profits on page 44 includes the results of twenty-four additional companies, the majority being medium-sized industrial concerns. Several have issued their first reports as public concerns, and strictly comparable figures are, therefore, unobtainable. In general, however, the results appear well up to prospectus estimates. The first *Aspro* report, covering rather over thirteen months to June last, shows a net profit of £276,256, and 25 per cent. is paid on the ordinary capital. *British Aircraft* have incurred a loss of £18,878 on the first year's trading, despite the receipt of a dividend totalling £10,500 from a subsidiary company. *Max Stone* show an initial profit of £26,496, and pay 15 per cent., while *S. G. B. (Dudley)* have earned £21,779 and pay 7½ per cent. The profits of *Laycock Engineering*, another newcomer, amount to £10,013, and comfortably cover the 5 per cent. dividend. Among property companies, *Guildhall Property* is a young concern, whose earnings have amounted to £28,226 for 1935-36, while *Clarendon Property* shows a slight fall in net profits at £31,153. *Linotype and Machinery* reports satisfactory progress in profits from £98,179 to £110,622, and the company continues manfully to overtake preference dividend arrears dating from pre-war years. An apparent fall in *Vulcan Foundry* profits is due to the inclusion of investment profits in the previous year's total. The dividend is maintained at 2½ per cent. Among this week's dividend announcements, *Thos. Firth and John Brown* have resumed interim dividends, with a tax-free payment of 5 per cent., while the total dividend of *Joseph Lucas* is raised from 12½ to 15 per cent. *London Transport* have declared a final dividend of 2½ per cent., making 4 per cent. for the year.

Company Meetings of the Week.—On later pages of this issue will be found the reports of the following Company Meetings:—Anglo-Siam Corporation, City and International Trust, E. W. Tarry, D. Gestetner, Prices Tailors, and Tebing Rubber Estates (1931). At the Anglo-Siam Corporation meeting, Mr. J. M. Ryrie referred to improvement in the results of trading with India, while, in Siam, the large rice crop promised better conditions. Mr. Louis Kiek, at the City & International Trust meeting, reported that changes in investments had been numerous, and had resulted, on balance, in satisfactory capital profits. Shareholders in E. W. Tarry learned from Sir J. Fortescue Flannery that a valuable share of Government contracts at Port Elizabeth had been secured, and that considerable business had been obtained from contractors working on Northern Rhodesia's new capital. Mr. S. Gestetner referred to the record profits and total sales of D. Gestetner, Ltd., and drew attention to the increase in fixed assets

necessitated by the growing demand for the company's products. At the Prices Tailors meeting, Mr. H. L. Price described the extension to the Middlesbrough factory, and alluded to the part played by press advertising in the company's progress. Mr. Ridsdel, at the Tebing Rubber Estates (1931) meeting, said that benefit should be obtained from the devaluation of the Dutch guilder.

THE WEEK IN THE MARKETS

THE STOCK EXCHANGE

SETTLING DAYS

TICKET OCTOBER 6 | ACCOUNT OCTOBER 8

THIS week's dealings have been remarkable in one major respect. The collapse of the gold bloc, which had been so long anticipated, has involved only a minor test of the market's stability in the event. It was, of course, adequately discounted a week ago in most groups, but even in those sections of the market where considerable devaluation profits have been made by French operators, their reluctance to take—or at least to transfer—them, coupled with the closing of the Paris Bourse severely limited the amount of selling.

The resultant technical disturbance, as we show in a leading article on page 24, has been minimised. Such slightly excessive reactions which the market permitted itself on Monday—undue bearishness in the gilt-edged market coupled with undue optimism regarding gold-mining shares—were promptly corrected, and by mid-week the market wore an air of confidence and composure—confidence regarding the beneficial effects of devaluation in the long run, and composure at the prospect of relatively limited devaluation profit-taking.

Gilt-edged stocks, inevitably, opened flat on Monday, with Old Consols 1½ points down on French selling, and the precautionary tactics of dealers. By the close on Tuesday, Old Consols had recovered a quarter of their fall, and Wednesday saw the market back to normal conditions. The fluctuations in the L.C.C. scrip were symptomatic of the trend. After opening at ¾ premium, compared with the expected point or more, the scrip steadily appreciated to 1½ premium in mid-week dealings.

Foreign bond dealers reported a strong demand for rentes and the French railway bonds, after their price had been adjusted within the new parity limits. European issues were adversely affected, and Scandinavian gold bonds lost 20 points or more. Japanese bonds opened more confidently in the hope that counsels might prevail, but were not maintained. Chinese issues, in particular, were extremely heavy. Apart from an initial rise in Brazilian issues, South American issues showed undecided movements.

The home rail market accepted devaluation as an immediate bull point, devoting special attention to the improved tourist prospects for the Southern Railway. Both preferred and deferred stocks rose smartly and maintained their gains. Great Western opened with a further rise, but made no subsequent progress. The market, however, made no response to reasonably good traffics. Argentine rail issues continued their recent improvement, further assisted by the prospect of rising commodity prices and by the progress of the Co-ordination Bill. A good deal of profit-taking affected prices on Tuesday, but the lower prices proved very resistant, despite the indifferent traffics.

Industrial equities have reflected the market's view that devaluation implies no competitive threat to home industry, and may greatly assist concerns whose interest lies in normal international trade—like British-American Tobacco, Cable and Wireless, and Furness Withy. Unilever jumped excitedly on Monday, but settled down later at more reasonable levels. The steel group opened dull, but support for United Steel on the profits (see page 27) and Tube Investments improved the market slightly. In other sections there was little specific response to devaluation, either favourable or adverse. Electrical equipment issues were initially affected by fears of increased copper prices, but the speculative rise in Crompton Parkinson on Wednesday showed that normality had been restored. Other domestic industrials, like motor and aviation, were rather irregular, and textile shares—the only “vulnerable” industrial group—were merely undecided. The major home industrials made intermittent progress, as moderate profit-taking permitted. Consolidated Signals rose smartly on Thursday.

The oil shares market saw a considerable amount of selling on behalf of Continental operators when business opened this week, but most offerings were readily absorbed and prices became firm. Business was more or less concentrated on international counters, and although turnover slackened in

mid-week the tone remained satisfactory, with encouraging news received from America. Considerable uncertainty existed about the attitude of Paris operators on the re-opening of business at that centre. Burmah were firm on the dividend, and Trinidad Leaseholds gained in the mid-week uncertain market. Dealings were active in the rubber shares market, with interest concentrated at first on Dutch issues, whose prospects were made much brighter by the guilder devaluation, and spreading later to other issues. The decision of the Control Committee not to raise the quotas for the last quarter of the year helped the market considerably. Dutch tea shares showed many good gains at the opening of business this week, but Indians were as depressed as ever, and Ceylon issues not much better. Interest died away later in the week.

The Kaffir market was very excited by the devaluation, and under the main influence of Cape enthusiasm prices were generally marked up. The higher gold price added impetus to the movement, but contrary to expectations, the price fell later in the week, and interest slackened off. Against the initial trend, shares which might be particularly influenced by French sales were marked down. West African issues made many substantial gains, particularly since they are free from the heavy taxation of South African issues. In mid-week a dull tendency was generally evident. Rhodesian copper shares were mostly lower, with interest diverted elsewhere, and the outlook for the commodity considered uncertain. Tin company shares were slightly harder, with an improvement in the commodity price, and Mawchi were firm on the interim dividend.

"FINANCIAL NEWS" DAILY BARGAIN INDEX

Approximate number of Bargains recorded in Stock Exchange Lists

	Week to Sept. 25	Sept. 24	Sept. 25	Sept. 28	Sept. 29	Sept. 30	Oct. 1
Govt. and Municipal	5,501	967	1,154	1,438	1,398	1,199	1,179
Transport, etc.	5,574	1,036	1,118	1,457	1,409	1,206	1,291
Comm. and Ind. *	26,501	5,004	5,424	5,738	5,191	5,172	5,668
Banks and Ins.	2,952	545	588	670	589	669	585
Mines	5,676	1,097	1,164	2,051	2,288	1,207	1,429
Oils	1,377	225	273	282	269	192	190
Rubber and Tea	1,274	283	281	461	412	482	424
Total	48,855	9,157	10,002	12,097	11,556	10,127	10,768
Corres. day 1935 ...	...	7,422	6,038	7,201	6,436	7,030	8,042

* Including Steels and Breweries.

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

Highest†	Lowest‡	Sept. 24	Sept. 25	Sept. 28	Sept. 29	Sept. 30	Oct. 1
120.9	107.4	119.0	119.0	118.8	118.9	118.8	118.7

† September 8. ‡ January 2.

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

Highest†	Lowest‡	Sept. 24	Sept. 25	Sept. 28	Sept. 29	Sept. 30	Oct. 1
138.8	136.2	138.8	138.7	138.3	138.3	138.5	138.6

† February 10. ‡ September 23.

FOREIGN STOCK EXCHANGES

NEW YORK

BUSINESS was active for a short session on the Saturday of last week after the announcement of franc devaluation. Prices were strong at the opening, weakened later, and closed higher on balance, with steel shares in the lead. Business opened this week with a continued firm trend, especially in industrials and utilities, and although prices became a little more irregular later in the week, there was no sign of the slump which many operators had forecast would be precipitated when the franc was readjusted. With business news still excellent, and steel mill activity, according to *Iron Age's* estimate, at a new post-depression high of 75 per cent. of capacity, dealers are concentrating for the moment on domestic securities, and waiting for the international currency and trade position to be clarified. In the bond market there was marked uncertainty immediately following the franc announcement, but prices turned firmer this week, with business more active. The market in general is optimistic about the long-term results of the new currency position, but uncertain about immediate reactions

upon many securities, and the expectation is that it will take a little time for short-term commitments to adjust themselves to the new conditions.

	Sep. 23, 1936 (Close)	Sep. 30, 1936 (Close)	Oct. 1, 1936 (Latest)		Sep. 23, 1936 (Close)	Sep. 30, 1936 (Close)	Oct. 1, 1936 (Latest)
1. Rails & Trans.				4. Manufacturing			
Atchafalaya	78½	78	78	Briggs	58½	58½	59
Balt. and Ohio	25½	24½	24½	Chrysler	117½	117½	122½
B.M.T.	57½	56½	56½	Electric AutoLite	43½	43½	44½
Can. Pacific	12½	12½	12	General Motors	68½	69	69½
Ches. and Ohio	67½	67½	67½	Hudson Motor Car	18	18½	18½
Gen. N.Y. Ry. Pk.	41½	39½	39½	Murray Corp.	20½	20½	20½
Illinois Central	27½	26½	26½	Nash Motors	117½	117½	119½
N.Y. Central	45½	44½	44½	Packard Motor Car	12½	12½	12½
Nor. Pac.	27½	27½	26½	Bendix Aviation	29½	29½	29½
Pennsylvania R.R.	39½	38½	38½	Boeing Airplane	29½	29½	29½
Southern Pac.	43½	43	43½	Douglas Aircraft	76½	76½	77½
Southern Ry.	23½	22½	22½	United Aircraft	25½	24½	24½
Union Pac.	139½	139½	137	Air Reduction	78	74½	74
Greyhound Corp.	54½	54	...	Allied Chemical	231	224	228
				Col. Carbon	126½	124½	124½
				Comm. Solvents	154	154	15½
				Dupont	162½	161½	161½
				Union Carbide	98	97	97
				U.S. Ind. Alcohol	34½	34½	34½
				Allis Chalmers	57½	57½	57½
				General Electric	46½	45	45½
				Westinghouse	140½	140½	140½
				American Can.	124½	124½	124½
				Addressograph	31½	32½	32½
				Caterpillar	78½	80½	81
				Cont. Can.	71	70½	70½
				Ingersoll Rand	132	131½	131½
				Intnl. Harvester	81	83½	85½
				Johns Manville	120	116½	117
				Am. Radiator	28½	21½	21½
				Corn Products	70½	69½	69½
				J. I. Case and Co.	157½	155½	155½
				Glidden	43½	43	43½
				Gen. Am. Transp.	58	58½	58½
				Allied Mills	27½	27	27
				Celanese of America	26½	25½	25½
				Ind. Rayon New	34½	33½	33½
				Colgate Palmolive	14½	15½	15½
				Eastman Kodak	172	169½	170
				Gillette	14½	14½	14½
				Kelvinator	20	19½	19½
				Lambert Co.	17½	17½	17½
				Loews	59	57½	58½
				20th Century Fox	30½	30½	31

2. Utilities and Communications				5. Retail Trade and Food			
Am. Waterworks	24½	25½	24½	Montgomery Ward	49½	48½	48½
Cleveland S. S. Term	3½	4	3½	J. C. Penney Co.	92	91	91½
(Cons. Gas of N.Y.)	124½	124½	124½	Sears Roebuck	87	86½	87
now Cons. Edison	42½	42½	42½	United Drug	141	141	141
Col. Gas & Electric	19½	19½	19½	Walgreen	34½	35	34½
Elec. Bond & Share	21½	22½	22½	Woolworth	53½	53½	54
Nat. Pwr. and Lt.	11½	12½	12½	Borden	28	28½	27½
North American	31½	31½	31½	Gen. Foods	40½	40	40
Pac. Gas & Electric	37	36½	36½	Kroger Grocery	20½	20½	20½
Pac. Lighting	53½	53½	53½	Nat. Biscuit	30½	30½	29½
Pub. Service N.J.	45½	46	45½	Nat. Dairy	26	25½	25½
Stan. Gas & Elec.	7½	7½	7½	Standard Brands	15½	15½	15½
United Corp.	7½	7½	7½	Am. Tobacco B.	100½	100½	100½
United Gas Imp.	15½	15½	15½	Liggett Myers B.	105	103½	103½
Am. Tel. & Tel.	174½	172	173½	Lorillard	22½	22½	22½
Int. Tel. and Tel.	11½	13	13½	Reynolds Tob. B.	56½	56	56½
Western Union	88	87	87	National Distillers	31	30	30
Radio	10½	10½	10½	Schenley Distillers	50½	49½	50½
Radio B. Prof. New	73½	70½	71				

† Ex. 20% Stock Dividend.

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		Re-opening of Year 1936	Sept. 16, 1936	Sept. 23, 1936	Sept. 30, 1936
	Lowest Mar. 20	Highest Dec. 31	Lowest Apr. 29	Highest Sept. 23				
347 Industrials ...	74.5(1)	112.3	112.7	131.1	112.3	128.7	131.7	130.5
32 Rails ...	27.4	43.0(10)	42.8	55.9	41.5	54.5	55.9	55.2
40 Utilities ...	52.2	83.6	81.2	110.2(1)	83.6	105.6	106.8	106.4
Total, 419 Stocks	63.1	97.7	97.7	115.2(1)	97.7	112.7	115.1	114.1
Average yield*.....	3.02%	4.06% (1)	3.60%	2.95% (1)	3.22%	3.60%	3.54%	3.57%

* 50 Industrial Common Stocks. (1) March 13th. (2) Aug. 12th. (3) April 29th. (4) April 8th. (5) November 13th. (6) December 4th. (7) Sept. 8th.

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

Highest*	Lowest†	Sept. 23	Sept. 24	Sept. 25	Sept. 26	Sept. 28	Sept. 29	Sept. 30
153.1	126.2	152.4	152.7	150.0	151.5	152.2	151.4	151.0

* September 22nd. † January 6th.

TOTAL DEALINGS IN NEW YORK

	Sept. 24	Sept. 25	Sept. 26*	Sept. 28	Sept. 29	Sept. 30
Stock Exchange—Shares (No. Thous.)	1,480	1,190	1,510	1,450	1,380	1,350
Bonds (Thous. \$)...	16,010	12,900	17,160	14,730	16,310	12,380
Corp.—Shares (Thous.)	332	281	317	307	325	334

* Two-hour session.

(Continued on page 34)

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 not redeemable at a certain date the yield 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. 30, inclusive				Name of Security	Price, Sept. 23, 1936	Price, Sept. 30, 1936	Rise or Fall	Yield Sept. 30, 1936	Prices, Year 1936 Jan. 1 to Sept. 30, inclusive				Name of Security	Price, Sept. 23, 1936	Price, Sept. 30, 1936	Rise or Fall	Yield Sept. 30, 1936
High	Low	est	est	High	Low	est	est						High	Low	(a)	(b)					
British Funds																					
94	80	87	83	Consols 2½% 1944-49	86	85	-1	2 18 10	45/6	35/-	5(a)	5(b)	Bank of N. Zealand £1	353	35/-	...	4 12 0				
118	101	109	116	Do. 4% Red. at par on or after Feb. 1957 (n)	115	115	-	2 19 9	383	371	6(a)	6(b)	Bank of England Stk.	383	377	...	3 3 8				
103	97	102	100	Conserv. 2½% 1944-49	101	101	-	2 7 0	80/3	74/9	7(b)	7(a)	Barclay B. (£1)	79	77	...	3 10 0				
107	100	105	103	Do. 3½% 1948-53	104	104	-	2 12 0	10	8	42(b)	31(a)	Barcl. (Dom. & C.) A £1	79	77	...	2 5 6				
112	100	108	104	Do. 3½% after 1961 (s)	108	107	-1	2 3 6	143	137	43(b)	34(a)	Bk. of Australasia (£5)	91	91	...	4 2 0				
114	108	111	108	Do. 4½% 1940-44	109	109	-	2 2 0	53/8	53/8	5(c)	5(d)	Bk. of Montreal (\$100)	394	440	+	4 0 0				
124	115	121	117	Do. 5% 1944-64	119	117	-2	2 11 0	95/-	76/3	6(c)	6(c)	Bk. of N. Wales (£20)	26	26	...	3 1 9				
108	98	104	101	Funding 2½% 1956-61	121	121	-	2 18 9	15	12	7(a)	7(a)	Brit. Overseas Inv. £5	80/-	82/8	+2/8	7 5 9				
121	111	119	115	Funding 3½% 1950-60	102	101	-1	2 18 0	16/3	13/7	24(a)	24(b)	Cmcl. Bk. of Aus. 10/-	15	15	...	4 11 0				
119	110	117	113	Funding 4½% 1960-90	119	116	-3	3 0 3	91/8	85/-	84(b)	84(b)	Dist. A £5, £1 pd.	90/-	90/-	...	3 10 0				
110	101	108	104	Victory Bonds 4½%	115	115	-	3 9 6	56/-	52/-	5(b)	5(b)	Do. B £1 fully pd.	56/3	56/3	...	3 11 0				
98	89	97	94	War Lns 3½% after 1952 (p)	108	107	-1	2 19 6	86/-	82/6	72(a)	72(a)	Eng. Scot. & Aust. £5 (3pd)	87/8	88/9	+1/3	3 7 6				
104	100	103	101	Local Loans 3½%	97	97	-	2 16 9	3 1 5	10	6(a)	6(a)	Hambros £10, £25 pd.	11	11	...	3 17 6				
95	86	94	91	Austria 3½% 1933-53	78	75	-3	3 6 8	64/-	61/-	6(b)	6(b)	Hong. & S. (\$125)	62	62	...	5 8 5				
100	95	100	96	India 2½%	88	87	-1	3 8 7	9	8	7(b)	7(a)	Lloyds £5, with £1 pd.	91	94	...	3 16 6				
100	95	100	96	Do. 3½%	99	99	-	3 10 8	98/9	91/-	8(b)	8(b)	Marlins £20, £24 pd.	91	94	...	3 15 6				
119	112	120	116	Do. 4½% 1958-68	119	119	-	3 5 0	44	39	11(b)	11(a)	Midland £1, fully pd.	95/-	95/-	...	3 16 6				
109	105	107	105	U.K. & Arg. 4½% (1947)	105	105	-	3 11 0	16	14	9(b)	9(b)	Nat. of Egypt £1	42	40	-2	4 18 6				
113	106	112	109	Dom. & Colonial Govts.	112	112	-	3 13 6	50	46	8(a)	8(a)	Nat. of India £25, £12 pd.	15	15	...	3 16 6				
105	100	105	102	Australia 5% 1945-75	105	105	-	2 13 4	16	15	5(a)	5(a)	Nat. of Ind. £25, £12 pd.	45	45	...	3 18 6				
105	100	105	102	Canada 4½% 1940-60	118	118	-	3 6 0	98/10	90/9	9(b)	9(a)	Royal Bk. £4, £4 pd.	15	15	...	3 18 6				
121	116	120	117	Gold Coast 4½% 1956	118	118	-	3 6 0	16	15	5(a)	5(a)	St. of S. Af. £20, £5 pd.	15	15	...	3 17 9				
121	116	120	117	Nigeria 5% 1950-60	118	119	+1	3 6 0	16	15	5(a)	5(a)	Westminster £4, £1 pd.	95/-	95/6	+6d	3 15 0				
115	107	114	108	N. Zealand 5% 1946	111	112	+1	3 13 3	95/-	88/-	10(b)	9(a)	Discount Cos.	92/6	92/6	...	4 2 3				
110	103	109	106	Queensland 5% 1940-60	107	107	-	3 2 2	16	15	5(b)	5(b)	Alexanders £2 £1 pd.	61	61	...	3 19 0				
118	113	117	114	S. Africa 5% 1945-75	116	116	-	3 0 0	55/9	52/-	12(b)	7(a)	National A £24 fully pd.	16	16	...	4 0 0				
101	98	103	99	Foreign Governments	101	101	-	3 19 0	32	30	40(a)	50(b)	Union £1 £7k, £24 pd.	53/-	53/6	+6d	...				
101	98	103	99	Argentina 4½% Resc. 1952	98	97	-1	7 9 8	16	14	13(b)	14(b)	Alliance £1, fully pd.	32	32	...	2 15 3				
101	98	103	99	Austria 7% 1957	88	87	-1	5 10 4	12	10	20(a)	20(a)	Atlas £5, £12 pd.	15	15	...	2 12 0				
101	98	103	99	Do. 4½% 1954-59	98	98	-	5 5 0	28	26	38(b)	38(b)	Com. Un. £1, fully pd.	11	11	...	3 1 0				
101	98	103	99	B. Aires (Prov.) 3½%	67	67	-	5 5 0	28	26	38(b)	38(b)	Gen. Accident £5, £12 pd.	27	28	...	2 17 0				
112	106	111	107	Belgian 7% red. by 1956	108	108	-	6 8 6	38	34	32(a)	32(a)	Lon. & Lanc. £5, £2 pd.	36	36	...	2 15 2				
20	14	20	14	Bulgaria 7½% Loan	18	18	-	13 10 3m	14	12	3/2(a)	3/2(a)	N. Brit. & Mer. £14, £5 pd.	14	14	...	2 4 6				
84	48	77	65	Brazil 5% Fund. 1914	70	71	+	6 19 0	22	21	35(a)	35(a)	Northern £1, fully pd.	22	22	...	3 13 3				
23	13	20	16	Chili 6% (1929)	17	17	-	6 6 7	26	21	125(b)	125(a)	Pearl £1, fully pd.	22	22	...	2 4 0				
91	71	84	66	China 5% (1912)	82	79	-3	5 12 4	18	15	30(a)	30(a)	Phoenix £1, fully pd.	16	16	...	3 10 0				
100	81	90	80	Do. 5% (1913)	92	90	-2	5 6 2	40	36	192(c)	193(c)	Prudential £1 A.	37	37	...	2 12 0				
113	99	112	95	Czechoslovakia 8%	104	102	-2	8 2 6	121	108	108	108	R. Exch. £1, fully pd.	11	11	...	2 13 0				
103	93	110	98	Danish 3½%	110	105	-5	2 17 2	11	10	11(a)	11(a)	Royal £1, 10/- pd.	9	9	...	3 6 0				
89	48	70	57	Danish 4½%	64	68	+4	9 11 3	10	9	81(b)	81(b)	Sea Insur. £1, fully pd.	5	5	...	3 10 0				
100	98	106	102	Egypt Unified 4%	106	104	-2	3 17 9	5	4	1/3(a)	1/3(a)	Sun Insur. £1, fully pd.	4	4	...	2 18 6				
30	22	25	19	French 4% (British)	21	20	-1	10 4 0	4	4	7	7	Tan. Life Assur. £1, pd.	28	28	...	1 19 0				
78	56	69	53	German 7% Dawes Ln.	45	45	-	...	21	18	130(b)	117(a)	Yorkshire £1, fully pd.	20	20	...	2 7 6				
89	58	70	60	Do. 5½% (Young Ln.)	46	44	-2	...	...	...	...	...	...	...	...	...	...	...			
57	38	40	29	Greek 6% Tab. Ln.	34	34	-	...	...	...	...	...	...	...	...	...	...	...			
45	31	45	36	Do. 7% Ref. Ln.	44	44	-	...	...	...	...	...	...	...	...	...	...	...			
51	38	52	39	Hungary 7½%	51	50	-1	7 10 0	280	255	61(b)	31(a)	Anglo-American. Deb.	270	270	...	3 14 0				
91	78	90	79	Japanese 5½% 1936-65	83	84	+	6 19 0	80	59	2	2	Anglo-Celtic Ord.	67	67	...	3 14 0				
97	85	97	83	Do. 6% (1924) red. 1959	88	89	+	3 12 9	7	5/-	1	1	Atlas Electric, etc. £1	6/6	6/6	...	Nil				
144	113	144	108	Norwegian 4½% 1911	135	110	-25	3 12 9	17/9	13/9	Nil(c)	3(c)	Brit. Assets Trust £1	156	16/-	+6d	0 19 0				
50	42	49	38	Poland 7% 1922	44	44	-	9 7 6	253	242	6(b)	4(b)	Debenture Corp. Stk.	246	246	...	4 1 0				
100	87	93	80	Romania 4½% 1922	74	74	-	...	95	75	14(a)	14(a)	For. Amer. etc., Def.	74	74	...	3 16 6				
144	106	160	115	Swedish 3½% 1908	152	115	-37	3 0 10	157	143	31(b)	21(a)	Guardian Investment	144	147	...	3 13 0				
84	75	87	79	U.K. & Argentine 1933	51	51	-	4 4 0	298	258	3(a)	7(b)	Indus. and Gen. Ord.	273	273	...	3 18 0				
37	24	27	22	Do. C. Certs. (3% Max.)	87	87	-	3 9 0	312	270	2(b)	3(a)	Invest. Trust Def.	308	308	...	3 18 0				
120	114	119	116	Corporation Stocks	25	26	+1	...	183	167	4(b)	3(b)	Lake View Invest. 10/-	18/-	18/-	...	3 15 6				
122	115	120	117	Berlin 6% 1932-57	116	116	-	3 2 3	30	263	6(b)	5(a)	Mercantile Investment	278	278	...	4 5 6				
95	60	84	64	Birmingham 5% 1948-58	118	118	-	3 3 0	9/-	7/-	Nil(c)	1(c)	Metropolitan Trust	174	175	...	2 18 7				
125	119	121	117	Bristol 5% 1948-58	118	119	+1	3 3 0	252	217	21(a)	6(b)	Scottish Investment(5/-)	268	280	...	3 18 7				
108	104	106	103	Danish 7% 1935-45	70	75	+5	9 7 3	24	22	21(a)	6(b)	Scottish Mortgage, etc.	227	227	...	3 18 3				
98	90	97	84	E. London 5% 1960-70	120	120	-	3 14 3	251	221	21(a)	6(b)	Trustees Corp. Ord.	226	230	...	3 18 0				
104	101	106	85	Johannesburg 5½% 1937-52	103	103	-	3 10 0	244	220	5(b)	3(a)	United States Debenture	225	225	...	3 11 0				
104	101	106	85	L.C.C. 3%	97	97	-	4 15 6	19/7	15/8	2(c)	2(c)	Financial Trusts, &c.	18/9	18/9	...	2 13 4				
104	101	106	85	Seine (Dpt. of) 4½% 1952	91	98	+7	...	30	23	Nil	Nil	Argentine Land, etc. £1	27	27	...	2 Nil				
118	115	121	117	Public Bonds	116	116	-	3 9 9	30/1	22/1	6d(a)	6d(b)	Australian Estates, etc.	27	27	...	3 12 0				
127	121	127	121	Central Elec. 5% 1950-70	126	126	-	3 7 0	34	28/6	10(c)	10(c)	Brit. S. Africa 15/- pd.	39	39	...	4 5 3				
138	133	138	133	LONDON PASSENGER	134	135	+1	3 9 6	16	13/3	2(b)	2(b)	Charterhouse Inv. £1	18/9	18/9	...	4 7 6				
111	108	111	108	TRANSPORT BOARD	126	126	-	3 9 6	8	6	12(a)	12(a)	C. of London R. Pty. £1	52/-	51/6	-6d	4 7 6				
131	128	131	128																		

(Continued from page 31)

PARIS

THE first weeks of September showed little more than moderate speculative activity in Internationals, for concern over the franc did not develop on a large scale until a fortnight ago. The upward movement in prices, though due primarily to active demand for Internationals, spread to other sections. This movement proceeded so far that 4 per cent. Rentes of 1925 became unobtainable, and quotations were suspended. By Thursday of the fatal week, liveliness turned into unhealthy agitation. The upward movement at the start of the session was suddenly reversed by the increase of Bank rate, which was almost unexpected. On Friday, the Bourse displayed extreme feverishness. Although it was clear that devaluation had become imminent, uncertainty as to the precise monetary measures produced two sharp reversals of price movements, and quotations were abnormally wide. The decision that no purchases of securities should be made for the settlement unless the buyer undertook to take delivery before the end of the month produced an immediate check to speculation, but prices closed firm. The closing of the Bourse this week, pending the passage of devaluation legislation, has given ample time to recover stability, but the committee have taken the precaution of demanding a 50 per cent. cash cover for forward purchases during the first two days of the settlement.

	Sept. 2, 1936	Sept. 17, 1936	Sept. 25, 1936		Sept. 2, 1936	Sept. 17, 1936	Sept. 25, 1936
3% Perp. Rentes	68.35	65.10	69.30	Royal Dutch	29.770	31.210	32.200
4% Rentes 1917	64.90	63.70	69.10	Wagons Lits	381	401	391
Banque de France	6,085	6,050	7,190	Mexican Eagle	110	111	110
Crédit Lyonnais	1,141	1,130	1,240	Chartered	124	132	130
Suez Canal	19,250	19,700	20,740	Ford	34	32	32
Chargers Réunis	198	205	278	De Beers	730	809	886
Rio Tinto	1,042	1,270	1,400	"Johnnies"	325	309	329

BERLIN

THE share market in September was dull. While the average price of standard industrial securities changed little, there were considerable advances in certain groups, in particular paper, cellulose, and rayon shares, and in raw materials generally. Lignite and potash shares were also firmer. Commercial bank issues reacted slightly, but Reichsbank remained steady. Shipping securities gained temporarily from reports of improved transatlantic traffic and from the resale, to private holders, of the Reich's interest in Hamburg-Süd-Amerika. Throughout the month, and in particular after the Nuremberg Party Congress, there was violent speculation in former German colonial securities, such as Deutsch-Ost-Afrika, Kamerun Railway, New Guinea, Shantung, and Otavi Copper. Sharp advances occurred, New Guinea being several times rationed to buyers. Reichsmark bonds were stable, but neglected, interest being concentrated on foreign currency issues, particularly Balkan and Central European pre-war securities. Trading in dollar bonds was small and prices fluctuated within narrow limits. At the end of the month, the devaluation of foreign currencies caused some irregularity. A rapid advance was followed by a wave of selling, but a firmer tendency developed later.

	Sept. 2, 1936	Sept. 17, 1936	Sept. 30, 1936		Sept. 2, 1936	Sept. 17, 1936	Sept. 30, 1936
Reichsbank	183.50	180.60	183.00	A. E. G.	36.90	35.50	36.40
D.D. Bank	98.75	97.50	98.00	Siemens & Halske	184.25	188.00	193.00
Dresdner	99.00	97.50	98.75	A. K. U.	64.10	71.10	88.50
I. G. Farben	180.00	182.50	170.10	Hamburg-Amer.	13.75	14.50	14.60
Norddeutscher	14.00	14.75	14.60				

AMSTERDAM

DEVALUATION found the Amsterdam Bourse rather unprepared. Dealings for the earlier part of the month had been uneventful, although French buying contributed to the strength of certain internationals, particularly Royal Dutch, while the Budget speech made a good impression without producing much actual effect. The preliminary uneasiness of the Foreign exchanges a fortnight ago had an unsettling influence, but it did not become pronounced. Even the announcement of the devaluation of the franc still left the Bourse comparatively unmoved, and no more than slightly irregular. The market gave no signal of anticipating the week-end decision to devalue the guilder. When the Bourse reopened on Tuesday, after only one day's closing, the markets sprang into unusual activity, accompanied by gains which, although considerable in general markets, especially shipping and local industrial issues, reached huge proportions in the commodity sections. A momentous week-end is best revealed by the "Telegraaf" share price index, which rose from 161.94 to 186.17 for all classes of shares, and from 190.75 to 230.30 for Plantation companies.

	Sept. 2, 1936	Sept. 17, 1936	Sept. 30, 1936		Sept. 2, 1936	Sept. 17, 1936	Sept. 30, 1936
21% Dutch Loan	75.4	76.4	83	Steel Common	42.4	42.4	51.4
5 1/2% German	21	22	24	A. K. U.	26.4	27.4	37.4
Unilever N.V.	116.4	116.4	148.4	Ford Motor	215.4	227.4	255.4
Philips Lamps	164	161.4	205	Dell Batavia Tob	184.4	179	245.4
Netherland Ship	53.4	54.4	70	Royal Dutch	285.4	299.4	353.4
Union	53.4	54.4	70	Handels Ams	287.4	282.4	365.4

CAPITAL ISSUES

A WEEK of moderate activity in new issue business has been largely obscured by the market movements resulting from the devaluation of the gold currencies. This factor was at first responsible for the comparatively modest opening premium of $\frac{1}{2}$ on the London County Council scrip, but by mid-week, the price had appreciated to $1\frac{1}{2}$ premium. Two further South African companies have issued $\frac{1}{2}$ 5s. per cent. preference and 4s. ordinary shares. Stanley Motors is an addition to the growing number of motor dealing concerns in the Union. The Company has a rather stable profits record during the past three years, but the resultant ordinary earnings appear to justify the $12\frac{1}{2}$ per cent. issue premium. Transvaal Mattress and Furnishing shows a more responsive profits trend, for businesses of this type frequently show a cyclical swing in earnings. The ordinary earnings position is therefore much less impressive on average than on latest profits, in relation to a substantial sterling premium on the shares. They may be regarded as a reasonable speculative industrial holding, offered under sound auspices. New London Properties, which issues 6 per cent. $\frac{1}{2}$ 1 preference shares at par, owns flat properties in Bayswater. The cover for dividend and capital—as is usual for property concerns—is sufficient, must be valued with due regard to the speculative factors in the property business. The 5s. shares of Burco, Ltd., offered at 100 per cent. premium, are backed by earnings for the latest year equivalent to 12 per cent. on the issue price. The prospects for the shares, therefore, are closely linked to the maintenance of the recent high level of earnings, which have jumped during the last five years from £2,848 to £25,200. The company is favoured by the increased use of electricity for domestic purposes, but it operates in a competitive market. The issue price, therefore, appears to represent a very adequate valuation of the company's prospects. Associated Weavers, whose preference shares were recently offered, have again been before the investor this week, for the 4s. ordinary shares have been offered at 150 per cent. premium. In this case also, the price is based on a 12 per cent. earnings yield in the latest year, which, for the long-term investor, is a too narrow basis. In some instances, investors may be on safe ground in anticipating a further rise in profits, but it is more usual for the geometric stage of profits, particularly for relative small concerns, to be passed at a fairly early stage. Investors may also remember that whereas share premiums paid on prospectus issues may benefit the company, such premiums on an offer for sale enter private hands. Statements "for Gold Mining, James and Geo. H. Matthews, and Birmid Industries."

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.,"

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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.....

ISSUES OF THE WEEK

January 1 to September 26, 1936, including conversions, Old Basis, £313,004,790.
January 1 to September 26, 1936, excluding conversions, Old Basis, £131,820,703.
January 1 to September 26, 1936, including conversions, New Basis, £345,112,311.
January 1 to September 26, 1936, excluding conversions, New Basis, £247,119,333.

National Savings Certificates, Net sales 11 days to September 30th, 1936 Nil.

TOTALS OF CAPITAL ISSUES DURING WEEK

STATE OF OREGON

REPORT OF THE COMMISSIONER OF THE LAND OFFICE

	Nominal Capital	Conversions	New Money
	£	...	£
To the Public	830,000	...	983,750
To Shareholders only	167,618	...	592,500
By Stock Exchange Introduction	70,000	...	108,375
By Permission to Deal	245,958	...	827,911
Total Capital raised—			
	Including Conversions	Excluding Conversions	
January 1 to date—			
1936 (New Basis) ...	347,625,847	249,632,869	
1936 (Old Basis) ...	314,581,040	133,396,953	
1935 (New Basis)* ...	349,356,213	227,274,203	
1935 (Old Basis) ...	255,951,763	130,000,842	
January 1 to date (Old Basis)—			
1934	315,702,708	128,919,007	
1933	400,695,490	226,911,658	
1928	474,684,817	302,584,194	
Total offered for Subscription—			
	Including Conversions	Excluding Conversions	
Whole year (Old Basis)—			
1935 ...	548,351,393	236,147,637	
1934 ...	410,980,300	169,108,700	
1933 ...	467,921,500	244,780,500	
1932 ...	2,699,684,265	188,909,963	
1928 ...	683,000,056	369,058,073	

(a) This figure includes £1,920,000,000 for conversion of 5 per cent. War Loan into $\frac{3}{4}$ per cent. War Loan.

Nature of Borrowing (Excluding Conversions)

	Debentures	Preference	Ordinary	Total
January 1 to date—				
1936 (New Basis)	86,205,203	30,589,070	132,838,596	249,632,869
1936 (Old Basis)	68,711,359	15,498,446	49,187,148	133,396,953
1935 (New Basis)	96,362,706	41,286,730	89,624,767	227,274,203
1935 (Old Basis)	72,467,551	26,841,587	30,501,750	130,006,842
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	167,185,509	31,696,741	37,265,387	236,147,637

* Including securities for which "permission to deal" was given in forty weeks ended October 5, 1935.

PUBLIC OFFERS

Stanley Motors.—Issue of 275,000 $\frac{1}{2}$ per cent. cumulative $\frac{1}{2}$ 1 preference shares at 20s. 6d. and 375,000 4s. ordinary shares at 4s. 6d. Formed in South Africa to acquire shares in two motor-dealing companies. Combined profits, after depreciation, years to June 30th: 1934, £54,690; 1935, £60,280; 1936, £59,710. Combined net assets, £395,253. Purchase price, £230,315 cash (vendor is subscribing for 1,125,000 shares at par), and £209,818 payment of liabilities. List closed 9.5 a.m. September 29th. Over-subscribed.

BY OFFER FOR SALE

Associated Weavers.—Offer for sale of 150,000 4s. ordinary shares at 10s. Upholstery fabric makers. (See particulars of preference shares in *Economist*, September 26, page 577.) Shares now offered for sale are part purchase consideration of the 450,000 shares. Ian Anderson and Nairn take issue at about 8s. 6d. List closed 9.5 a.m. September 29th. It is understood that over 1,400,000 shares were applied for.

Burco, Ltd.—Offer for sale of 280,000 5s. ordinary shares at 10s. Engineers and electric household appliance makers. Profits, after depreciation, years to June 30, 1934: £11,781; 1935, £14,944; 1936, £25,200. Net assets, £82,142, purchased for £104,900 in 419,600 5s. shares (goodwill, £22,858). London Industrial Finance Trust take issue at 8s. 2½d. per share and expenses.

New London Properties.—Offer for sale of 200,000 6 per cent. cumulative $\frac{1}{2}$ 1 preference shares at par. Owns four freehold flat and shop properties and will purchase further property for £32,500. Profits, after interest, maintenance, etc., period November 9, 1933, to May 12, 1934, Dr. £29; May 13, 1934, to June 24, 1935, £24,868; year to June 24, 1936, £30,608. Net assets, £480,387. Shares now offered are part of 395,000 shares in part payment of purchase price. List closed 9.5 a.m. September 29th. Over-subscribed.

Transvaal Mattress and Furnishing Company.—Offer for sale of 150,000 $\frac{1}{2}$ per cent. cum. $\frac{1}{2}$ 1 preference shares at 20s. 6d. and 150,000 4s. ordinary shares at 6s. 6d. (sterling). Acquires capital of operating company making mattresses, furniture, etc., in South Africa. Profits, after depreciation, years to June 30th: 1934, £19,650; 1935, £24,866; period to August 15, 1936, £52,009. Net assets, £112,222. Acquired for £150,000; vendors take 600,000 ordinary shares at par. Robert Benson and Company and Charterhouse Investment Trust take issue; preference shares at par, ordinary at 5s., and costs in England.

BY STOCK EXCHANGE INTRODUCTION

Birmid Industries, Ltd.—Issued capital 585,007 $\frac{1}{2}$ 1 shares. Acquires not under 90 per cent. of share capitals of Birmingham Aluminium Casting (1903) and five associated undertakings. Combined profits, after depreciation, years to July 31, 1933, £38,541; 1934, £59,599; 1935, £76,870. Total assets, Birmingham Aluminium, £610,863.

Holfontein (T.C.) Gold Mining Company, Ltd.—Capital, 1,300,000 10s. shares, of which 602,635 shares taken at par by Transvaal Consolidated Land and Exploration (the vendors), 162,635 by Central Mining, 162,635 by Rand Mines, and 372,095 offered at par to Transvaal Consolidated shareholders. Acquires all mineral rights over 4,492 morgen 100 square rods, and freehold of remainder of Holfontein farm. Purchase price, £270,000 cash (includes £50,000 refund of prospecting expenditure).

James and Geo. H. Matthews, Ltd.—Issued capital, 360,000 5s. ordinary shares and 100,000 5 per cent. cumulative $\frac{1}{2}$ 1 preference shares. Corn merchants, millers, etc., in Essex, established 1895. Total assets, May 31, 1936, £222,837. Capitalisation altered since date of balance sheet. Net profit, year to May 31, 1936, £17,812.

ISSUES TO SHAREHOLDERS ONLY

Boulton and Paul Aircraft.—Issue of 400,000 5s. ordinary shares at 5s. 6d. each to holders registered October 5th at the rate of one share for each three held.

Easterns, Ltd.—A bonus (free of tax) of ordinary shares is to be paid at the rate of one for each 20 ordinary shares held, out of capital reserve.

Murex, Ltd.—Murex proposes to issue 46,125 ordinary $\frac{1}{2}$ 1 shares to holders at $\frac{1}{2}$ 10s. each and to allot bonus shares of two for every three. General meeting, October 15th.

Stewarts and Lloyds.—Stewarts and Lloyds have decided to offer deferred stockholders and holders of the liaison deferred shares one new $\frac{1}{2}$ 1 share in respect of each five deferred, at 26s. per share. The new shares rank with the existing deferred stock as from January 1, 1937.

The Mawchi Mines, Ltd.—Issue on October 5th of 107,466 4s. shares at 34s. each in proportion of one share for every ten to shareholders registered on September 24, 1936. The new shares will rank for any final dividend that may be paid in respect of the year ending December 31, 1936.

West Witwatersrand Areas, Ltd.—100,000 10s. shares to be issued at $\frac{1}{2}$ 10 each. The new shares when issued will rank *pari passu* in all respects with the existing 1,200,000 shares. The right of subscription of this new issue accrues to the original subscribers of the working capital in terms of an agreement entered into at the time of the formation of the company.

CONVERSIONS AND REPAYMENTS

Croydon Corporation (1921) 6 per cent. Redeemable Stock, 1937-1947.—Croydon Corporation will repay the outstanding stock at par on January 1, 1937.

W. J. Rogers, Ltd.—The 5 per cent. stock is to be redeemed at $\frac{1}{2}$ 105 per cent., together with interest to September 30th.

OFFERS ABROAD

Adelaide Electric Supply.—This company announces a $\frac{1}{2}$ per cent. debenture issue of £200,000 at par, with a currency of 16 years. The debentures are being issued in Australia, and preferential consideration will be given to existing debenture holders and shareholders in the company.

LONDON NEW ISSUE PRICES

Stock or Share	Issue price	Paid	Sept. 25, 1936	Sept. 30, 1936
Goodman Bros. and Stockman (2/-)	2/9	2/9	...	2/2-2/6
Kenya 2%	100	50	1-1 1/2 pm	1-1 1/2 pm
London County Council 3% 1956-61	89	5	3/10-4/11	3/7-3/10 1/2
Lane, Fox and Co. (4/-)	4/-	4/-	46/-46/6	44/6-45/3
McCarthy Rodway Ord. £1	...	...	3/9-4/-	4/-4/6
R.F.D. (2/-)	3/-	3/-	24-24 pm	24-24
Sydney C.C. 4%	99	59	2/7-3/11	2/9-3/3
Tarran Industries 2/-	...	...	4/10-5/11	5/9-5/9
Vesper Ord. 5/-	...	...	...	...

REPORTS AND NOTICES

MISCELLANEOUS

FINANCIAL NEWS, LTD.—Profit for year to June 30, 1936, £50,207 against £40,660 for previous year. Ordinary dividend and bonus 15 per cent., against 10 per cent. for previous year, when half of the issued ordinary ranked for a half-year's dividend only. Carry forward is increased from £50,118 to £74,031. Meeting, Winchester House, E.C. October 7th, at 12.30 p.m.

EBBW VALE STEEL.—Holders of the 6 per cent. debentures of the Ebbw Vale Steel Iron and Coal Company at a meeting on September 29th passed a resolution authorising the trustee, the Royal Exchange Assurance, to enforce the security for the debentures or otherwise at its absolute discretion.

BRITISH COLUMBIA POWER CORPORATION, LTD.—The annual report for the year to June 30, 1936, shows earnings equivalent to \$1.64 per share on the 1,000,000 shares of Class "A" stock. This compares with earnings equal to \$1.68 per share for the previous year. Current assets are \$8,175,032, an increase over last year of \$463,958, and current liabilities are \$3,524,510, an increase of \$358,647.

LANCASHIRE STEEL CORPORATION (Control acquired of Broughton and Plas Power Coal Company).—Amalgamation of the whole of the undertaking and assets of the Bersham Colliery Company with the Broughton and Plas Power Coal Company, and reduction of the capital of the latter has been approved. Lancashire Steel Corporation and others of the group will provide capital for development and other purposes. In addition to first debentures it receives 51 per cent. of the reorganised share capital and controls the future administration and direction of the business through a majority on the board.

EASTWOODS LEWES CEMENT (Profits of £23,400 in 1935-36).—Eastwoods Lewes Cement reports trading profits of £23,448 for the year to end June, compared with £19,448 for the preceding twelve months. The directors recommend final dividends of 8½ per cent. on the ordinary and founders' shares, making 12½ per cent., less tax, against 10 per cent. for 1934-35. Carry forward £4,335. Meeting, River Plate House, E.C.2, October 7th, at 12 noon.

COMPANY MEETINGS, &c.

ANGLO-SIAM CORPORATION, LIMITED

TRADE CONDITIONS IN THE EAST

LARGER DEMAND FOR TEAK

MR J. M. RYRIE'S ADDRESS

The thirty-ninth annual ordinary general meeting of the Anglo-Siam Corporation, Limited, was held, on the 29th ultimo, at 5 St. Helen's Place, London, E.C., Mr J. M. Ryrie (the chairman of the corporation) presiding.

The Chairman said it gave him much pleasure to address the shareholders once more after being absent through illness from the last two annual meetings, and he took the opportunity of thanking Mr Greaves for taking his place on these occasions and giving such clear accounts of the position and activities of the corporation.

To fill the vacancy caused by the retirement of Mr Bateson through ill-health, the corporation had been fortunate in securing the services of Mr S. D. Gladstone, also a partner in the old firm of Messrs. Ogilvy Gillanders and Company, as a director.

REVIEW OF COMMERCIAL CONDITIONS

In reviewing the conditions of the past year in the various countries with which the corporation's trade is carried on, Mr Ryrie remarked that in each case there was a substantial excess of exports over imports in 1935-36, though not so large as in the previous year, this decline being accounted for, so far as India was concerned, by a falling off in the value of gold shipments, the total value of which since September, 1931, when India went off gold, now amounted to £218,000,000.

Imports into India from the United Kingdom showed a reduction in 1935-36 as compared with 1934-35, while imports from foreign countries increased, and particularly from Japan and Germany.

Exports from India to the British Empire increased substantially, while exports to foreign countries also increased, but to a comparatively small extent, and it appeared that the United Kingdom had not benefited from the Ottawa Agreement at the expense of India.

EXPORTS OF RICE FROM SIAM

Although exports of rice from Siam in 1935 were less by 250,000 tons than in 1934, when the record quantity of 1,842,000 tons was shipped, the improvement in price resulted in the average yield per ton being increased from about Ticals 46½ to Ticals 58½.

Malayan imports were more or less stationary, while exports declined owing to reduced shipments of rubber under the restriction scheme and some setback in the price, while uncertainty regarding a renewal of the tin restriction scheme was not helpful.

The most encouraging feature in the corporation's activities during the year was perhaps the improvement in the results of trading in India, though there was no marked increase in the turnover with that country.

EXPANSION IN DEMAND FOR TEAK

The expansion in the demand for teak, and particularly for cut timber, was encouraging, but, in view of the corporation's large stock of logs, it was disappointing to meet with so little demand for rough timber, and it was due to this that it had been deemed desirable to keep the saw mill at Bangkok running throughout the year.

The results obtained from the general trading in Siam were disappointing, this being due not only to a falling off in the volume of business but also to bad debts arising out of a financial crisis provoked by failures among Chinese banks.

Then the outcome of operations in Malaya did not come up to expectations as the result of the decline in the price of rubber a year ago.

PROFITS AND DIVIDENDS

It was disappointing that the net profit for the year showed a reduction as compared with the previous year, though it should not be overlooked that last year non-recurring credits amounting to £7,027 were brought into the profit and loss account compared with only £3,842 for the year to March 31st last.

Dealing with the accounts and the final dividends recommended by the directors, the Chairman pointed out that it was largely, if not entirely, due to the conservative policy in the past that this recommendation was made possible.

In view of the present obscure outlook it had not been considered prudent to draw on the equalisation of dividend fund for the purpose of maintaining the dividend of 8½ per cent. paid on the ordinary shares for the previous year.

Attention was drawn to the reduction of sinking funds from £22,730 to £4,553, and a correspondingly lower figure relating to livestock and up-country property on the other side of the balance sheet, and Mr Ryrie explained that this was merely an adjustment which the directors deemed it desirable to make in order to bring down the cost of livestock and up-country property to what was considered present-day values.

APPRECIATION OF INVESTMENTS

Apart from the investments depreciation reserve and other amounts standing in investments suspense account, there was a substantial appreciation in the value of investments on March 31st last as compared with the cost.

As regards the corporation's holding of 38,423 shares in the Sedenak Rubber Estates, Limited, he was pleased to say this investment looked promising at present, the market value of the shares being in excess of the book value, and he looked for an increased dividend from this source for the current year.

Referring to the finances of the Kingdom of Siam, he was glad to say that the revenue for the last financial year had exceeded the Budget estimate and had proved sufficient not only to cover the ordinary expenditure but a certain amount of capital outlay which it had been intended to meet out of the Treasury reserve.

PROSPECTS

After paying a tribute to the managing directors and the staff in London and the East for their close attention to the business of the corporation during another difficult year, Mr Ryrie commented on the outlook for the current year and mentioned that as there had been an appreciable improvement in the situation generally in India he hoped it might be possible to maintain the better results obtained there and to which he had already made reference.

As trade and economic conditions in Siam were largely dependent on rice it was satisfactory that another large crop had been harvested with the promise of better general trading conditions.

He was pleased to say that the improvement in price for certain qualities of teak which set in towards the end of last year had been maintained along with a more active demand.

QUESTION OF FOREST LEASES

The proposals of the Government of Siam in regard to fresh leases of forests were still awaited and he was hopeful that the Government would find a way to allow the corporation to maintain its interest in the teak industry of Siam and in which a considerable amount of capital had been sunk.

There had been a substantial improvement in economic conditions of Malaya during the past few years, and although there was at the moment a breakdown in the negotiations for a renewal of the Tin Restriction Scheme, he thought it would be arranged between the various producing countries to continue the scheme.

The directors' report and statement of accounts for the year ended March 31, 1936, were adopted and final dividends of 3½ per cent. on the preference shares and 5 per cent. on the ordinary shares were declared, making a total distribution of 7½ per cent., less tax, on the ordinary shares for the year.

Messrs J. Mackenzie and S. D. Gladstone were re-elected directors, and Messrs. Turquand Youngs and Company were appointed auditors for the current year.

E. W. TARRY AND COMPANY, LIMITED

IMPROVED RESULTS

The annual general meeting of E. W. Tarry and Company, Limited, was held, on the 22nd ultimo, at Southern House, London.

Sir J. Fortescue Flannery, Bt., D.L. (the chairman), said that no doubt every shareholder had noticed the improvement that had taken place throughout the Union of South Africa in regard to almost every item of trade.

At the Empire Exhibition recently opened in Johannesburg the company was showing a comprehensive exhibit of its principal lines, and they hoped for considerably increased business therefrom.

Business at Port Elizabeth was making steady progress, and they had secured a valuable share of Government contracts there. In Bulawayo the activity in gold mining had been maintained, and there had been a good demand for mining supplies. Their Salisbury branch also reported a considerable volume of business in gold prospecting and mining. At Lusaka, Northern Rhodesia, business continued steady, and during the early part of the year they obtained considerable business from the contractors working on the new capital of Northern Rhodesia.

The gross profit for the year of £117,741 showed an improvement of £4,800 on last year. Their good turnover had been maintained, although the percentage of gross profit earned was slightly less. Although the net profit of £37,627 showed only a slight improvement, he thought there was every reason to be satisfied with the result. After again transferring £15,000 to reserve account and placing £5,000 to income tax account, it was proposed to pay a dividend of 9 per cent. on the cumulative preference shares, leaving £6,829 to carry forward.

The payment of preference dividends was resumed on January 1, 1935, and with the dividend now recommended arrears amounting to 27 per cent. would have been paid off.

Mr J. Van Praagh, J.P. (chairman of the local committee), referred to the revival of prosperity in the diamond industry, and said that they all looked forward with the greatest amount of hope and optimism to the future of South Africa, the prosperity of which must reflect favourably upon the operations of this company.

The report was unanimously adopted.

TEBING RUBBER ESTATES (1931), LIMITED

SOUND FINANCIAL POSITION

The fifth ordinary general meeting of the Tebing Rubber Estates (1931), Limited, was held, on the 29th ultimo, at 411-419 Salisbury House, London.

Mr E. B. Ridsdel, who presided, said that the crop secured during the year amounted to 396,236 lbs. of rubber, of which 354,028 lbs. were sold, in addition to which export rights amounting to 64,584 lbs. were surrendered to the Dutch East Indies Government, realising £1,175, or the equivalent of 4.4d. per lb.

In the terms of the Rubber Restriction Scheme, the export of rubber from estates had been regulated throughout the year in accordance with the varying percentages of restriction fixed by the authorities and calculated on the standard production assessments allotted to estates. Although each estate was assessed independently so far as productive capacity was concerned, all estates were restricted to the same percentage of their assessment in regard to the rubber which they were permitted to export and which was generally referred to as "export allowance" or "export rights." In the case of their company, the export allowance for the year was equivalent to only 59.4 per cent. of their assessment.

The net sale price obtained was 5.887d. per lb., representing an increase over last year's figure of about ½d. per lb. He purposely referred to the sale price as "net" as freight, insurance and landing charges amounting to at least ½d. per lb. required to be added to arrive at a comparison with the average spot price, which for the period covered by the accounts was 6.2d. per lb. It would therefore be seen that the price realised showed quite an improvement on the average spot price for the year. Their f.o.b. and all-in costs at 3.8d. per lb. and 4.3d. per lb. respectively must be considered very satisfactory. Compared with last year they showed an increase of a little over ½d. per lb.

Holland had decided to go off the gold standard, and, as their estates were situated in the Dutch East Indies, they should accordingly benefit by the devaluation of the Dutch guilder. The balance sheet showed the company to be in a sound financial position, and that they were justified in distributing the dividend proposed, namely, 3½ per cent., less tax.

The report and accounts were unanimously adopted.

CITY AND INTERNATIONAL TRUST, LIMITED

INCREASED PROFIT AND DIVIDEND

The tenth ordinary general meeting of this Trust was held, on the 29th ultimo, in London, Mr Louis H. Kiek (chairman and managing director of the company) presiding.

The Chairman, in the course of his speech, said:—The report and accounts show a gross income for the year of £86,352, and after deduction of £6,930 administration expenses, a net income of £79,422; there is £15,938 at the disposal of this meeting, and we recommend the payment of a dividend of 3 per cent., less tax, on the ordinary stock, comparing with 2½ per cent. for last year.

In spite of the unfortunate developments abroad, we have suffered relatively little in revenue from our foreign holdings compared with last year.

The changes effected in our investments have been numerous, and have on balance again resulted in a satisfactory figure of capital profits, which have as usual been applied to the reduction of the cost of our holdings. The total of the book cost of these investments has on balance been increased by about £40,000 to £1,866,375 widely—and I hope also wisely!—distributed over 418 different securities.

I would like to refer to one important group of securities which for several years past has caused severe disappointment and considerable anxiety to thousands of investors in this country. I refer to our not inconsiderable interest in the British-owned railways on the South American continent. In Latin America definite symptoms of a marked improvement in economic conditions are now multiplying. The position to-day is distinctly more encouraging. It would indeed be surprising if the Argentine railways were not to derive benefits from this improvement, present and prospective, in the country's economic situation. The favourable effect upon exchange alone of an increased volume of exports at higher prices is likely to be a material contributory cause in facilitating remittances and, furthermore, bigger exports will mean greater freedom in imports, and consequently an increased volume of traffic for distribution to inland points.

It may also be presumed that the Government's rail and roads co-ordination measures will remove a source of unfair competition.

The report and accounts were unanimously adopted.

PRICES, TAILORS, LIMITED

INCREASED SALES AND PROFITS

The eighth annual general meeting of Prices, Tailors, Limited, was held, on the 29th ultimo, at Winchester House, Old Broad Street, London, Mr H. L. Price (chairman and managing director) presiding.

The Chairman, in the course of his speech, said that the trading profit for the past year was £446,470, compared with £345,000 for the previous year. They had provided £45,000 for income tax and £81,258 for depreciation, and with £93,006 brought forward there was an available balance of £411,718. The preference and preferred ordinary dividends had already been paid to June 30, 1936, and it was now proposed to transfer to Prices Trust Company by way of dividend upon the ordinary share capital for the year £162,000. He thought they had every reason to be satisfied with the result of the past year's trading.

The continued increase in sales, particularly in their old depôts, was very pleasing. Towards the end of last year it was decided to extend their factory accommodation in Middlesbrough. A site covering fourteen acres within easy reach of the city had been purchased, and the first section would be ready for occupation towards the end of the year. The factory would be one of the finest in the kingdom, and the complete scheme would provide for the employment of approximately 5,000 workpeople. The directors were looking well ahead, and laying out their programme of expansion with a view to maximum efficiency and economy. They were opening up new depôts as quickly as circumstances would permit with the intention of more than doubling the present size of the business, and this new factory when complete would meet all production requirements.

Advertising skill continued to be an integral feature of the company's progress, and he wished to pay tribute to the Press of the country for the results consistently obtained from the proper use of the newspapers for advertising purposes. Advertising could only bring permanent results when backed up 100 per cent. by the value of the articles sold.

In referring to the inauguration of a group pension scheme, the Chairman said he wished to thank all their employees for their co-operation and loyal service.

The report was unanimously adopted.

D. GESTETNER, LIMITED

RECORD SALES AND PROFITS

The ordinary general meeting of D. Gestetner, Limited, was held, on the 28th ultimo, in London, Mr S. Gestetner (chairman and managing director) presiding.

The Chairman, in the course of his speech, said: Once again I am in the happy position of being able to report to you a record year's figure of profit, and when I add to this that the total figure of our sales in the past year is also the highest on record, I think you will agree that the Gestetner organisation deserves credit for a fine achievement.

You will have noticed, I trust with satisfaction, that again we propose to capitalise a portion of the year's profit and to distribute this in the form of a bonus of new shares.

Our cash and cash assets, excluding debtors and loans, have again increased, and it says much for the soundness of our business that the figure of debtors and loans shows a decrease, and this in spite of the fact of the record turnover to which I have just alluded.

Fixed assets are up, for we have been spending money prudently on buildings and plant in order to cope with the growing demand for our products.

Our stock is up by a matter of some £13,000, the increase being accounted for in part by increased stocks of raw materials and in part by manufactured and semi-manufactured goods. This growth is perfectly normal, and, indeed, only to be expected in view of the increase in our business.

You will find a new item on the liability side of the balance sheet this year, namely, income tax reserve £30,808. Last year the income tax reserve was included in the figure of creditors and amounted to £21,244. Last year's creditors, other than income tax, were therefore £26,928, against a figure of £47,413 this year.

We enter our new trading period, and, incidentally the fifty-sixth year of the organisation, with pride and in the confident hope that we may be able in 1937 again to present you with satisfactory evidence of our stewardship.

The report and accounts were unanimously adopted; the dividend recommendations were approved, and the proposed capitalisation of a portion of the undivided profits of the company and the distribution of bonus shares was sanctioned.

GOVERNMENT RETURNS, &c.

NATIONAL ACCOUNTS

The total ordinary revenue for the eleven days ended September 30, 1936, amounted to £12,863,000, against ordinary expenditure of £17,174,000. After allowing for an increase in Exchequer Balances of £21,279,196, the operations for the eleven days, as shown below, increased the gross National Debt by £25,808,000 to approximately £8,008 millions.†

(000's omitted)	
Treasury Bills	+ 40,209
P.O. and Tel. Capital Expenditure	+ 2,900
National Department Advances	— 16,700
National Savings Bonds	— 52
Road Fund	— 420
British Shipping Assistance	— 129
	+ 43,109
	— 17,301

† 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 September 30, 1936, appears below.

NATIONAL DEBT—(Million £)

	Aug. 1, 1914	Dec. 31, 1919	March 31, 1925	June 30, 1928	Sept. 30, 1930	Dec. 31, 1935	March 31, 1936	June 30, 1936	Sept. 30, 1936
2½% and 2½% Consols	573	300	300	300	300	300	300	300	300
Term Annuities	20	20	12	12	12	12	12	12	12
4% Consolidated Loan	...	...	401	401	401	401	401	401	401
3½% Conversion Loan	...	...	740	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
3% Conversion Loan	...	...	323	323	323	323	323	323	323
2½% Conversion Loan	...	...	302	302	302	302	302	302	302
4% War Stock, 1932	...	...	204	204	204	204	204	204	204
3½% War Stock, 1932	...	...	63	63	63	63	63	63	63
4½% War Stock, 1932	...	...	1,914	1,914	1,914	1,914	1,914	1,914	1,914
5% War Stock	...	...	2,047	2,047	2,047	2,047	2,047	2,047	2,047
National War Bonds	...	...	1,509	1,509	1,509	1,509	1,509	1,509	1,509
4% Funding Loan	...	...	409	409	409	409	409	409	409
3% Funding Loan	...	...	149	149	149	149	149	149	149
2½% Funding Loan	...	...	...	...	...	...	...	...	...
4% Victory Bonds	...	...	360	360	360	360	360	360	360
Treasury Bonds	...	...	234	234	234	234	234	234	234
Exchequer Bonds	...	...	20	20	20	20	20	20	20
National Savings Certs.	...	...	267	267	267	267	267	267	267
Other Debt*	...	...	1,037	1,037	1,037	1,037	1,037	1,037	1,037
American Loan (Anglo-French)	...	...	51	51	51	51	51	51	51
Treasury Bills	...	...	1,107	1,107	1,107	1,107	1,107	1,107	1,107
Temporary Advances	...	...	46	46	46	46	46	46	46
Other Capital Liabilities	654	8,033	7,900	7,858	7,863	7,921	7,796	7,870	7,906
Total Liabilities	711	8,079	7,902	7,960	7,965	8,023	7,902	7,975	8,008

* Includes debt to American Government.
Note.—Estimates for June 30, 1936, and after, exclude Sinking Fund allocations

REVENUE	Estimate for the year 1936-37	Total Receipts into the Exchequer			
		April 1, 1935, to Sept. 30, 1935	April 1, 1936, to Sept. 30, 1936	9 days ended Sept. 30, 1936	11 days ended Sept. 30, 1936
ORDINARY REVENUE					
Inland Revenue—					
Income Tax	259,000,000	53,297,000	47,149,000	2,279,000	2,427,000
Sur-tax	58,500,000	5,800,000	5,900,000	180,000	280,000
Stamp Duty	89,000,000	46,620,000	42,110,000	1,530,000	1,510,000
Stamps	27,000,000	9,710,000	10,420,000	550,000	690,000
Excess Profits Duty and Corporation Profits Tax	750,000	...	...	...	...
Land Tax and Mineral Rights Duty	750,000	130,000	130,000	...	10,000
Total Inland Revenue	433,000,000	115,557,000	105,709,000	4,549,000	4,987,000
Customs and Excise—					
Customs	207,525,000	97,839,000	104,306,000	4,412,000	6,521,000
Excise	110,000,000	51,900,000	51,900,000	900,000	1,200,000
Total Customs and Excise	317,525,000	149,739,000	156,206,000	5,312,000	7,721,000
Motor Vehicle Duties (Exchequer Treasuries)	5,000,000	1,104,000	1,220,000	...	...
Post Office (Net Receipts)	11,250,000	5,950,000	6,050,000	...	...
Crown Lands	1,350,000	840,000	830,000	...	...
Receipts from Sundry Loans	5,000,000	3,008,239	2,917,968	...	...
Miscellaneous Receipts	25,250,000	11,101,720	12,269,747	...	...
Total Ordinary Revenue	786,381,000	286,899,950	285,002,715	9,377,889	12,863,448
SELF-BALANCING REVENUE					
Post Office	69,344,000	30,500,000	33,300,000	1,750,000	4,000,000
Motor Vehicle Duties apportioned to Road Fund	26,500,000	6,892,000	7,153,000	...	...
Total Self-balancing Revenue	95,844,000	37,392,000	40,453,000	1,750,000	4,000,000
Total	882,225,000	324,291,950	325,455,715	11,127,889	16,863,448

EXPENDITURE	Estimate for the year 1936-37	Total Issues out of the Exchequer to meet Payments			
		April 1, 1935, to Sept. 30, 1935	April 1, 1936, to Sept. 30, 1936	9 days ended Sept. 30, 1936	11 days ended Sept. 30, 1936
ORDINARY EXPENDITURE					
Interest and Management of National Debt	224,000,000	105,826,395	105,242,504	1,471,300	1,618,000
Payments to Northern Ireland	7,500,000	2,534,321	2,983,770	230,392	248,000
Other Consolidated Fund Services	3,200,000	1,520,264	1,136,052	214,429	122,000
Post Office Fund	600,000	...	...	...	...
Total	235,300,000	109,880,980	109,362,226	1,916,121	1,988,000
Supply Services (excluding Post Office)	570,969,000	236,466,069	256,032,679	11,082,001	15,186,700
Total Ordinary Expenditure	806,269,000	346,347,049	365,395,005	12,978,122	17,174,700
SELF-BALANCING EXPENDITURE					
Post Office	69,344,000	30,500,000	33,300,000	1,750,000	4,000,000
Road Fund	26,500,000	6,892,000	7,153,000	...	...
Total Self-balancing Expenditure	95,844,000	37,392,000	40,453,000	1,750,000	4,000,000
Total	902,113,000	383,739,049	405,848,005	14,728,122	21,174,700

† Estimated Expenditure as per Financial Statement (H.C. 77)

Add: Supplementary Estimates
Less: Provisions made in the Budget

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

(000's omitted)	
Expenditure	365,395
Increase in balances	21,250
Revenue	108,334
Gross borrowing	4,906
New Sinking Fund*	101,4
Net borrowing	380,651

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

POSITION OF THE FLOATING DEBT

	Sept. 30, '35	Mar. 31, '36	Sept. 30, '36	Sept. 30, '36
Ways and Means Advances Outstanding	...	...	...	...
Advances by Bank of England	...	...	...	...
Advances by Public Departments	...	...	...	...
Treasury Bills outstanding	...	...	...	...
Total Floating Debt	914,120,000	782,170,000	863,455,000	863,455,000

* Includes £88,000, 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 25, 1936. The amount applied for was £75,110,000. Tenders were accepted for Treasury bills at three months dated Monday, Wednesday, at £99 17s. 5d., about 68 per cent. and above in full. Thursday and Friday at £99 17s. 5d., and above in full.

at £99 17s. 5d., about 68 per cent. and above in full. The average rate per cent. was 10s. 3-52d. The amount allotted was £50,000,000.

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 10 4-14
January 4, 1935	30,000,000	49,560,000	27,500,000	0 6 1-64
July 5, 1935	40,000,000	60,305,000	40,000,000	0 12 4-32
January 9, 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
September 18, 1936	50,000,000	80,170,000	48,000,000	0 10 4-80
September 25, 1936	50,000,000	75,110,000	50,000,000	0 10 3-52

NATIONAL SAVINGS CERTIFICATES

Total Sales of Savings Certificates	No. of Certificates	Value
Week ended September 5, 1936	614,879	£461,159
Week ended September 12, 1936	585,927	£439,445
February, 1916, to September 12, 1936	1,270,357,080	£999,205,648

At the end of August, 1936, the amount remaining to the credit of investors in Savings Certificates, excluding interest, was £390,435,277.

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 30, 1936	
ISSUE DEPARTMENT	
Notes Issued:—	£
In Circulation	449,395,989
In Banking Department	59,253,699
Government Debt	11,015,100
Other Government Securities	248,368,040
Other Securities	300,114
Silver Coin	316,748
Amount of Fiduciary Issue	280,000,000
Gold Coin and Bullion	248,649,668
	508,649,668

BANKING DEPARTMENT	
Proprietors' Capital	14,553,000
Reserve	3,737,758
Public Deposits*	49,714,324
Other Deposits:—	
Bankers	£80,718,519
Other Accounts	£40,948,960
	101,667,479
Government Securities	80,323,337
Other Securities:—	
Discounts and Advances	£8,588,427
Securities	£20,402,087
	28,990,494
Notes	59,253,699
Gold and Silver Coin	1,105,031
	169,672,561

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

Both Departments	Amount, Sept. 30, 1936	Inc. or Dec. on Last Week	Inc. or Dec. on Last Year
Note circulation	449,395,989	+ 4,291,687	+ 47,362,630
Public deposits	49,714,324	+ 39,272,658	+ 24,261,601
Bankers' deposits	80,718,519	+ 47,263,276	+ 20,156,055
Other deposits	40,948,960	+ 2,154,236	+ 1,814,126
Total outside liabilities	60,777,772	+ 1,544,695	+ 53,282,302
Capital and reserves	18,290,758	+ 25,246	+ 16,718
Government debt and securities	339,708,477	+ 3,145,164	+ 144,796
Discounts and advances	8,588,427	+ 707,458	+ 8,663,361
Other securities	20,702,181	+ 102,164	+ 7,975,436
Silver coin in issue department	316,748	+ 28,059	+ 1,221,967
Coin and bullion (bank's reserves)	249,754,699	+ 1,048,480	+ 55,320,272
Reserves of notes and coin in banking department	60,358,730	+ 3,243,207	+ 7,957,642
Proportion of reserve to outside liabilities	39-9%	+ 0-6%	+ 3-9%
(a) Banking Department only ("proportion")	41-6%	+ 0-3%	+ 6-1%

(000's omitted)	
Date	Issue Department
1936	
Sept. 9	506,524
" 16	506,843
" 23	507,601
" 30	508,650
	445,591
	444,082
	445,104
	449,396
	20,360
	14,842
	10,442
	49,714
	99,828
	102,183
	107,082
	60,719
	37,768
	38,659
	38,795
	40,949
	1,111 in
	319 in
	758 in
	1,049 in

</

FEDERAL RESERVE REPORTING MEMBER BANKS†

In \$'s (000,000's omitted)	Sept. 18, 1935	Aug. 19, 1935	Aug. 26, 1935	Sept. 4, 1935	Sept. 9, 1935	Sept. 16, 1935
Loans	13,837	13,869	13,825	13,809	13,807	13,859
Investments	12,473	13,887	13,839	13,809	13,807	13,859
Reserve with Federal Reserve Bank	4,147	4,884	4,976	5,082	5,109	4,869
Due from banks	2,240	2,288	2,276	2,272	2,275	2,342
Demand deposits	13,237	14,794	14,911	14,867	14,918	14,910
Time deposits	4,989	5,014	5,028	5,032	5,036	5,041
Government deposits	730	820	820	820	821	821
Due to banks	5,328	6,161	6,138	6,267	6,307	6,343

† 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)

Assets	Sept. 30, 1935	Aug. 31, 1935	Sept. 7, 1935	Sept. 14, 1935	Sept. 21, 1935	Sept. 28, 1935
Gold and English sterling	15,994	16,004	16,004	16,002	16,002	16,002
Other coin, bullion and cash	6,241	6,001	6,753	6,559	6,509	6,215
Money at short call—London	15,179	19,155	18,713	19,328	21,405	21,629
Short-term loans	9,500	6,360	6,167	6,321	6,826	7,020
Securities	70,531	75,154	75,154	75,296	75,296	75,295
Discounts and advances	6,880	8,727	8,496	8,349	8,443	8,544
LIABILITIES						
Notes issued	47,044	47,038	47,038	47,038	47,038	47,038
Reserve premium on gold	8,836	7,758	7,758	7,758	7,758	7,758
Deposits	69,042	70,433	69,684	70,484	71,331	71,186

BANK OF CANADA.—In \$'s (000's omitted)

Assets	Sept. 25, 1935	Sept. 9, 1935	Sept. 16, 1935	Sept. 23, 1935
Reserve, of which:	195,408	188,432	186,353	190,076
Gold coin and bullion	181,491	179,411	179,411	179,774
Domestic Government securities	104,553	119,292	134,769	136,136
LIABILITIES				
Note circulation	83,730	115,662	123,029	127,032
Deposits—				
Domestic Government	31,951	17,867	20,240	20,541
Chartered banks	182,248	170,892	169,058	171,105
Ratio of reserves to notes and deposit liabilities	65.4%	61.7%	59.6%	59.6%

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

Assets	Sept. 27, 1935	Aug. 28, 1935	Sept. 4, 1935	Sept. 11, 1935	Sept. 18, 1935	Sept. 25, 1935
Gold coin and bullion	25,748	22,930	22,931	22,930	22,931	22,930
Bills discounted: Foreign	6,796	8,595	4,185	4,816	5,951	5,116
Investments	1,726	1,734	1,734	1,734	1,733	1,733
Other assets	13,694	11,477	11,681	11,722	11,166	10,990
LIABILITIES						
Notes in circulation	13,350	15,051	15,171	14,433	13,951	14,097
Government deposits	2,481	1,778	2,639	3,006	3,590	3,389
Bankers' deposits	27,077	23,541	17,492	19,215	19,211	17,994
Ratio of cash reserves to liabilities to public	57.0%	53.8%	61.0%	59.9%	58.8%	60.3%

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

Assets	Sept. 27, 1935	Sept. 11, 1935	Sept. 18, 1935	Sept. 25, 1935
Gold coin and bullion	44,42,17	44,42,17	44,42,17	44,42,17
Rupee coin	58,09,54	67,46,39	67,75,89	68,14,68
Balances abroad	15,83,82	4,49,30	5,71,78	6,94,96
Sterling securities*	66,18,83	67,31,71	67,31,71	67,31,71
Indian Government rupee securities*	25,50,60	23,39,45	23,41,70	23,41,66
Investments	5,43,29	5,64,42	5,56,50	5,57,57
LIABILITIES				
Note circulation	1,56,31,58	1,66,31,83	1,65,31,89	1,64,45,94
Deposits—				
Government	13,44,96	6,61,61	10,04,19	12,72,43
Other	35,79,18	29,97,13	28,01,76	27,87,54
Ratio of gold and sterling to liabilities	57.0%	55.2%	55.1%	55.0%

* Held against notes.

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

Assets	Sept. 27, 1935	Sept. 4, 1935	Sept. 11, 1935	Sept. 18, 1935	Sept. 25, 1935
Gold	71,851,998	54,184,985	53,532,188	52,691,762	50,111,284
Advances on Gold Coin	1,209,766	1,209,766	1,209,766	1,209,766	1,209,766
Commercial Bills	8,277,034	2,905,000	1,605,000	750,000	750,000
Treasury Bills	1,007,948	1,228,221	1,225,310	1,225,310	1,222,401
Advances on securities	3,289,378	4,453,131	4,415,239	4,243,156	4,391,053
Loans to State without interest—					
(a) general	3,200,000	3,200,000	3,200,000	3,200,000	3,200,000
(b) provision	11,828,423	13,328,423	14,583,423	15,903,423	15,903,423
Negotiable Bonds	5,800,402	5,639,818	5,639,818	5,639,818	5,639,818
Sinking Fund Debt	3,622,287	3,920,749	3,983,468	3,823,277	5,175,801
Other assets (excluding forward exch.)					
LIABILITIES					
Notes in circulation	82,398,689	84,610,829	84,154,412	83,764,539	83,749,836
Public deposits	3,051,362	1,515,327	1,493,898	1,546,780	1,679,094
Private deposits	10,595,226	6,593,717	6,540,181	6,393,328	6,511,296
Other liabilities	2,311,141	2,611,986	2,458,024	2,544,098	2,504,607
Ratio of gold reserve to sight liabilities	74.7%	58.4%	58.0%	57.4%	54.4%

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

Assets	Sept. 21, 1935	Sept. 7, 1935	Sept. 15, 1935	Sept. 23, 1935
Gold	94,742	67,443	65,978	64,970
Of which deposited abroad	29,376	22,529	24,523	24,528
Reserve in foreign currencies	5,518	5,678	5,555	5,685
Bills of exchange and cheques	3,645,737	4,570,206	4,467,779	4,299,285
Silver and other coin	213,239	119,090	160,690	206,883
Advances	33,682	49,336	41,423	39,855
Investments	668,182	528,126	527,464	527,599
Other assets	697,727	563,242	561,971	633,721
LIABILITIES				
Reserves	471,184	473,561	473,561	473,561
Notes in circulation	3,751,793	4,386,636	4,300,768	4,177,032
Other daily maturing obligations	754,583	662,600	689,472	732,291
Other liabilities	244,481	230,324	237,059	245,094
Cover of note circulation	2.67%	1.67%	1.66%	1.69%

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

Assets	Sept. 26, 1935	Aug. 27, 1935	Sept. 3, 1935	Sept. 10, 1935	Sept. 17, 1935	Sept. 24, 1935
Gold	3,418,827	3,726,929	3,699,767	3,707,762	3,716,878	3,725,559
Silver and other coin	57,562	53,434	51,538	50,561	51,164	54,425
Securities	1,349,584	1,877,234	1,847,522	1,853,936	1,859,886	1,867,073
Advances	113,659	75,529	77,895	75,408	73,466	73,260
LIABILITIES						
Notes in circulation	4,140,423	4,479,071	4,514,581	4,518,125	4,505,164	4,506,248
Deposits: Govt.	36,515	25,409	45,507	24,200	35,888	63,352
Other	957,281	916,635	805,625	833,996	851,295	839,657

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

Assets	Sept. 28, 1935	Aug. 29, 1935	Sept. 5, 1935	Sept. 12, 1935	Sept. 19, 1935	Sept. 26, 1935
Gold and silver	103,480	107,540	107,350	106,760	108,680	108,760
Discounts, advances and other investments	78,140	72,060	70,800	73,370	71,640	69,790
Foreign bills	2,700	2,550	2,120	2,350	1,680	1,950
Other assets	10,300	11,560	13,400	13,280	10,150	10,040
LIABILITIES						
Notes in circulation	163,220	157,000	160,090	160,380	157,620	155,390
Deposits and bills payable	19,840	25,000	21,820	24,770	22,650	23,290

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

Assets	Sept. 21, 1935	Aug. 22, 1935	Aug. 31, 1935	Sept. 7, 1935	Sept. 15, 1935	Sept. 23, 1935
Gold	1,372,415	1,471,677	1,496,701	1,518,963	1,523,197	1,532,666
Of which held abroad	207,071	226,399	249,208	255,306	274,229	283,974
Discounts	84,376	122,345	155,982	136,090	130,656	130,303
Bills of the Confederation	52,785	42,800	42,800	42,700	39,200	39,200
Advances	90,973	63,568	62,664	62,875	63,979	60,723
Securities	54,684	41,836	42,000	42,512	42,718	42,783
LIABILITIES						
Notes in circulation	1,244,457	1,245,014	1,303,387	1,283,127	1,269,774	1,267,301
Deposits	358,261	451,514	456,962	488,289	504,702	509,788

BANK OF SWEDEN.—In kronor (000's omitted)

Assets	Sept. 23, 1935	Aug. 31, 1935	Sept. 7, 1935	Sept. 15, 1935	Sept. 23, 1935
Gold reserve	362,764	434,384	431,350	434,820	435,363
Government securities—Swedish	78,639	28,500	28,500	28,500	28,500
Foreign	64,305	75,733	73,773	73,773	73,773
Gold abroad not included in the gold reserve		76,504	81,353	82,391	89,020
Bills payable in Sweden	8,567	10,444	10,447	11,071	11,185
Bills payable abroad	405,321	201,666	201,797	201,722	201,746
Balance abroad	169,015	255,629	265,589	276,309	271,904
Advances	27,515	31,193	28,842	28,964	28,565
LIABILITIES					
Notes in circulation	680,598	801,287	775,250	773,831	755,142
Government deposits	139,643	141,124	129,052	118,365	122,049
Private deposits	307,599	313,456	355,188	381,331	404,276

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

Assets	Sept. 23, 1935	Aug. 31, 1935	Sept. 7, 1935	Sept. 15, 1935	Sept. 23, 1935
Coin and bullion (gold reserve)	118,836	118,866	118,866	118,866	118,865
Balance abroad and foreign bills	26,463	77,613	61,435	62,319	62,473
Funds provisionally placed in gold, not included in the gold reserve	66,238	81,223	96,212	96,211	96,211
Norwegian and foreign governments securities	37,011	44,767	46,572	46,534	46,248
Discounts and loans	189,393	217,175	216,512	212,561	208,705
LIABILITIES					
Notes in circulation	322,666	387,105	382,321	378,612	380,149
Deposits at sight	69,426	109,980	116,355	115,745	109,370

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

Assets	Sept. 23, 1935	Aug. 31, 1935	Sept. 7, 1935	Sept. 15, 1935	Sept. 23, 1935
Cash reserve—					
Gold coin and bullion	242,400	242,703	242,717	242,725	242,730
Other foreign exchange	132,916	129,793	135,041	133,614	133,182
Bills discounted	228,484	216,066	216,341	216,275	213,838
Federal debt	624,444	624,444	624,444	624,444	624,444
LIABILITIES					
Notes in circulation	873,678	943,125	893,355	880,294	844,036
Deposits	348,137	287,968	326,289	333,684	368,261

† In accordance with Art. 53 of the Statutes.

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

	Aug. 31, 1935	June 30, 1936	July 15, 1936	July 31 1936	Aug. 15, 1936	Aug. 31, 1936
ASSETS						
Gold at home	1,224	1,224	1,224	1,224	1,224	1,224
Gold abroad and foreign exchange	109	106	102	105	115	126
Non-interest bearing Govern- ment Bonds	119	119	119	119	119	119
Treasury Bonds	150	399	399	399	399	399
LIABILITIES						
Notes	920	1,013	1,006	993	993	991
Government deposits	163	158	126	186	182	198
Bankers deposits	213	326	368	315	339	369
Certificates against Treasury Bonds	...	345	337	349	337	313
Ratio of gold and foreign ex- change to note and sight liabilities	83.8%	88.0%	87.4%	88.1%	87.5%	86.2%

NEW YORK MONEY AND EXCHANGE RATES

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

	Oct. 2, 1935	Sept. 2, 1935	Sept. 9, 1935	Sept. 16, 1935	Sept. 23, 1935	Sept. 30, 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	1 1/2	1 1/2	1 1/2	1 1/2	1 1/2	1 1/2
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	Oct. 2, 1935	Sept. 16, 1935	Sept. 23, 1935	Sept. 30, 1935
London—					
60 days		4-8666	4-8812	5-0493	4-9375
Cable		4-8666	4-8812	5-0493	4-9375
Cheques		4-8666	4-8812	5-0493	4-9375
Paris—					
60 days		8-2397	8-2397	8-0693	8-0693
Cheques		8-2397	8-2397	8-0693	8-0693
Brussels		6-53	6-53	6-53	6-53
Switzerland		23-54	23-54	23-54	23-54
Italy		8-91	8-1425	7-87	7-82
Berlin		40-33	40-22	40-23	40-10
Vienna		32-67	32-58	32-58	32-57
Madrid		32-67	32-58	32-58	32-57
Amsterdam		32-67	32-58	32-58	32-57
Copenhagen		32-67	32-58	32-58	32-57
Oslo		32-67	32-58	32-58	32-57
Stockholm		32-67	32-58	32-58	32-57
Athens		32-67	32-58	32-58	32-57
Montreal		32-67	32-58	32-58	32-57
Yokohama		32-67	32-58	32-58	32-57
Shanghai		32-67	32-58	32-58	32-57
Calcutta		32-67	32-58	32-58	32-57
Buenos Aires		32-67	32-58	32-58	32-57
Rio de Janeiro		32-67	32-58	32-58	32-57

SOUTH AFRICAN EXCHANGE RATES

(BUYING RATES PER £100 STERLING)

	T.T.	Sight	30 days' sight	60 days' sight	90 days' sight
London on—					
Rhodesia	£100 5 0	£100 17 8	£101 7 6	£101 17 6	£102 7 6
South Africa	£100 17 6	£101 7 6	£101 17 6	£102 7 6	£102 7 6

(SELLING RATES PER £100 STERLING)

	Sight	Telegraphic
London on—		
Rhodesia	£99 15 0	£99 15 0
South Africa	£100 2 6	£100 2 6

CENTRAL AND SOUTH AMERICAN EXCHANGE RATES

THE BANK OF LONDON AND SOUTH AMERICA, 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.*	"Official" commercial rate fixed at 50 bolivianos per £ as from August 28, 1936.
Colombia.*	Sight rate 176.00 pesos per 100 United States dollars on September 16, 1936. This rate applies to holders of permits buying in the "open" market.
Ecuador.*	Sight selling rate on New York was maintained in July 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 110 cordobas per 100 United States dollars on July 31, 1936.
Salvador.	Sight rate on August 31, 1936, 2.51 colones per United States dollar.
Venezuela.	Sight rate on New York 3.91½ bolívares per United States dollar on August 29, 1936.

* 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		Buying		Selling	
	Australia	New Zealand	Australia (any Mail)	New Zealand (any Mail)	Australia	New Zealand	Australia (any Mail)	New Zealand
T.T.	Air	Ord.	Air	Ord.	125	124	Air	Ord.
Sight.....	126½	126½	125½	125½	125½	124½	123½	123½
30 days..	126½	126½	125½	125½	125½	124½	123½	123½
60 days..	127½	127½	126½	126½	126½	125½	124½	124½
90 days..	127½	127½	126½	126½	126½	125½	124½	124½

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

GOLD AND SILVER

The following statistics of imports and exports of gold and silver for the week ended October 1, 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 S. Africa.....	1,753,669	£	Finland	22,867	£
Tanganyika.....	10,390	£	Netherlands	659,702	16,793
Kenya.....	5,229	£	Sudan	3,108	1,487
British India	240,910	£	Luxemburg	111	3,800
New Zealand	25,469	£	France	111	39,300
Trinidad and Tobago	4,724	£	Switzerland	13,900	62,872
British Guiana.....	10,182	£	Italy.....	42,500	23,310
Germany	8,712	£	Jugoslavia	98,996	38,098
Netherlands	244,097	9,851	Other countries	220	213
France	2,949,887	7,271			
Switzerland	16,892	13,969			
Iraq.....	2,197	34,554			
Venezuela	19,323	£			
Other countries	578	36			
Totals	5,295,367	21,276	Totals	838,296	78,616
		48,744			106,257

IMPORTS AND EXPORTS OF SILVER

Imports			Exports		
From	Bullion*	Coin†	To	Bullion*	Coin†
British India	15,005	£	Canada	18,149	£
Hong Kong	423,080	£	Sweden	6,848	£
New Zealand	131	£	Germany	16,797	£
Fiji	538	34	Netherlands	770	43
Japan	25,410	25	France	7,555	£
Other Countries	1,060	70	Switzerland	2,966	£
Totals	42,144	16,740	Austria	1,480	£
		423,114	U.S.A.	8,725	£
			Other Countries	1,825	206
			Totals	66,615	249

* 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	1935	1936	1935
Sept. 25	Nil	Sept. 25	Nil
" 26	Nil	" 26	Nil
" 28 Bar Gold	272,114	" 28	Nil
" 29 Bar Gold	350,071	" 29	Nil
" 30 Bar Gold	426,646	" 30	Nil
Oct. 1 Bar Gold	444	Oct. 1	Nil
Total	1,049,275	Total	Nil

Movement Sept. 25, 1936, to Oct. 1, 1936 (inclusive)..... £1,049,275 in
Movement during year 1935..... £7,458,822 in
Movement during 1936 (January 1 to Oct. 1, 1936, inclusive)..... £48,599,008 in
Movement April 29, 1925, to Oct. 1, 1936 (inclusive)..... £89,556,205 in
Movement September 21, 1931 (gold standard suspended) to Oct. 1, 1936 (inclusive)..... £111,961,657 in

GOLD MARKET

Messrs Samuel Montagu and Company write on September 30, 1936:—
The Bank of England gold reserve against notes amounted to £247,600,837 on September 23rd, as compared with £246,843,269 on the previous Wednesday. Purchases of bar gold as announced by the Bank during the week amounted to £1,048,831. During the week in the open market in London, about £4,170,000 of bar gold was disposed of at the daily fixing. On Saturday, September 26th, following the announcement referred to above, dealings in foreign exchanges were suspended, and no gold price was fixed, but on the 28th inst. there was great activity, large amounts of gold being placed on the market. Dealings in dollars had been resumed and with their sharp appreciation in terms of sterling, the price of gold was fixed at 140s. 9d., a rise of 2s. 11½d. over the previous quotation. There was some buying for a special account, and gold was also taken for New York on a very large scale; the fact that on September 29th the price of gold was fixed at a discount on the dollar parity enabled this to be done.

The s.s. "Cathay," which sailed from Bombay on the 26th inst., carries gold to the value of about £338,000 consigned to London.

SILVER MARKET

Prices showed a sharp advance, influenced by the appreciation of the dollar, which followed the decision to devalue the franc. Rises of ½d. on September 26th and ¾d. on September 28th, carried quotations to 20½d. This rather exceeded both the New York and Bombay parities, and there was a small reaction, prices to-day being quoted at 19½d. for both deliveries. The situation caused some buying by speculators, but there was profit-taking at the higher rates, and the Indian Bazaars also bought and sold. Small sales have been made on China account. The outlook is somewhat uncertain pending the adjustment of exchanges, but prices in the near future are likely to be governed mainly by movements of the dollar exchange.

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 fine
			Cash	Two Months	
Sept. 24	137 3	12 4-55	19½	19½	Sept. 23 45
" 25	137 9½	12 3-97	19½	19½	" 24 45
" 26	140 9	12 0-88	20½	20½	" 25 45
" 28	140 7	12 1-03	19½	19½	" 26 45
" 29	140 2	12 1-46	19½	19½	" 28 45
" 30	139 3-70	12 2-37	19-760	19-760	" 29 45
October 1	140 5½	12 1-16	19½	19½	" ..

The highest rate of exchange on New York recorded during the period from the 24th inst. to the 30th inst. was \$5-07, and the lowest \$4-93.

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
RAILWAYS				%	%
San Paulo Railway	12%*	Oct. 22	Nil*	...	...
BANKS					
Bank of England	6%	Oct. 5	Same	...	...
INSURANCE					
British & Foreign Marine Insurance	27/8 ps*	Oct. 1	Same	...	...
Economic Insurance	110%*	Oct. 31	Same	...	...
Union Insurance of Canton	18½%*	Nov. 20	Nil*	...	...
TEA AND RUBBER					
Bahr Selangor Rubber	1d p.s.*	Oct. 14	Nil*	...	...
Balmoral (Ceylon) Estates	4%*	Sept. 30	5%*	...	...
Bernam Perak Rubber	2½%†	Oct. 20	Nil†	5	Nil
Broom's Rubber	1d p.s.*	Oct. 14	Nil*	...	...
Bukit Clob Rubber	2½%*	Sept. 30	Same	...	...
Dimbula Valley (Ceylon) Tea	2½%*	Oct. 30	...	10	7½
K.M.S. (Malay) Rubber	...	Oct. 30	...	4	4
Karnen Rubber	...	Oct. 26	...	3½	2½
Kuala Kubu Rubber	...	Oct. 19	...	3	4
Layang Rubber	...	...	...	7	10
Patani Para Plantations	6%†	Oct. 21	...	11	7
Parit-Bruas Malay Rubber	2½%*	...	Same	...	...
Ragala Tea	2½%*	...	...	7½	5
Tebrau Rubber	...	...	...	...	...
MINING					
Consolidated African Selection Trust	13/6 p.s.†	Nov. 7	13/3 p.s.	70†	65†
Kamra Tin	24%*	Oct. 21	...	...	...
Martha Gold (Wahl)	11/- ps*	Nov. 3	16d. p.s.*	...	...
Mawchi Mines	22½%*	Nov. 2	20%*	...	...
Southern Kinta Consolidated	4%*	Oct. 29	...	...	...
OTHER COMPANIES					
Anglo-Greek Magnesite	2½%*	Oct. 1	Same	...	...
Argus Press	4%*	...	Same	...	...
Ashby's Staines Brewery	20%*	...	...	(c)	20
Associated Fisheries (Def.)	3½%*	Sept. 30	Same	...	...
Ault and Wiborg	3½%*	Oct. 31	Same	...	...
Blake and Richards Estate	3%†	Oct. 9	Same	5	5
Bradleys (Chepstow Place)	5%*	...	Nil*	...	...
Bradleys (Chepstow Place)	2½%*	Sept. 30	Same	...	...
British Xylonite	...	Oct. 7	...	5	5
Bucknall (Henry) and Sons	5%*	Nov. 6	3½%*	...	...
Burmah Oil	3%*	Nov. 2	3½%*	...	...
Calcutta Tramways	3%*	Oct. 1	Same	...	...
Canadian Cottons (Com.)	1½ p.s.	Oct. 15	...	...	...
Caribonum Trust	12%*	...	Nil*	...	...
Churchill Machine Tool	3%*	Oct. 6	Nil*	...	...
Clayton Dewandre	7½%†	...	...	15	12½
Easterns, Ltd.	...	...	...	10	12½
Eastwoods Lewes Cement	...	...	Same	...	...
Electrical and Musical Industries	2½%*	...	Same	8	8
Evans and Owen	4%†	...	Same	...	...
Fillerys Toffees	1½%*	Oct. 15	Nil*	...	...
Firth (Thos.) and Brown (John)	5%*	...	Nil*	...	...
Ford (Louis G.)	2½%*	...	Same	...	...
Fullers	2½%*	Oct. 15	Same	10	10
Godfrey Phillips	28c. ps*	Oct. 1	Same	...	...
Goldsworthy (Thos.) and Sons	5%*	Nov. 1	Same	6	Nil
Inter-State Royalty Corporation A	...	...	4%*	7	7
Lawsons	4%†	...	Same	15	12½
Leach's Argentine Estates	12½%†	Oct. 31	10%†	25	20
Lewis (John) and Company	7½%†	Oct. 16	10%†	...	...
London United Laundries	15%†	Oct. 15	Same	...	...
Lucas (Joseph)	4%*	Oct. 1	Same	...	...
Marston Valley Brick	...	...	...	...	...
Murex	...	...	...	...	...
Northern General Transport	...	...	...	...	...
Ogilvie Flour Mills (Com.)	\$ 2 p.s.	Oct. 1	Same	...	...
Paripari	5%*	Oct. 8	Nil*	...	...
Philadelphia Co. (Com.)	15c. p.s.†	Oct. 26	10%†	30	15
Prices Trust	22½%†	Sept. 29	...	...	...
Ragusa Asphalte	5%*	Oct. 1	Same	...	...
Salisbury Electric	4%*	...	...	...	...
Second Inter-State Royalty Corporation A				...	...
Smith's Potato Crisps	16c. ps*	Oct. 1	Same	...	...
Sneyd Collieries	(s) 7½%*	...	10%†	15	12½
Southbrook Potteries	12½%†	Oct. 29	...	10	10
S.S. Cars	...	Oct. 31	Same	...	...
St. Anne-on-Sea Land	4%*	...	...	3½	5
Ste Madeleine Sugar	...	...	...	...	...
Stewarts and Lloyds 6% 1st Pref.	6%	Oct. 31	Same	...	...
Do. 2nd Pref.	10%	Oct. 31	Same	...	...
Do. 3rd Pref.	5%	Oct. 31	Same	7½	Nil
Stothert and Pitt	...	...	...	...	...
Sussex Brick (8% Cum. Pref. Ord.)	4%	Oct. 30	...	7½	8
Thomas Smith's Stamping	...	...	2½%*	...	...
United Cattle Products	4%*	...	...	...	...
United Fruit	75c. ps*	Oct. 15	Same	...	...
United Kingdom Gas	2%*	Oct. 15	...	...	...
United States and South American Investment Trust	2½%*	Oct. 5	Same	...	...
Wests and Moultons	6½%*	Oct. 15	Same	...	...

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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 per ton, compared with £18 a week ago.

Sales of spelter on the London Metal Exchange: 425 tons on Monday against 1,250 tons last week; 800 tons on Tuesday, against 2,100 tons last week; 500 tons on Wednesday, against 1,450 tons last week. Wednesday's quotation in East St. Louis was 4.85 cents per lb., against 4.85 cents the week before and 4.85 cents a month earlier. Wednesday's official closing quotation in London for "good ordinary brands" for shipment during the current month was £13 13s. 9d. per ton, against £13 17s. 6d. last week.

TIN.—Despite the devaluation of the guilder, which is likely to make the Dutch less anxious to secure the highest possible price for their tin, quotations for the metal rose sharply during the past week. The resumption of American buying, the occurrence of some "short" covering, and the hope of an early agreement with Siam, were the factors mainly responsible for this week's rise. Discussions among the restricting countries concerning the future of the tin scheme have taken place this week, and the date of the next meeting of the International Tin Committee is expected to be announced almost immediately.

According to Messrs A. Strauss and Company, the visible supply declined during September by 929 to 15,094 tons, due mainly to the small near supplies which, at 7,571 tons, were 2,759 tons lower than a month ago. Deliveries, on the other hand, rose from 8,870 to 9,379 tons. Despite these favourable statistics, the London cash price fell by £1 5s. per ton on Thursday, owing to profit-taking sales by holders who had bought the metal below £190 per ton.

Sales of tin on the London Metal Exchange: 550 tons on Monday, against 300 tons last week; 600 tons on Tuesday, against 225 tons last week; 100 tons on Wednesday, against 500 tons last week. The New York quotation on Wednesday was 46.00 cents per lb., against 44.95 cents a week ago and 42.87 cents a month ago. Wednesday's official closing quotation in London for standard cash was £203 10s. to £204 per ton, compared with £192 5s. to £192 15s. a week ago. Stocks of tin in London and Liverpool at the end of last week totalled 669 tons, an increase of 38 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 £13 5s. to £13 5s. 8d. per flask of 76 lbs., as against £12 18s. 6d. to £12 19s. per flask last week. Chinese antimony was quoted at £56 per ton ex warehouse, as against £54 per ton last week. Chinese wolfram for "October-November" shipment was quoted at 28s. 6d. to 29s. 6d. per unit c.i.f., against 28s. 6d. to 29s. 6d. for "September-October" shipment a week ago. Refined platinum was quoted at £13 per ounce, as against £14 last week.

TEXTILES

COTTON.—Manchester.—The cotton industry has not been unduly affected by international currency developments. The general opinion is that the devaluation will be followed by a slight increase in world wholesale prices, which should improve the purchasing power of the agricultural community. Traders hope that there will be a freer flow of international trade as a result of the agreement between Britain, France and the United States. The cotton markets took the devaluation news very calmly. Operators are awaiting final action on the franc and the establishment of parties between international markets. With regard to the American crop there has been some damage in Texas by the heavy rains. Sentiment is now a little more bullish, but should any advance occur in prices, increased hedge selling is expected and this will prevent any marked upward movement.

Continental currency developments temporarily disturbed the Manchester cloth market, but spinners and manufacturers have been firm in quotation; in some quarters there has been rather more inquiry for yarn and cloth. Many leading shippers and merchants, however, have been content to mark time. Fair transactions have been recorded for India, with large contracts for Colombo and Rangoon. Scattered sales have been mentioned for Egypt and the Near East. A moderate business has been done for South America. Continental trade has been difficult to arrange. More promising reports have been received from the home trade section and freer buying has taken place in a wide range of fancy styles and specialities. American yarn quotations have been fairly steady, but some spinners are now feeling the absence of fresh contracts and latterly there has been a tendency for prices to be irregular, especially in the medium spinning section. Egyptian yarns have been in quiet request. Low prices have been accepted by weak sellers.

COTTON PRICES

	1936				Corresponding Date	
	Sept. 9	Sept. 16	Sept. 23	Sept. 30	1934	1935
Raw Cotton—Mid. American..... per lb.	7.02	6.96	6.83	6.96	6.90	6.41
Sakellaridis Fully Good Fair						
Egyptian	10.82	10.28	10.15	10.33	8.14	8.58
Yarns—32's twist	11	11	10½	11	10½	10
" 40's twist	11	11	10½	11	10½	10½
" 60's twist (Egyptian)	16½	16½	16½	16½	16½	16
32-in. Printers, 116 yds., 16 by 16, 32's and 50's	18 1½	18 1½	18 1½	18 1½	19 4	17 1½
36-in. Shirtings, 75 yds., 19 by 19, 32's and 40's	25 3	25 4	25 3	25 4	24 4	24 1½
38-in. ditto, 38 yds., 18 by 18, 10 lb.	10 3	10 3	10 2	10 3	11 2	10 2½
39-in. ditto, 37½ yds., 16 by 15, 8½ lb.	9 2	9 2	9 1	9 2	10 1	9 1½

COTTON WAGES.—The growing restlessness of the operatives in the spinning section of the Lancashire cotton industry regarding wages is indicated by the decision of the Cardroom Workers' Amalgamation,

representing 70,000 operatives, to hold a special meeting in Manchester on Thursday to discuss the whole position and consider the question of taking a ballot of all their members on strike action in order to enforce their demand for higher wages. The original application for an advance of approximately 1s. 8d. in the £ was rejected by the Master Cotton Spinners' Federation, as was also a similar claim made on behalf of the Operative Spinners' Amalgamation. The Skipton strike on the question of non-union labour remains localised and there are no fears that the trouble will spread. Meanwhile the application of the operatives in the manufacturing section, representing 100,000 workers, is being held up by the Skipton dispute. The Conciliation Board will not meet until that strike is ended.

WOOL.—Bradford.—The fifth series of London sales, concluded last week-end can be regarded as satisfactory, both as regards merino and crossbred wool. The auctions finished with prices for all descriptions at the highest point; crossbreds have greatly improved their position with a much larger inquiry and consumption than in the past three or four years. The home trade is credited with purchasing 51,500 bales, the Continent 29,000 bales, and America 4,000 bales. The carry-over is 33,500 bales.

The attention of the trade has naturally been directed to the currency changes on the Continent. The home trade has received the news with equanimity, and so far steadiness has characterised all markets. Whatever stocks of wool France and other countries possessed at the time of devaluation will naturally leave them with considerably increased profits. However, it is the export trade in partly and fully manufactured textiles which is of paramount importance to this district. If it means a bigger market for French spun yarns and dress goods it cannot but be a good thing, but many fear that the increase in business will mean a corresponding reduction in the exports of this country. However, wool prices are steady and firm.

GRAIN MARKETS

WHEAT.—The markets have been unsettled by the currency developments of the past week, and price movements have been rather irregular. Although closing on Wednesday below the week's best, quotations in this country are rather higher on the week; on the other hand, American rates have suffered a reaction. Meanwhile reports of disappointing wheat yields on the Continent continue to be received.

On Wednesday last, "December" futures were quoted in Chicago at 112½ cents per bushel, against 115½ cents the week before and 107½ cents a month ago. Quotations in London, Wednesday: No. 1 Northern Manitoba, ex ship, 42s. 9d. per 496 lbs., against 42s. 3d. a week ago; No. 2 Northern Manitoba, ex ship, 42s. 3d., against 41s. 9d. a week ago. According to the *Corn Trade News*, total shipments of wheat and flour last week totalled 1,361,000 quarters, against 1,528,000 in the previous week and 1,022,000 quarters in the corresponding week a year ago.

FLOUR.—Although business in imported flour has been rather quiet, prices show a further rise. Wednesday's London quotations (excluding quota payments) were: Straight run, delivered Home Counties, 36s. per 280 lbs., against 35s. a week ago; delivered Inner London, 35s. 6d., as compared with 34s. 6d. a week ago. Manitoba patents, ex store, 33s. to 34s. 6d., against 32s. to 33s. 6d. a week ago. Australian, ex store, 29s. against 29s. to 29s. 6d. a week ago.

BARLEY.—The market in imported feeding descriptions remains very firm. The British crop has suffered as a result of the unseasonable weather, and disappointment is expressed as to the quality of the new samples now on the market. "October" futures were quoted at 60½ cents per bushel in Winnipeg on Wednesday, against 65 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, 46s. 6d. to 58s., against 45s. to 56s. last week; Chilean, brewing, ex ship, 35s. 6d. to 39s., against 34s. to 38s. a week ago.

OATS.—On Wednesday, "December" futures were quoted at 41½ cents a bushel in Chicago, against 42½ cents a week ago and 40½ cents last month. Quotations in London, Wednesday: "English Black" (new), at farm, 19s. to 20s. per 336 lbs., against 19s. to 20s. a week ago; "English White" (new), at farm, 19s. to 20s., against 19s. to 20s. a week earlier; mixed Canadian feed (Vancouver), landed, 21s. per 320 lbs., compared with 20s. 6d. last week.

MAIZE.—Prices are a shade easier, mainly in consequence of large shipments from Argentina, which have caused dealers to exercise caution. "December" futures were quoted on Wednesday at 93½ cents per bushel in Chicago, against 94½ cents a week ago and 91½ cents last month. Quotations in London, Wednesday: "Plate," landed, 25s. per 480 lbs., compared with 25s. 3d. a week ago; "Plate," ex ship, 24s., as against 24s. 3d. a week ago; "Plate," "September," 23s. 6d., as against 23s. 9d. a week ago; yellow maize meal, ex wharf, was quoted at £8 8s. 9d. to £6 12s. 6d. per ton, as against £6 10s. to £6 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 26	434,992	648,646	467,232	309,972
4 weeks to September 26	1,549,238	2,254,066	1,912,833	1,058,940
Average price of English wheat per cwt.	s. d. 4 10	s. d. 5 2	s. d. 5 4	s. d. 7 7

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 24, 1932 ...	Cwts. 188,043	Cwts. 188,535	Cwts. 53,055	s. d. 5 8	s. d. 8 9	s. d. 6 6
September 23, 1933 ...	434,992	482,967	55,335	4 10	10 11	5 4
September 29, 1934 ...	648,646	354,189	72,248	5 2	9 10	6 8
September 28, 1935 ...	467,232	472,190	74,179	5 4	9 9	6 3
September 19, 1936 ...	238,903	352,749	39,978	7 4	10 4	6 7
September 26, 1936 ...	309,972	338,738	56,314	7 7	10 3	6 8

AMERICAN WHEAT MARKETS.—The following table shows wheat quotations for selected weeks in 1934-36:—

NEAREST FUTURES	Jan. 3, 1934	Jan. 2, 1935	Oct. 2, 1935	Dec. 31, 1935	Sept. 23, 1936	Sept. 30, 1936
Winnipeg (No. 1, Manitoba) —Cents per 60 lb.	65½	82½	96½	84½	109½	106½
Chicago (No. 2 Winter) —Cents per 60 lb.	84½	98½	107	75½	116½	112½

The visible supply of wheat in Canada amounts to 83,660,000 bushels, against 80,131,000 bushels last week, and 135,413,000 bushels in the corresponding week last year.

OTHER FOODS

BACON.—English has been in rather slow demand this week, at irregular prices, but Danish has been firm on short supplies. The official quotations (per cwt. for No. 1 Sizable) which formed the basis for dealings on the London Provision Exchange this week were: English, 88s. to 94s.; Canadian, 87s.; Danish, 100s., as against 92s. to 97s., 87s. and 100s. last week. Arrivals in London last week included Danish, 12,264 bales; Canadian, 4,457; Dutch, 2,119; Lithuanian, 1,908; and Polish, 1,952, as against 11,717, 4,487, 2,228, 1,755 and 2,800 bales, respectively, in the previous week.

BUTTER.—Following last week's reaction, the market has had a firm tone, with quotations showing a rising trend. Quotations (per cwt.) on the London Provision Exchange on Wednesday were: New Zealand, finest salted, 106s.; Australian, choicest salted, 106s.; Danish, 125s., compared with 98s., 98s. and 122s., respectively, a week ago.

CHEESE.—The market has been firm for New Zealand, with other descriptions showing little alteration. Quotations (per cwt.) on the London Provision Exchange on Wednesday were as follows: English, finest farmers, 78s. to 80s.; Canadian, finest coloured, 67s. to 71s.; and New Zealand, finest coloured, 67s. to 68s., against 78s. to 80s., 69s. to 70s., and 65s. to 66s. 6d. respectively, a week ago.

COCOA.—The steady rise in the price of cocoa was continued 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. 6d. per 250 kilos, c.i.f. Continent, against 33s. 3d. a week ago. Last week's movements of cocoa in London were as follows: Landed, 17,232 bags; delivered, for home consumption, 4,799 bags; exported, 115 bags; stocks, 171,997 bags, against 136,408 bags a year ago.

COFFEE.—The London market has had a quiet tone, while in New York prices have been barely steady. 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 8 cents per lb. a month ago. Movements of coffee in London last week were as follows: Brazilian, landed, 1 cwt.; delivered, for home consumption, 180 cwt.; exports, nil; stocks, 9,852 cwt., against 13,523 a year ago. Central and South American, landed, 176 cwt.; delivered, for home consumption, 1,554 cwt.; exported, 790 cwt.; stocks, 79,185 cwt., against 119,568 last year. Other kinds: landed, 335 cwt.; delivered, for home consumption, 3,563 cwt.; exported, 1,586 cwt.; stocks, 115,337 cwt., against 136,769 last year.

EGGS.—With fairly heavy arrivals and an active demand, the market has been steady this week. At Smithfield on Wednesday, English (ordinary packing, Grade 1, 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 13s. 3d. to 13s. 9d. last week.

FRUIT.—Business at Covent Garden continues steady, states *The Fruitgrower*, and prices for the regular seasonal lines are generally satisfactory. Supplies of cooking apples remain excessive and prices are consequently rather low. Pears are in good supply from home sources and prices, though moderate, are steady. The rush of plums is over, but fair quantities are still arriving; prices are steadier. Hothouse grapes encounter a better inquiry at firm rates for best quality. Peaches are short and dear, but Spanish melons have declined in price. A good showing of blackberries sells at easier prices; cobnuts are in plentiful supply and are steady in price. French walnuts are now more prominent, while the season for Italian chestnuts has begun. Oranges are doing well, lemons have eased on heavier arrivals, and grape fruit are a dull trade.

MEAT.—Business at Smithfield market was moderate this week, with prices showing little alteration. On Wednesday last, Argentine chilled hindquarters were quoted at 3s. 10d. to 4s. 4d. per 8 lbs., as compared with 4s. to 4s. 4d. a week ago. New Zealand frozen mutton was 3s. 2d. 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 8,811 tons, a decrease of 140 tons on the corresponding week last year. Beef and veal accounted for 4,601 tons, mutton and lamb 2,294 tons, and pork and bacon 1,074 tons, as compared with 4,498, 2,510, and 1,221 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, 5 tons; stocks, 1,777 tons, against 1,572 tons a year ago. White, landed, 5 tons; delivered, 23 tons; stocks, 12,023 tons, against 16,657 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. "October-November" in singles to Continent and U.K., was quoted at 8s. 1½d. per cwt., against 8s. 1½d. for "September-October" last week. Movements in London during the past week were as follows: Landed, 140 tons; delivered, 670 tons; stocks, 1,337 tons, against 8,562 tons a year ago.

SUGAR.—The London market has had a steadier tone, with prices, higher on the week. The New York spot market shows little alteration. The spot price in New York on Wednesday was 3.40 cents per lb., as compared with 3.40 cents per lb. last week and 3.70 cents per lb. a month ago. Wednesday's sales of raw sugar in London included December ago. Wednesday's sales, against 4s. 1½d. to 4s. 1½d. a week ago. The delivery at from 4s. 4d., against 4s. 1½d. to 4s. 1½d. a week ago. Movements of raw sugar at public warehouses in London and Liverpool last week were as follows: Imports, 17,743 tons, against 17,712 tons last week and 21,653 tons in the same week of last year; deliveries, 17,805

tons, against 19,446 tons last week and 14,279 tons last year; stocks 105,121 tons, against 105,183 tons last week and 157,936 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. 26, 1935	d. 16.42	d. 12.37	d. 15.48	d. 11.27	d. 9.90	d. 11.45	d. 15.18
Aug. 20, 1936	14.04	11.90	13.03	10.47	9.84	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	11.76	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
Sept. 24, "	13.86	12.04	13.29	10.75	9.95	11.46	13.29

The quantities catalogued for the public auctions in Mincing Lane this week comprised 50,744 packages of Indian and 24,050 packages of Ceylon tea. Demand for Indian grades was fairly active and quotations were about steady. The lower priced Ceylon grades showed little change, but teas above 1s. 0½d. per lb. were irregular and in some cases easier.

VEGETABLES.—According to *The Fruitgrower's* Covent Garden report, tomatoes are improving and quotations are steadier. Cucumbers are also doing better, at hardening prices. Cabbage, savoy and cauliflowers are in abundant supply and sell at cheap rates; only the best samples of runner beans are saleable. Brussels sprouts have encountered a better demand, but carrots remain at a low figure. Cultivated mushrooms remain short and dear, while turnips have risen in price. Supplies of potatoes at London markets remain on a liberal scale and, although demand has been rather quiet, prices show some improvement. The continuance of the colder weather should cause some further hardening of rates in the near future. Best siltland King Edward made from 6s. 6d. to 7s. 7d. per cwt. at the Borough on Tuesday, against 6s. to 7s. a week earlier.

MISCELLANEOUS COMMODITIES

VEGETABLE OILS AND OILSEEDS.—Very quiet conditions prevail, and there is little disposition to do business in consequence of the unsettled exchange situation. Linseed oil, which has been on the down grade for some weeks, has thus further declined to almost the lowest figure touched this year, notwithstanding the relatively strong position of seed. Raw oil, ex Hull, for October-December delivery, is now quoted at £24 7s. 6d., as is January-April. Owing to the poor demand for oil and cake crushers are withholding purchases until the position clears. The quantity of linseed afloat for Europe has been further reduced to 108,700 tons. Fairly large shipments are being made to the United States, the quantity afloat now being 57,800 tons, against 25,800 tons a year ago. British India is expected to export rather more than recently stated, which, with 260,000 tons still available for export from Argentina, brings the total up to 330,000 tons, against 490,000 actually shipped in the remainder of last year. Reports concerning the growing crop in Argentina continue to be favourable and exert a steadying influence. After a sharp set-back, cottonseed has rallied, and new crop black Egyptian afloat for Hull is now quoted at £7 5s. with later shipments, at a progressive discount. Cotton oil is a very poor market, and Egyptian crude ex Hull has further declined to £26 10s., and common edible to £29 10s. spot, while business has been done at £24 10s. for January-April delivery.

FURS.—On Thursday of last week (September 24th) a sale of South-West African "Persian lambs" was held in London. Competition was good and no less than 95 per cent. of the offerings were cleared. Although the undertone of the market was very strong, prices were unchanged compared with the spring sales. On Monday a three-day series of silver fox sales opened in London; some 30,000 skins were on offer. The supply consisted almost entirely of skins held over from last season, and the quality was generally rather inferior. Apart from the question of quality, the devaluation of the franc was also an adverse factor. French buyers—normally the largest purchasers of silver foxes—were present, but refrained from bidding in view of the uncertainty regarding the future course of the exchanges. Consequently, only between 30 and 40 per cent. of the furs were cleared, and at prices 10 per cent. below those realised

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in the summer. Despite this fact, it is generally believed in market circles that the past week's currency developments will, in the long run, have a beneficial effect upon the fur business. Keen buying is expected when the London series of general fur auctions opens about the middle of October.

RUBBER.—After appreciable fluctuations, the London market closed on Wednesday showing a rise of $\frac{1}{4}$ d. per lb. on the week. Fears of increased competition and underselling by the Dutch, in consequence of the devaluation of the guilder, were mainly responsible for the early reaction; but these fears were subsequently seen to be groundless. The output is controlled by the restriction scheme, and, moreover, the question of native exports has been dealt with by raising the export tax by 10 cents per kilo. Uncertainty regarding the future course of the exchanges has caused Continental buyers to hold off the market. On the other hand,

the decline in sterling vis-à-vis the dollar has produced a considerable volume of American buying on the London market. Meanwhile, the International Committee met in London on Tuesday, but decided to make no change in the quotas for the time being. The next regular monthly meeting of the Committee is to be held on October 27th.

The spot price in New York on Wednesday was 16 $\frac{1}{2}$ cents per lb., compared with 16 $\frac{1}{2}$ cents per lb. a week ago and 16 $\frac{1}{2}$ cents a month ago. Wednesday's official buyers' price for standard ribbed smoked sheet on the spot in London was 7 $\frac{1}{2}$ d. per lb., as against 7 $\frac{1}{2}$ d. on the corresponding day last week. In forward positions, business has been done at 7 $\frac{1}{2}$ d. to 7 $\frac{1}{4}$ d. for "November" shipment, as against 7 $\frac{1}{4}$ d. a week ago. Stocks in London and Liverpool at the end of last week totalled 103,784 tons, against 104,327 tons a week earlier. A year ago stocks amounted to 176,958 tons.

WHOLESALE COMMODITY PRICES

UNITED KINGDOM

LONDON, September 30th				The prices in the following are revised with the assistance of an eminent firm in each department			
CEREALS AND MEAT				WHEAT—			
GRAIN, Etc.—				English King Edward			
Wheat—				per cwt.			
No. 2, N. Man. 496 lb.				s. d. s. d.			
Eng. Gaz. av., per cwt.				6 6 7 6			
Barley, Eng. Gaz. av. ...				0 2 2 2			
Oats, ...				0 4 4 4			
Maize, La Plata, landed				0 8 8 8			
480 lb. ...				25 0			
Flour, Lon. stan. ex mill,				34 3			
280 lb. ...				1 1 1 1			
Rice, No. 2 Burma, per cwt.				8 6 8 6			
MEAT—				0 11 0 11			
Beef, per 8 lbs.—				3 8 4 6			
English long sides ...				3 10 4 4			
Argentine chilled hinds				6 0 7 4			
Mutton, per 8 lbs.—				3 2 3 0			
English wethers ...				4 6 5 2			
N.Z. frozen ...				5 10 6 4			
Lamb, per 8 lbs.—				5 10 6 4			
Pork, English, per 8 lbs.—				5 10 6 4			
OTHER FOODS				5 10 6 4			
BACON—				5 10 6 4			
English, per cwt. ...				88 0 94 0			
Irish ...				88 0 96 0			
Danish ...				100 0			
Dutch ...				94 0			
HAMS—				92 0 94 0			
Canadian ...				96 0 88 0			
United States ...				92 0 88 0			
BUTTER—				108 0			
Australian ...				108 0			
New Zealand ...				125 0			
Danish ...				67 0 71 0			
CHEESE—				67 0 68 0			
Canadian, per cwt. ...				78 0 80 0			
New Zealand ...				48 0 56 0			
English Cheddar ...				34 6 34 9			
Trinidad ...				50 0 64 0			
Grapes ...				59 0 64 0			
COFFEE—				41 0			
Duty British grown				48 0 58 0			
4/8; foreign, 14/- cwt.				56 0 78 0			
Santos, per cwt. ...				50 0 68 0			
Colombian, good ...				50 0 68 0			
Costa Rica, med. to good				15 9 16 3			
East Indian ...				13 3 13 9			
Kenya, medium ...				13 3 13 9			
EGGS—				13 3 13 9			
English, per 120 ...				13 3 13 9			
Danish ...				13 3 13 9			
FRUIT—Oranges—				13 3 13 9			
South African ... boxes				13 3 13 9			
Brazilian ... boxes				13 3 13 9			
Lemons, Malaga ... boxes				13 3 13 9			
Lemons, Sicilian ... boxes				13 3 13 9			
Apples: Amer. (var.) bris.				13 3 13 9			
" (var.) boxes				13 3 13 9			
" Australian ...				13 3 13 9			
ONIONS—				13 3 13 9			
Valencia, case ...				13 3 13 9			
Egyptian, bags ...				13 3 13 9			
Grapes, Algeria, barrels				13 3 13 9			
Grapes, S. African ...				13 3 13 9			
Grapes, Amer. ...				13 3 13 9			
LARD—				13 3 13 9			
Irish bladders ...				13 3 13 9			
U.S. ...				13 3 13 9			

† 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)

Oct. 2, 1935				Sept. 2, 1936				Sept. 23, 1936				Sept. 30, 1936			
Cents				Cents				Cents				Cents			
Wheat, No. 2, Winter, nearest				108 $\frac{1}{2}$ (b)				108 $\frac{1}{2}$ (c)				112 $\frac{1}{2}$ (b)			
future, Chicago, per bushel				61 $\frac{1}{2}$ (b)				104 $\frac{1}{2}$ (c)				93 $\frac{1}{2}$ (b)			
Maize, nearest future, Chicago,				29 $\frac{1}{2}$ (b)				39 $\frac{1}{2}$ (c)				41 $\frac{1}{2}$ (b)			
per bushel				54 $\frac{1}{2}$ (b)				80 $\frac{1}{2}$ (c)				80 $\frac{1}{2}$ (b)			
Oats, nearest future, Chicago,				45(b)				75(c)				79(b)			
per bushel				6 $\frac{1}{2}$				8 $\frac{1}{2}$				9 $\frac{1}{2}$			
Rye, nearest future, Chicago,				8 $\frac{1}{2}$				9 $\frac{1}{2}$				9 $\frac{1}{2}$			
per bushel				477				673				700			
Barley, nearest future, Chicago,				477				673				700			
per bushel				477				673				700			
Coffee, Rio No. 7, cash, per lb.				477				673				700			
" Santos No. 4, cash, per lb.				477				673				700			
Cocoa, Accra, nearest future,				477				673				700			
per lb.				477				673				700			

(b) December futures.

(c) September futures.

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ensure the application of a concordant policy designed to re-establish a durable equilibrium between the economies of various countries and to lay more solid foundations for the stability of economic relations." But the limpid clarity, the unambiguous precision, of this resolution cannot hide the fact that, in the British Government's eyes, all the action is to come from others and none from themselves.

It is evident that the British Government are labouring under a very strange delusion about the world's opinion of their commercial policy. To themselves, all doubtless seems perfect. Mr Chamberlain, for example, can speak of "the system of very moderate protection" which he has set up. Now, it is true that the rates of duty levied on imports into the United Kingdom are not, on the average, very high. But the destructive nature of a tariff cannot be measured merely by the height of its imposts. A 1 per cent. duty placed upon imports into incomparably the largest international market in the world does much more damage to international trade than a total prohibition of imports into, say, Guatemala or Albania. Moreover, the circumstances in which the British tariff was imposed must be borne in mind. Mr Morrison now argues that with the "alignment" of a currency the reason for special protective measures disappears. But is it conceivable, his hearers must have asked themselves, that this British statesman, who is so conscious of his own country's unfailing rectitude, can have forgotten that when the pound fell, his own Government seized the opportunity—not to reduce duties, but to impose a brand-new general tariff?

There are some other aspects of British commercial policy which are not forgotten in foreign countries. There is, for example, the incident of Ottawa, when what are, save for a technicality, independent States safeguarded their own mutual trade by penalising the commerce of others. At Ottawa tariffs were raised, and there was no thought of most-favoured nations. But when at Ouchy an attempt was made by Belgium and Holland to lower tariffs, Great Britain took the lead in standing firm upon the letter of the most-favoured-nation clause. Mr Morrison now talks of "bilateral negotiations on the basis of the most-favoured-nation clause." But have the British Government paid much attention in their own bilateral negotiations to the spirit of the most-favoured-nation clause? Are not the currency clauses of the Roca-Runciman Agreement, the coal provisions of the Scandinavian Agreements, obvious attempts to evade the whole meaning of the clause? The plain truth is that the British Government are still in the frame of mind in which Mr Chamberlain at the World Economic Conference in 1933 produced his famous distinction between "good" (i.e. British) and "bad" (i.e. all other) quotas.

If there is to be any lasting improvement in international trade it is essential that this mentality should be changed. There is a matchless opportunity now, with prosperity at home and a willingness to consider relaxation of restrictions abroad, to make a real advance towards the ideal of freer trade, which is so frequently on the lips of Cabinet Ministers. The opportunity will be short-lived, and it may not recur.

There is no difficulty whatever in finding practical ways of giving effect to a policy of tariff reductions, if only the will is there. What is important, for a first step, is that it shall be taken collectively by as many nations as possible, rather than that its dimensions shall be large. The simplest and quickest method would be for the British Government to propose to every nation in the world that every tariff should be lowered and every quota expanded by, say, one-twentieth of its present amount, the agreement to come into force when accepted by nations doing, say, one-third of all the world's trade. This would at least be a beginning, and it should lead up to the negotiation of a more far-reaching Low-Tariff Club. The most-favoured-nation clause need not stand in the way of reciprocal tariff reductions; for there is already a very substantial body of agreement between the nations that multilateral treaties which do lower some duties without raising others are a legitimate exception to the universal most-favoured-nation clause.

In any case, the ingenuity that has been applied to the increase of tariff barriers can easily find methods of reducing them, if once the Governments say the word. As the leader of the rapidly growing sterling group, the British Government must not fail those who are looking to them for a lead.

PARTIES AND DEFENCE

THE prospect of international troubles normally favours the Right in a modern democracy; and the prospect of peace normally favours the Left. Not unnaturally, therefore, in the two Party conferences of the last ten days, in which an almost universal acceptance of the possibility of war was alarmingly apparent, the dominant note among the Conservatives was resignation and complacency and among the Labour delegates confusion and perplexity. Meanwhile the mind of the average citizen is probably about equally compounded of resignation on the one hand and confusion on the other.

The former sentiment was most completely expressed in the speech of Sir Samuel Hoare at the Conservative Conference. In that oration there was not so much as an echo of the Sir Samuel Hoare of September, 1935, who saw peace as an objective and believed in the efficacy of steady and collective resistance to all acts of unprovoked aggression. To the evident satisfaction of the Conference, Sir Samuel virtually ignored foreign policy—not, perhaps, his business; but then why did not Mr Eden speak?—and confined himself to a justification of re-armament. Such a justification is, of course, easy enough, if all objectives are forgotten and all consequences ignored. And Sir Samuel, in his efforts to arouse the martial ardour of the delegates, fell into the easy error of over-simplifying the issue. He spoke of the "need of a greatly strengthened British Empire as a stabilising force on the side of peace." Such a statement may in certain circumstances be the truth; but it becomes hypocritical if it is allied to a determination to base British re-armament on some imaginary standard of absolute needs and not on collective obligations. And this was what Sir Samuel Hoare did. "Much of the programme is absolute not relative. . . . The communications of a great Oceanic Empire must be secured, whatever may or may not happen in other countries of the world."

Similarly, Mr Chamberlain, in his speech to the Conference, painted a most remarkable picture of the last twenty years. Great Britain, he indicated, had disarmed alone in a world of militant nations; we had waited in vain for others to follow our example; they had not done so, but rather had proceeded (quite uninfluenced by British policy) to re-arm more heavily; and, finally "the League" (again unaffected apparently by British action) had "given us some bitter experiences" in the last year. Later in the debate the reviving disposition of the Conservatives to think of colonial and foreign, as well as defence, policy in terms of national advantage, was again illustrated by Sir Henry Page-Croft's observation, on the delicate question of the Mandated Territories, that "what we have we intend to hold."

In reality the crux of the matter is not re-armament at all but foreign policy. The question is not whether we are to have 5,000 aeroplanes or 20,000 aeroplanes, but whether we are to have unlimited competition or collective limitation, whether the arms are to be used in defence of a principle or merely to make more deadly the final unprincipled scramble for national advantage. The blurring of this distinction was as apparent at the Labour as at the Conservative Conference. Evidently the Executive of the Party, and, in particular, to judge from the speeches, Dr. Hugh Dalton, wished to relieve the Parliamentary Party of the embarrassing necessity to vote against—or refrain from voting for—the Service estimates. Such a vote, he implied, must necessarily be misunderstood at a time when the Labour Party were calling on the Government to use force, if need be, in support of democracy and international law against the aggression of the Fascist Powers. A resolution was consequently submitted to the Conference by the Executive declaring that "the armed strength of the countries loyal to the League of Nations must be conditioned by the armed strength of the potential aggressors." The resolution, quite logically, then affirmed that "realising the relationship between foreign policy and armaments, and having regard to the deplorable record of the Government, the Labour Party declines to accept responsibility for a purely competitive policy."

The difficulty for the Labour delegates was consequently to decide whether or not the present Government could be

regarded as in fact "loyal to the League of Nations" or whether it was pursuing "a purely competitive policy." The Conference was agreed that a competitive policy should not be followed and that defence estimates proposed by any Government pursuing such a policy ought to be unhesitatingly opposed. But there was much less agreement whether the present Government could or could not be trusted to defend collective principles. Dr. Dalton, though he attacked the Cabinet in more unmeasured terms than any other speaker, seemed to believe that it conceivably might defend those principles—though more, he evidently thought, from necessity than from conviction. Mr Herbert Morrison, who has done much in recent months to belie the suggestion that he is moving steadily to the Right, was very much more sceptical:—

The Government's policy (he said) is merely a reproduction of pre-war competition in national armaments. The Labour Party cannot vote for it in the House.

Sir Stafford Cripps, on the other hand, was quite convinced that the Government never had and never would pursue any but a nationalist policy. Finally, Mr Attlee emphasised again the connection between armaments and policy; and the Conference voted the Executive's resolution by a moderate majority. Confused as were the terms of the resolution, it gives the Parliamentary Party the discretion to vote as it thinks fit on the defence estimates; and this seems to be its main practical effect. It was evident, however, that most individual delegates at the Conference were torn between a desire to strengthen the democratic against the Fascist powers and a fear of giving support to a policy of competitive re-armament.

In the debates on Spain the same underlying dilemma was apparent. Illogically on the surface, but really naturally enough, those who were most loth to support re-armament were most anxious to intervene in Spain. Nobody will deny that the issue (which we discuss in a Note on page 55) is an extremely difficult one; and it is not perhaps surprising that the Conference which first voted reluctantly in favour of "non-intervention" subsequently sent two of its leaders to Whitehall to state the case for intervention put before it by two Spanish visitors. Mr Chamberlain, in reply, assured the delegation that the British representatives on the Non-Intervention Committee were fully conscious of the dangers of the situation.

The international cloud, which spread such an atmosphere of perplexity in the Labour Party's debate on foreign affairs, cast its shadow at the Conservative Conference, even over internal policy. There was an alarming tendency for speakers to think of domestic affairs in terms of war preparation. Agriculture must be further protected and extensively stimulated in order to avoid a food shortage in time of war. Health must be improved because recruits were physically unfit. The depressed areas could best be revived by the placing of armament orders. "Once again," said Sir Samuel Hoare, in tones slightly reminiscent of the walrus addressing the oysters, "our suffering fellow citizens in the Depressed Areas will have the chance of honourable work and of sharing in the great national effort."

Mr Chamberlain, it is true, in the long eulogy of the Government's economic achievements which he addressed to the assembled Conservatives, refrained from attributing Great Britain's recovery to the re-armament programme. But this was largely because he was anxious to attribute it wholly to the magical influence of the arrival of the National Government. Doubtless the Government has played an important part in many of the changes that were necessary to the stimulation of recovery. But Mr Chamberlain implicitly ascribed the whole industrial advance of the last four years to the election and re-election of himself and colleagues. He said not a word about the influence in restoring business confidence in Great Britain of the departure from gold, of the emergence of cheap money and cheap food, or of the movement of world cyclical forces. "Confidence," he said, "is the mainspring of recovery; and I claim that we have created it." The implication was that as long as the present Government remained in power, the downward swing of the trade cycle could never occur. Indeed, some passages in Mr Chamberlain's panegyric recalled the paeans of self-congratulation that used to be sung by Mr Hoover in 1928.



7, CHANCERY LANE, LONDON

What, it may be asked, will be the response of the plain man to the political clatter of the week? On the issue of British recovery, he would probably give the Government the benefit of the doubt, though he would also be sympathetic to the Labour Conference's desire for further extension of the social services, as well as to their rejection of Communist affiliation. He is probably not opposed to re-armament. But he would be no more likely to fight for Sir Henry Page Croft's slogan of "What we have, we hold" than for the Labour Left Wing's policy of giving armed support to none but Socialist or Communist Governments. A year ago the plain man was prepared to fight for the principle of collective justice and collective defence. But the failure of the Government's Abyssinian policy has left him perplexed. If, therefore, anything like national unanimity on defence and foreign policy is to be restored, if the Government's protestations are to be justified, and if the Labour Party's conversion to conditional support for re-armament is to prove anything but a myopic mistake, the objectives of the "national effort" demanded by Sir Samuel Hoare must be made plain, and those objectives must be something more than a mere pursuit of national advantage. The attempt to rebuild international order out of chaos is no doubt discouraging and laborious. It may be that the situation cannot now be made better. But to accept as inevitable, and without serious resistance, the present suicidal growth of war preparation cannot fail to make it worse.

A QUARTER'S NEW CAPITAL

THE third quarter of each year is normally a semi-close season for capital offerings. No public issue can be carried through without the co-operation of the Stock Exchange, where staffs are invariably depleted in August and early September. Further, there is a close correlation, for obvious reasons, between the volume of issues and the flow of company and other dividends. Last year the rule was honoured in the breach, but this year's experience has run true to form. Our compilations show that total issues made direct to the public during the past three months involved £33.1 millions of new money—a figure £4.3 millions less than in the second quarter, and little more than half the total of £61.9 millions for the first quarter. Issues of all kinds—including Stock Exchange "placings," "introductions," capital increases by existing companies and all securities for which permission to deal on the Stock Exchange was granted—aggregated £73.8 millions, against £79.2 millions in the second quarter and £94.7 millions in the first quarter.

Much the most important feature of the last few months has been the extent to which issues destined for employment in home industry have dominated the market.

NEW CAPITAL ISSUES, CLASSES OF BORROWERS
(£ millions)

	Total	British Government	Foreign and Colonial Govts.	British, Colonial and Foreign Corps.	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
" " 1929 ...	188.9	102.8	23.8	28.9	Nil	2.7	0.8	29.9
" " 1930 ...	244.8	150.8	29.4	24.6	Nil	6.1	0.2	33.7
" " 1931 ...	189.1	44.1	8.4	36.1	Nil	23.9	1.9	54.7
" " 1932 ...	238.1	88.0	2.9	51.1	Nil	26.3	0.1	67.7
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
3rd quarter	64.2	Dr. 0.7	1.7	32.9	Nil	15.5	Nil	14.8
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
3rd quarter	33.1	Dr. 0.7	0.4	12.5	Nil	7.3	0.6	13.0
New Basis								
1935—1st quarter	74.7	3.0	0.7	3.7	0.2	12.7	0.9	53.5
2nd quarter	86.0	Dr. 0.5	Nil	12.6	Nil	6.6	0.2	47.1
3rd quarter	85.4	Dr. 0.7	1.7	35.1	Nil	20.1	Nil	29.2
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	3.1	1.1	62.2
3rd quarter	78.8	Dr. 0.7	0.5	13.3	Nil	19.8	0.9	40.0

The comprehensive "New Basis" figures show that £40.0 millions of the £73.8 millions issued in the past quarter went directly into home industry. If other forms of company financing—as distinct from Government and municipal financing—be included, the aggregate is raised to £59.9 millions, or 81 per cent. of the quarter's total. For the first nine months of this year the percentage was 74. Companies, rather than Governments, are making the running to-day. This is a conclusion of great importance, from which two others necessarily follow.

In the first place, the volume of new issues is much below that of comparable periods in the recent past. The Stock Exchange is at least as active to-day as in 1928 and industry in general is considerably more active. But whereas public capital issues (on our "Old Basis" of computation) totalled £291 millions in the first nine months of 1928, this year they have been no more than £132 millions. The British Government, as a long-term borrower, has been out of the market, while British municipalities, which have had the trustee field largely to themselves, have continued to be quantitatively regulated by a paternal Bank of England. Although the company issue market has been entirely "free," the average issue has been relatively small. A "New Basis" total of £183,260,000 has been divided among 601 companies, giving an average of £305,000 per issue. If, however, we deduct the proceeds of 28 of the largest issues, aggregating £50,386,000, the average for the remaining 573 issues is no more than £232,000.

In the second place, an overwhelming proportion of the new money represented by London capital offerings continues to be destined for employment at home:—

(£000)

	United Kingdom		British Empire (excluding United Kingdom)		Foreign Countries	
	Government	Other	Government	Other	Government	Other
THIRD QUARTER						
Old Basis:—						
1934	Dr. 200	22,074	Nil	6,372	Nil	800
1935	Dr. 700	60,323	1,670	2,835	Nil	73
1936	Dr. 750	27,160	375	5,266	Nil	139
New Basis:—						
1935	Dr. 700	78,742	1,670	6,849	Nil	73
1936	Dr. 750	62,575	755	11,079	Nil	139
NINE MONTHS						
Old Basis:—						
1934	42,650	57,389	8,461	15,522	Nil	1,403
1935	1,890	117,974	1,670	7,801	Nil	258
1936	Dr. 750	116,733	375	14,017	Nil	586
New Basis:—						
1935	1,800	203,285	1,934	17,589	519	1,004
1936	Dr. 750	218,957	1,980	21,082	3,429	1,582

Some 80 per cent. of the total issues during the past quarter on the "Old Basis," and 84 per cent. on the "New Basis," were for use inside the United Kingdom. For the first nine months of this year the corresponding ratios have

been 87½ and 88 per cent. The figures are analysed by industries and types of borrower in the next table:—

ANALYSIS OF NEW CAPITAL APPLICATIONS (EXCLUDING CONVERSIONS)

	Total for First Nine Months			
	Old Basis		New Basis	
	1935	1936	1935	1936
British Government Loans ...	£ 1,800,000	Dr. 750,000	£ 1,800,000	Dr. 750,000
Colonial Government Loans ...	1,670,000	375,000	1,634,000	784,900
Foreign Government Loans ...	Nil	Nil	619,400	3,429,000
British Corporations, Counties and Public Boards ...	48,328,400	58,445,200	51,495,400	55,342,900
Colonial Corporation Loans ...	Nil	1,980,000	Nil	1,980,000
British Railways ...	Nil	Nil	27,300	62,200
Foreign Railways ...	Nil	Nil	270,100	326,000
Australasian Mines ...	4,149,800	1,172,500	7,757,300	1,405,400
South African Mines ...	2,272,200	6,963,000	4,264,900	8,999,800
Other Mines ...	1,457,400	1,711,500	2,821,700	7,017,900
Investment Trusts ...	14,869,100	7,389,900	24,538,100	18,344,100
Breweries and Distilleries ...	1,928,900	2,442,800	3,260,600	6,609,000
Merchants, Importers, etc. ...	30,000	532,200	60,000	532,200
Stores and Trading ...	3,858,000	324,500	9,901,400	7,705,100
Estate and Land ...	3,245,100	1,227,600	4,089,500	1,586,600
Rubber ...	115,000	1,354,800	1,079,000	1,468,700
Oil ...	Nil	641,000	Nil	1,013,400
Iron, Coal, Steel and Engineering ...	5,038,600	13,326,700	9,508,900	20,899,800
Electric Light, Power, Telegraphs and Telephones ...	6,447,500	4,803,700	9,340,200	5,984,100
Tramway and Omnibus ...	Nil	83,400	4,209,100	7,200,500
Motor Traction and Manufacturing ...	2,535,400	1,505,800	2,902,600	6,492,700
Gas and Water ...	2,769,200	624,900	7,960,800	7,764,400
Hotels, Theatres and Entertainment ...	1,272,800	1,947,200	1,604,800	3,198,300
Patents and Proprietary ...	1,280,000	275,800	2,217,200	1,891,400
Articles ...	Nil	62,500	12,731,000	2,307,800
Docks, Harbours and Shipping ...	1,529,400	2,488,400	1,795,000	2,488,400
Banks and Insurance ...	25,788,100	25,541,300	59,399,800	71,711,800
Manufacturing and Miscellaneous ...				
Totals ...	129,500,900	132,462,000	226,131,000	247,760,800

Of a total of £247.8 millions ("New Basis") for the first nine months of this year, "Manufacturing and Miscellaneous" (mostly industrial) offerings account for £71.7 millions, or 29 per cent. This, however, is a residual item, after many of the most important British industries have been separately specified. Of these, the heavy industries and engineering head the list, with a total of £20.9 millions. Next comes £18.3 millions for "Exploration, Financial and Investment Trust" companies—a *mélange* including numerous investment trusts (whose issues have mostly taken the form of debentures) and more than a sprinkling of real property concerns. Mining (mainly overseas) comes next with total issues in the nine months of £17.4 millions, of which South Africa has taken the lion's share, with "other mines" (not Australian) running a close second. These "other mines" have, in fact, been very largely West African, and they have included in their number some of the most speculative of the year's offerings. Among home industries, other than those already mentioned, the largest borrowers have been trades whose shares are currently most favourably regarded on the Stock Exchange, including public utilities, chain stores, the motor industry and brewing.

Out of the £645 millions ("New Basis") raised by Governments and municipalities in the past nine months, as much as £58.3 millions has been taken by a single group—"British Corporations, Counties and Public Boards." This group includes the Railway Finance Corporation, which raised £26,190,000 under Treasury guarantee in February, and some 37 authorities whose offerings have ranged from £6,100,000 of new money for the London County Council to a modest £107,385 of new money (out of a total issue of £1,500,000) for the Newcastle-upon-Tyne Corporation. In this "controlled" section of the market, there has been a prevailing uniformity in issue conditions, for as many as 24 borrowers have raised their money by the issue of stock having a redemption yield not more than one-sixteenth above or below 3 per cent. Two other features are worthy of comment—the large proportion of the "new" corporation money which, in fact, has been used to refund local short-term indebtedness, and the virtual "closing" of the market (for purposes of "digestion") between the end of May and the middle of July, and again between the end of July and the last week of September.

On page 91 we show, in supplementary tables, the division of recent issues between bonds, debentures, preference shares and ordinary shares; the aggregate amounts involved in conversion operations; and a list of some of the largest individual issues of the past quarter. The proportion of ordinary capital to the total offered by British companies is increasing. During the past three months it was 73 per cent. ("New Basis"), against 49 per cent. in the third quarter of 1935, and during the past nine months it has been 71½ per cent. (against 52 per cent.).

The volume of new issue activity is unlikely to return to the average level of the nineteen-twenties until gilt-edged borrowing is resumed on something like its old scale. When to-day's totals of Government and corporation borrowing are compared with those of eight or ten years ago, a strong impression remains that the present level of long-term interest rates is in a very special sense a function of Treasury policy. If future conditions arise which would call, in the normal way, for a moderate rise in interest rates, the authorities may be faced with a dilemma. They may be compelled either to make restriction more stringent, or to allow a moderate upward movement to take place—even if a Re-armament Loan has eventually to be financed at a somewhat increased cost to the taxpayer.

THE WHEAT POSITION

SINCE the middle of last June the prices of wheat futures in Liverpool have risen by no less than 45 per cent. The average British import price of wheat in August was 7.47s. per cwt., a higher figure than in any corresponding month since 1930. While rumours of a coming world wheat shortage may be discounted, the rise in prices has been sufficiently rapid to give special point to an examination of its causes. The world's agricultural population derives a substantial share of its total income from wheat, and the importance of recent developments needs no emphasis.

The sharp rise in prices since June has been due, mainly, to the fact that the coming season's wheat crop, like its predecessor, is likely to be well below the crops harvested between 1927-28 and 1933-34. The position at the beginning of the new season provided a favourable background for a price advance. Since the 1932-33 season importing countries have artificially maintained their wheat output about 300 million bushels per annum above, and their imports some 300 million bushels below, the pre-depression level. On the other hand, production in exporting countries has been reduced more than proportionately, not so much by deliberate curtailment as by a succession of crop failures in North America. Consequently the huge surplus stocks of wheat accumulated between 1927 and 1933 had been practically depleted at the end of the last wheat season, on July 31st. The world's exportable end-of-season stocks have declined ever since 1934, but prices responded only very slowly to the improved position.

The small response of prices to the decline in stocks since 1934 may be ascribed partly to the great shrinkage in international trade. Prices on the world market are not determined by the absolute volume of supplies, but by the ratio between exportable supplies and importers' requirements. World import requirements expressed as a proportion of exportable supplies, for example, declined from 61 per cent. in 1931-32 to 59 per cent. in 1934-35, despite a reduction in exportable end-of-season stocks from 523 million bushels in 1932 to 367 million bushels in 1935. During 1935-36, however, the ratio between requirements and supplies rose to 68 per cent. But in 1926-27, before the accumulation of stocks had begun, the proportion of world import requirements to exportable supplies was as high as 81 per cent. In spite of the substantial reduction in exportable end-of-season stocks between 1933 and 1935, the stage was, therefore, not really set for improvement until the past season. The relatively slight increase in wheat prices between 1933-34 and 1935-36 was thus largely due to the facts that the ratio between import requirements and exportable supplies was then still considerably less favourable than before the depression, and

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that the reduced output of the exporting countries could not be foreseen, as it was the result not so much of deliberate restriction of acreage as of a series of crop failures. The main features of the recent history of the wheat markets are summarised in the following table, which is based on the calculations of the International Institute of Agriculture:—

WORLD PRODUCTION, TRADE, STOCKS AND PRICES OF WHEAT
(In millions of bushels)

Season	World production (a)		World exportable supplies (b)		World import requirements	World exportable end-of-season stocks	Average Brit. Import (c.i.f.) Price (shillings per cwt.)
	Exporting Countries	Importing Countries	Season's surplus	Total (incl. carry-over from previous year)			
1926-27 ...	2,397	999	—	1,010	819	191	12-12
1927-28 ...	2,534	1,077	869	1,060	808	252	11-87
1928-29 ...	2,849	1,077	1,123	1,375	888	444	10-20
1929-30 ...	2,242	1,223	618	1,062	669	434	9-98
1930-31 ...	2,686	1,062	890	1,324	825	499	6-10
1931-32 ...	2,579	1,126	831	1,330	808	523	5-76
1932-33 ...	2,363	1,362	735	1,258	629	624	5-77
1933-34 ...	2,205	1,448	500	1,124	549	575	5-21
1934-35 ...	1,973	1,367	325	900	533	367	5-83
1935-36(c) ...	2,020	1,349	387	754	510	244	6-65

(a) Excluding U.S.S.R., China, Turkey, Iran and Iraq.
(c) Provisional.

(b) Including U.S.S.R.

What are the prospects of the world's wheat markets? The current season began with exportable stocks at more normal levels. Clearly, another relatively small wheat crop was bound to lead to a considerable rise in prices, for the cushion formed by surplus stocks had been considerably deflated. At the moment, the world's wheat crop, exportable supplies and import requirements cannot be assessed with any degree of accuracy. The crops of Argentina and Australia, two of the leading exporting countries, will not be harvested until November-January. Some provisional and unofficial estimates of world production, however, are already available.

The agricultural branch of the Canadian Bureau of Statistics have collected information which indicates that world production in 1936-37 will be about 5 per cent. smaller than in the preceding year. The European crop, exclusive of Russia, is estimated at 1,491 million bushels, a reduction of 78 million bushels on the previous season. The decline in total European production, however, is the resultant of an increase of 69 million bushels in the four Danubian countries and a fall of 147 million bushels in the crops of the remaining countries, compared with a year ago. The decline was most marked in the leading importing countries. Great Britain's harvest, for example, fell from 65.0 million bushels in 1935 to 56.5 million bushels in the current year. Similarly, France is expected to harvest only 242.5 million bushels, compared with 278.8 million bushels in 1935 and 338.5 million bushels in 1934. The Italian crop, estimated at 238.8 million bushels, shows a reduction of about 45 million bushels on 1935.

Spanish and Portuguese crops are also considerably smaller than a year ago. Spain harvested 121.5 million bushels, compared with 158.0 million bushels in 1935 and 186.8 million bushels in 1934, and Portugal's crop, at 8.4 million bushels, was 15 million bushels smaller than a year ago. In Germany, on the other hand, production rose from 171.5 million bushels in 1935 to 177.3 million bushels in 1936. While part of the deficiency of the leading European importing countries can be made good by purchases from the Danubian countries, there can be little doubt that Europe as a whole will necessarily draw on overseas supplies to a greater extent than during the past season.

The total North American crop is estimated at 876.2 million bushels, compared with 911.5 million bushels in 1935 and 783.7 million bushels in 1934. Canadian production declined from 277.3 million bushels in 1935 to 233.0 million bushels in 1936, but the United States harvest, at 630.2 million bushels, is about 7 million bushels above last year's level. Total North American production, however, is appreciably below the output of former years, which was as high as 1,491 million bushels in 1928. As a result of the succession of short crops in the United States, that country has disappeared from the export market. Indeed, it has been estimated that the United States will need to import 50 million bushels from Canada during the current season, while exports of both wheat and flour are not expected to exceed 24 million bushels. North African production is also likely to be appreciably smaller than in 1935; for the combined output of Tunis, French Morocco, Algeria and Egypt fell from 113.3 million bushels in 1935 to 97.1 million bushels the current year. Similarly, in Asia, the harvests of India, Japan, Turkey and China are expected to yield only 487.7 million bushels, compared with 514.3 million bushels last year.

While it is beyond doubt that the requirements of importing countries will be appreciably heavier this season than in 1935-36, it is clear that exportable supplies (carry-over plus new crop export surplus) will be smaller than in 1935-36. According to the *Corn Trade News*, world shipments of wheat and flour since the beginning of the new season were 12.0 million quarters, compared with 9.8 million quarters during the same period a year ago. Shipments to Europe alone rose from 7.6 million quarters to 8.9 million quarters during this period. The course of the wheat markets during the next few months will be largely governed by crop reports from Argentina and Australia. Both countries have recently been suffering from a lack of rain and are unlikely to turn out bumper crops. Provisional estimates forecast the crops of the two countries at 360 million bushels, compared with 381 million bushels in 1935-36. Argentina is expected to harvest about 215 million bushels, a reduction of 26 million bushels on last year; while Australia's crop may yield 145 million bushels, or 5 million bushels more than in 1935-36. But even if the crops of the Southern Hemisphere turn out to be somewhat larger than is expected, the margin between world import requirements and exportable supplies is likely to be very small during the current season. Hence the exportable carry-over of wheat at the end of the current season will be negligible. The tendency of prices over the winter, therefore, is likely to be firm, and as there will be practically no old stocks to draw upon in 1937-38, nothing short of a bumper crop in that season may be sufficient to prevent a steep upward trend of prices next summer. The wheel of the wheat cycle, in fact, has almost turned full circle.

NAZI ECONOMICS

(BY OUR BERLIN CORRESPONDENT)

DUNCES have called political economy dismal, and one living exponent who finds his science romantically vague has described it as "something like lyrical poetry." President Professor Dr. Reiter, head of the German Office of Health, has launched a new "Biological Political Economy," which is neither dismal nor vague. Biological Political Economy lays down principles for valuing in money the really precious elements of national wealth, and books them to the Third Reich in a superabundance which would turn

a mere Second Reich green with envy. Dismal ("Liberalistic") Political Economy concerns itself, it appears, unfruitfully with "dead" property—land, cattle (though these are not always dead), houses, factories and railways; and omits reprehensibly the money values of individual men reckoned according to their health, the number and vigour of their offspring, and their cultural and moral conditions. Biological Political Economy sets a reichsmark value on each of these human assets, and can thereby reach estimates of national wealth which (at least in Germany's case) are five times the skimpy totals of "Liberalistic" pedants.

Professor Reiter has discovered that a German citizen has three separate cash values, which, where sufficient data are available, can be exactly determined. The citizen has "A," a material money value; "B," a biological money value; and "C," a cultural money value. The average material value of an adult, hereditarily-sound male German is 29,400 reichsmarks; of a hereditarily-sound female 11,000 marks. The biological money value, "B," of a German varies with his record as father. As parent of two hereditarily-sound sons and two hereditarily-sound daughters he has a biological value of 40,000 reichsmarks. Professor Reiter computes at 80,000 marks the value of "the marriage itself," but he apportions this sum equally between husband and wife. The 40,000 marks, however, represents only the "quantitative-generative" value of a father, and may be increased by a high "qualitative-generative" value, or heavily reduced—if rickets intervenes. The "C," cultural money value of a German "is not less important" than his material or biological value. It is therefore something between 29,400 and 40,000 reichsmarks.

"To the cultural value of a man, however, belongs his ethic," which may unfortunately be bad. The 29,400 (or 40,000) marks' cultural value of a man who knows his Schopenhauer would barely suffice to balance the reichsmark deficit of his wife-beatings. Since data on the culture and ethics of 65 million citizens are scanty, Professor Reiter omits "C" provisionally from his table of Third Reich national wealth. But even without that he reaches the imposing total of 1,935 milliard marks, of which 1,625 milliards represents the "A" and "B" material and biological money values, and 310 milliards the "dead" wealth already computed by "Liberalistic" economists. Professor Reiter calls the new 1,625 milliards "State property."

Professor Reiter claims for Biological Political Economy the dual merits of an exact and of an applied, or applicable, science. Applicable it certainly is to the "biological-medical-educational selection" of the future, whereby "A," "B" and "C" will be raised to astronomical magnitudes. He claims also that the science is a Nazi Party invention. This claim will not be disputed; for though long ago the Mother of the Gracchi boasted that her living treasures were more precious than her dead, she neglected to appraise in reichsmarks the cultural-ethical wealth of Caius and Tiberius.

Biological Political Economy is in its infancy. Indeed, Professor Reiter is compelled to apologise for having to use provisionally "methods of thought that recall Liberalistic forms." When the science reaches manhood, it will have hard problems to solve. Why should it stop at a meagre national wealth of 1,935 milliards plus the not yet determined "C" value, when by adding "D" (say, the sporting money value) and all the other letters down to Z, it could reach 10,000 milliards? Why should a German cow have only a material value "A," and not, like a German human, also a biological value "B"? Why should morals not be given their own money value instead of being "cleared" (this is Professor Reiter's word) as a minor item in the account of culture? And who will devise a calculus mighty enough to solve the intricate problems of the next National Wealth Census—the money value "A," for instance, of a citizen 85 per cent. hereditarily sound, who under "B" has six infants varying in hereditary soundness between 1 and 99 per cent., and who under "C" has the positive cultural money value of a cubist painter less the negative ethical money value of a housebreaker?

NOTES OF THE WEEK

More Devaluations.—The lira and the Czech crown have this week followed the franc. At a Cabinet meeting on Monday, the Italian Government decided to devalue the lira by 41 per cent. (see Financial Note on page 71). So the 1927 gold parity, which was graven on marble, and which Signor Mussolini promised to defend with the last drop of his blood, has fallen before the onslaught of economic realities. The official announcement ignored the change in gold value, and informed the Italian people that the value of the lira in dollars and pounds was to be restored to the 1927 level. So easily, in a totalitarian State, can a dictator eat his own words—as Herr Hitler and Dr. Schacht will doubtless remark. The decision to devalue the lira by 41 per cent.—a record for one fell swoop—is, of course, wise and indeed inevitable. It does no more than bring the currency into line with economic fact and acknowledge the deterioration in Italy's exchange position that has followed the Abyssinian venture. The mistake was to have hesitated so long; but the greatest mistake of all (astonishing in a master of politics) was to have graven the old gold parity on stone. In conjunction with the devaluation, considerable tariff reductions on food and raw materials are announced: affording yet another proof that artificial currency values are the greatest enemy of free trade. The decision, however, not to establish an exchange fund suggests that nothing like a free market in lire is likely to emerge for some time. Meanwhile, the Czech Government has decided on a new devaluation of between 11 per cent. and 16 per cent. The Czech crown was devalued by 16 per cent. in February, 1934, and some economic recovery followed. But the choice of so low a figure, which looked like moderation at the time, has since proved unwise. For it brought the shock of devaluation without the relief of full readjustment. Last week's general 30 per cent. devaluation by the gold bloc, therefore, made Czechoslovakia's position untenable; and the Government has been sensible, as well as courageous, in deciding on a second devaluation. It may now be hoped that substantial tariff reductions will follow in Czechoslovakia also.

Inflationary Budgeting.—Much of the Chancellor of the Exchequer's speech at the Bankers' Dinner, as was natural, was devoted to the effects of the currency agreement between Great Britain, France and the United States. But Mr Chamberlain did devote a portion of his speech to a discussion of "the public purse," and what he had to say was hardly reassuring. Expenditure on the defence programme, he informed his audience, "is rising so rapidly as to outweigh any reasonable probability of its being counterbalanced by corresponding expansion of revenue." "And in those circumstances," he continued, "the variation of one million or two millions in the yield of this or that tax seems to be of relatively minor interest, for it does not look as if it will be of much account when we come to reckon up the net result of the financial year." This sounds ominously like a confession that expenditure is no longer considered in relation to revenue, and that no effort will be made to balance the one against the other when the next Budget comes to be drawn up. As we pointed out last April, there is no shadow of an excuse in economic theory or in social equity for financing an unremunerative and unproductive expenditure such as re-armament out of a loan. A re-armament loan could only be justified if, and to the extent that, the country could not afford to pay for it out of taxation. But the small increase in the income tax imposed this year has had no effect whatever upon recovery. Indeed, business activity is now rising as rapidly as ever before, while the Stock Exchange, which has a professionally keen nose for the trend of business profits, is enjoying boom conditions. Economic policy in general, in fact, reinforces the purely fiscal arguments for making at least a genuine effort to balance the Budget.

Sir Oswald Mosley's Methods.—The vast majority of Englishmen will agree in regarding last Sunday's disturbances in East London as a public nuisance, and in heartily desiring to prevent their recurrence. Those responsible for the disturbances were not primarily concerned to express their political opinion in a normal peaceable way. Sir Oswald Mosley appeared in a pseudo-military uniform, and proposed to march his similarly attired followers, shouting anti-Jewish slogans, through a preponderantly Jewish district. And though the bulk of the huge crowd which blocked the way doubtless consisted of ordinary citizens who resented the Fascists' flamboyant intrusion, the Independent Labour Party and Communist Party leaders had done their best to instigate the anti-Fascists and non-Fascists to forcible obstruction. It is arguable that the Home Secretary and police authorities were wise in refusing to ban the march until it had become plain to all eyes that a very formidable breach of the peace would occur if it were allowed to go on. Sir John Simon, in his speech at Cleckheaton on Wednesday, pointed out that the authorities cannot forbid a political procession on any other ground than its liability to provoke disorder. Certainly Sir Philip Game was right to stop the march when an actual clash had been proved certain. For the future, public opinion, while desiring to prevent any more of these undesirable histrionics, will be anxious that genuine rights of free speech are not infringed and that the extremist factions are not advertised or encouraged by a specious pretence of martyrdom. It may be that the desired result can be achieved by a mere enforcement of the police's existing powers to ban demonstrations likely to lead to a breach of the peace. A demonstration whose time, place and character are obviously provocative might come under this head; and the organisers could be given the chance to hold their meeting in more appropriate circumstances. Over and above this, however, the question of political uniforms calls for very careful consideration. Nothing could well be more provocative than the semi-Teutonic garb assumed by Sir Oswald Mosley's followers in recent months. The British people are not likely to tolerate any organisations whose ideas and dress, if not their finances, appear to be imported from abroad.

The Nation's Health.—Both Mr Chamberlain, in his speech to the Conservative Conference on Friday, and Sir Kingsley Wood, in a subsequent statement, have this week emphasised the need for further Governmental action to improve the nation's health. It is also understood that specific, if minor, measures will be introduced into Parliament in the new session. Unquestionably, a further advance on the health front would be welcomed by all sections of opinion. If it is to succeed, however, it must not be conceived, as some Conservative speakers at Margate appeared to have conceived it, as a mere service for improving young men's fitness for military service. "Physical education," for those who have left school, and other such schemes, must be voluntary if they are to be of real value. Secondly, it remains true, as Sir Kingsley Wood seems to realise, that the problem of health is very largely a problem of poverty, and that nothing really substantial can be achieved without the spending of at least a moderate amount of money. Apart from the filling of the important "gaps" in health policy, which Sir Kingsley Wood mentioned, such as the extension of midwifery services, and the spreading of knowledge about health facilities, the two fundamentals of the health problem remain housing and nutrition. The first has now been vigorously attacked; the second remains practically untouched.

Parliament and the Gas Dispute.—Difficult as is the technical problem facing the South Metropolitan Gas Company (to which we referred in a leading article last week), there can be no doubt of the tenor of South London

feeling on the merits of the new tariff. Meetings of protest, deputations and mass processions have continued throughout the week. Moreover, both the Labour and Municipal Reform (Conservative) Parties on the L.C.C. have given their support to the campaign of protest. The claim of the company that very few customers would have to pay more for their gas does not appear to have been substantiated. Mr Runciman, therefore, is clearly justified in his decision, announced on Wednesday, to ask Parliament to consider the new tariff at the earliest opportunity. The company has also been wise to declare that, should the tariff be modified as a result of Parliamentary inquiry, they will refund to consumers any excess paid by them since the introduction of the new tariff. In a democratic country, even a 100-year-old monopoly may be well advised to bow to public opinion.

Spain and Non-Intervention.—There have been few spectacular moves in the Spanish campaign this week. The miners of Asturias seem to be on the point of capturing Oviedo, which has long withstood a determined siege. But the threat to Madrid is serious; and the Government's obvious danger has prompted acute misgivings in this country, not only at the Labour Conference, about the effective operation of the policy of "non-intervention." The Soviet Government have gone so far as to declare that if immediate steps are not taken to stop violation of the Pact they will regard themselves as released from it. The crucial question, accordingly, is whether Germany, Italy or Portugal can be shown to have supplied arms to the rebels since August 25th, when the pact became effective. An unofficial committee of inquiry (consisting of Miss Eleanor Rathbone, Mr J. B. Trend, Mr R. McKinnon Wood, Mr E. L. Mallalieu, Lord Faringdon and Mr John Jagger) alleges in a report published this week* that such evidence exists. After setting forth a great deal of material to show that arms were supplied to the rebels by Germany, Italy and Portugal after the beginning of the revolt but before the Pact was signed—and nobody has any doubt of this—the Committee state that they were informed by Mr William E. Dodd that the British Pro-Consul at Vigo had told him on September 25th that the Italians had landed aeroplanes at Vigo three or four days before. If this is true, the Italian Government has plainly broken the Pact. The British Government at least is in a position to ascertain from its own Pro-Consul whether a breach has, in fact, occurred. As a member of the International Committee, it is the Government's plain duty to prosecute this inquiry and, if necessary, to bring the result officially to the notice of the Committee. If it emerges that the facts are as stated, it is clear that there can be no justification for continuing the embargo at the Spanish Government's expense.

First Fruits in France.—The first ten days after devaluation have passed quietly in France, with less political trouble and much less economic disturbance than might have been expected. There were scuffles at a Communist demonstration in Paris on Sunday, and a hotel strike during the week-end; but these were of little more importance than the Mosleyite imbroglio and unofficial bus strike which London experienced during the week. Stories of impending social disturbances in France are quite without foundation. There is probably a better prospect to-day of social stability in France than there has been for many years. The rentier classes are likely to be solaced by the huge profits made on the Stock Exchange during the past week, when rentes rose 15 per cent. and 20 per cent., and industrial shares 30 per cent. and 40 per cent. Most important of all, however, there has been virtually no rise in the cost of living. The Statistique Générale return shows the general index of wholesale prices as having risen only about 5 per cent. between September 26th and October 3rd. Prices of domestic products rose about 3 per cent. and prices of imported products about 12 per cent. Wholesale

* Report and Findings of Committee of Inquiry into Breaches of International Law relating to Intervention in Spain. Wm. H. Taylor & Sons, Dukes Road, W.3.

food prices as a whole rose by less than 5 per cent., and industrial raw materials by less than 10 per cent. Practically no rise in retail prices or the cost of living is reported. Meanwhile, apart from the fall in the long-term rate of interest reflected in the rise in rentes, there are signs of a fall in short-term interest rates; and the Bank rate was reduced to 2½ per cent. on Thursday. At the same time the substantial easing of tariff and quota restrictions on foods, raw materials and semi-finished goods (repeatedly urged in these columns as the appropriate concomitant of devaluation), will do more to keep the cost of living down than any amount of price-fixing and profiteer-hunting. There is, consequently, every reason to believe that the French people have successfully turned one of the most difficult corners in their recent history.

The Week at Geneva.—Since the provisional arrangement about the representation of Abyssinia and the inconclusive ventilation of the Spanish question in its international aspect, the Assembly of the League has been mainly occupied with four subjects: first, M. Blum's new drive for the limitation of armaments and the liberation of international trade; second, Danzig; third, the composition of the Council; and fourth ("on the margin" of the Assembly), the bearing of the British move for a new Locarno Conference upon the future of France's East European alliances. On the first of these points M. Blum is profoundly right in pursuing his two aims simultaneously; for it is the economic and political pressure produced by the strangling of international trade during the last half dozen years that has supplied a large part of the driving force for the new international competition in armaments. The economic pressure which re-armament has been producing, in its turn, at other points in the social organism may perhaps now win a hearing for M. Blum's voice of reason from those Governments which at times have given the impression of being in love with re-armament for its own sake. At any rate, it is good news that the Assembly has once more set up its Third (Disarmament) Committee, with Hungary alone refusing to take part in its work. We deal elsewhere in this issue with the British Government's attitude to the new drive for a reduction in trade barriers. In the matter of Danzig, the transfer of the present League High Commissioner, Mr Sean Lester, to a post at Geneva suggests that the Polish Government—to whom the League delegated the task of discussing the Danzig question with Germany—is proposing to sacrifice the non-Nazi parties in Danzig in exchange for German assurances of respect for Poland's interests in the Free City. Geneva may argue that Poland, alone of all States members, is militarily competent to take action at Danzig in the event of a *Putsch*. The Poles, on their side, may argue that the intention with which the present arrangements about Danzig were written into the Peace Treaty was to secure access to the sea for Poland and not to provide a city of refuge for German democracy. As to the Council, the Assembly has voted for a temporary increase in the number of non-permanent seats from 9 to 11 (thus provisionally disposing of the two permanent seats vacated by Japan and Germany). It is noteworthy that the representative of one small State, Norway, has sounded a warning against a move which shifts the balance of representation on the Council still further to the nominal advantage of the small countries, who will now hold eleven temporary seats against four permanent seats held by Great Powers. Finally, the question of "applying the Covenant" has been remitted to a committee which will report next year. At the moment, the Great Powers are too preoccupied with other pressing matters to try to collate their differences.

Trade Barriers and Raw Materials.—The Economic Section of the League has been very busy this week. Following on Mr W. S. Morrison's speech (which we discuss in a leading article on page 49) a draft resolution was presented to the Economic Committee by the British and French Delegations.

The Assembly (this resolution states), noting with satisfaction the joint declaration issued by the Governments of

France, the United States and the United Kingdom of September 26th, and the adhesion thereto immediately given by several States . . . considering that a concordant policy designed to re-establish a durable equilibrium between the economies of the various countries, and to lay more solid foundations for the stability of economic relations, and to promote international trade, would effectively contribute to the consolidation of peace . . . affirms the general desire of States members of the League to pursue the realisation of those objects . . . invites all States, whether members of the League or not, to co-operate fully to that end; and urgently recommends the States concerned, as an essential condition of final success, to organise without delay determined and continuous action to ensure the application of the policy indicated above, to reduce excessive obstacles to international trade and communications, and in particular to relax, and as soon as possible to abolish, the present system of quotas and exchange controls.

Three further resolutions are also to be introduced. One, in Mr Morrison's name, proposes that the question of "access to raw materials" should be considered by a committee under the auspices of the League, after having consulted non-members. So it seems that something is at last to be done to further the investigation of this very much discussed question. The other two resolutions are concerned with fiscal evasion and emigration. The combined activity of the British and French Delegations at Geneva this week at least show how much could be achieved in international economic co-operation if only Governments had the will to act as well as to pass resolutions.

The Far East.—The tension in the Far East has not diminished since last week. The Japanese armed forces in Hongkew are fortifying their positions there, and the Japanese Ministry for Foreign Affairs has insisted on personal explanations between the Japanese Ambassador in China and President Chiang Kai-shek himself. The Chinese are showing a remarkable forbearance and alacrity to remove any pretext for a Japanese grievance. Already, for example, two out of the three Chinese accused of having been the murderers of the Japanese sailor in Hongkew on September 23rd have been condemned to death by a Chinese court. On the other hand, the Chinese Government have retorted to the Japanese demands (which we reported last week) by presenting four counter-demands. They have asked, first, for a Sino-Japanese agreement that in future the soil of China shall not be trespassed upon by Japanese naval landing parties; secondly, for the suppression of Japanese smuggling activities in China; thirdly, for the withdrawal of Japanese troops from Fengtai, the important railway junction near Peking; and, fourthly, for a Sino-Japanese understanding that the Chinese Government shall have a free hand to suppress the so-called "East Hopei autonomous regime," which has come into existence under the shadow of Japanese bayonets. It looks as though the Chinese Government had now made up its mind that it must be prepared to fight Japan—even with the knowledge that China's only possible strategy would be to let the Japanese tiger break his teeth on her bones and gorge himself to a lethal surfeit on her flesh. It seems also that the Japanese civilian authorities may once more be afraid of seeing their military colleagues take the bit between their teeth, and may be trying to forestall fresh acts of naval and military aggression by securing some measure of satisfaction, by diplomatic means, for the Japanese militarists' demands. Grave though the situation may be, we need not yet assume that a major catastrophe is inevitable. There have been several previous Sino-Japanese crises in which the Japanese Foreign Office and the Chinese Government between them have successfully deprived the Japanese militarists of a pretext for drastic measures.

The Late General Gömbös.—The Prime Minister of Hungary, General Gömbös, whose death occurred last Tuesday, was a soldier-statesman who was responsible for the Government of Hungary during the peculiarly critical years since 1932. Of modest origin, he won his way to the front by force of character. Like Hitler and Mussolini, Gömbös combined a strong vein of nationalism with radical

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—or ex-radical—views on social questions; but unlike his German and Italian counterparts, he did not fall into the path of dictatorship—partly, perhaps, because the rôle was personally distasteful to him, and partly because Hungary has an ancient native political tradition of her own which makes for oligarchy and not for autocracy. During Gömbös's regime, Hungary was confronted by two big questions: Should she, or should she not, recall the Habsburgs to her vacant throne? And should she align herself with Italy or with Germany? On the former question, Gömbös, like the Regent, Admiral Horthy, was an anti-Habsburgist. He saw no reason for reintroducing a dynasty which would re-link Hungary with Austria, embroil her with the little Entente, and possibly threaten the monopoly of power enjoyed by the Magyar governing class. On the question of orientation, he was distinctly Italophil, though he took pains to treat the Third Reich with respect. On the whole, he was a sane and steady influence in European affairs, and his premature disappearance from the scene at the age of fifty will be regretted beyond the borders of Hungary.

Italy's Exports.—The effects of devaluation on the export trade of Italy are not likely to differ fundamentally from its effects in other countries. The development of Italy's principal exports during the depression years is shown in the following table, where 1934 is substituted for 1935, in view of the abnormal conditions prevailing in the latter year:—

Italy's Exports (Million Lire)		1929	1934
Cotton tissues		1,309	262
Flax, hemp, jute and manufactures thereof...		565	218
Hats and caps		469	83
Motor cars and chassis		356	84
Silk, rayon and manufactures thereof.....		2,886	638
Wool and hair and manufactures thereof.....		769	256
Lemons and oranges		484	276
Nuts		404	170
Olive oil.....		527	61
Tomato preserves.....		367	124
Total exports		15,236	5,225

The heavy reduction in textile exports is striking, and serves to indicate the extent to which, in favourable circumstances, Italian exports might benefit from devaluation. The application of sanctions, however, resulted in a loss of goodwill which may, in part, be permanent. British motor car manufacturers, however, may expect to encounter increased Italian competition in export markets. The devaluation of the lira may conceivably cause a not unwelcome fall in the high price of lemons on the London market.

Czechoslovakia's Export Trade.—In view of Czechoslovakia's decision, an analysis of her export trade is of special interest. Figures for 1929 and 1935 are shown on the next page.

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CZECHOSLOVAKIA'S EXPORTS (Million krona)

	1929	1935
Chemicals and chemical products	395	118
Coal, coke and lignite	923	390
Cotton yarn and thread	524	216
Cotton piece-goods	1,728	269
Glass and glassware	848	299
Iron and steel and manufactures thereof	1,804	956
Leather and leather manufactures	1,420	372
Machinery, apparatus and parts	547	232
Woolen piece-goods	1,167	177
Malt	502	144
Total exports	20,485	7,403

Czechoslovakia's export trade more nearly resembles our own than that of any other country which has devalued during the past fortnight. Recovery in her exports of textile manufactures, chemicals or coal might, therefore, be of some competitive significance for British industry. So far as textiles are concerned, however, competition from France, Switzerland and Italy has a closer bearing on Czechoslovakia's prospects. The British iron and steel industry, incidentally, has little reason for disquietude over Czechoslovakia's currency policy.

Employment in September.—The estimated number of insured persons in employment in Great Britain on September 21st reached a new high level at 10,966,000, which was 5,000 more than a month ago and 488,000 more than a year ago. Since last month, however, there has been an increase of 10,399 in the number of unemployed persons on the registers, though the total of unemployed, at 1,624,339, is 334,271 lower than in September of last year. Of the persons on the register entitled to benefit or unemployment allowances, 45 per cent. have been unemployed for less than six weeks, 57 per cent. for less than three months, and about 66 per cent. for less than six months. Approximately only 24 per cent. had been on the register for twelve months or longer. The following table shows recent changes in the unemployment figures for various industries:—

NUMBER OF INSURED PERSONS UNEMPLOYED IN GREAT BRITAIN

	Sept. 23, 1935	August 24, 1936	Sept. 21, 1936
Coal mining	243,105	190,109	192,082
Iron and steel manufacturing	35,772	28,484	26,077
Engineering	84,750	55,690	53,571
Metal goods manufacture	47,349	36,848	35,139
Shipbuilding and repairing	83,833	45,079	43,209
Building	138,790	109,803	117,699
Public works contracting	124,719	114,700	114,696
Motor vehicles, cycles, aircraft	23,186	19,599	17,425
Pottery, earthenware, etc.	12,342	13,528	10,461
Cotton	97,501	67,207	66,523
Woolen and worsted	23,453	24,085	20,239
Boot and shoe	18,945	17,044	15,538
Hotel, boarding house, etc., service	59,459	47,664	55,670
Distributive trades	207,843	175,224	181,657
Dock, harbour, etc., service	49,805	44,782	41,862
All persons registered	1,958,610	1,613,940	1,624,339

Last month's increase in unemployment took place in the category of wholly unemployed and was caused by a seasonal decline in employment in hotel and boarding-house services, the distributive trades and the building industry. The improvement in employment which occurred in other branches of activity, including the iron and steel, engineering, shipbuilding and motor vehicle industries, was insufficient to offset the seasonal decline in other trades. An analysis of changes in unemployment by districts shows

a reduction in the Midlands, the North-Eastern and Northern districts, but an increase in the South-Eastern and South-Western districts, Scotland and Wales.

Improvement in Shipping.—The substantial rise in freight rates since last spring indicates that the shipping industry is now well on the road to recovery. The improvement is also reflected in the rise of quotations for shipping shares. As a result of the steady increase in the demand for accommodation, coupled with the reduction of tonnage in recent years, the margin between the supply and demand for tonnage has been narrowed appreciably. Consequently it has been possible to introduce and maintain a system of minimum freight rates on most of the important trading routes. Our index of freight rates, shown below, has risen by no less than 13 per cent. since last May. Since August, the improvement has been accelerated, and even now tonnage in an early loading position is in short supply on most routes:—

	Average, 1913	September, 1935	July, 1936	August, 1936	September, 1936
European waters	110.0	92.8	98.1	100.9	102.2
North America	113.1	78.7	89.8	95.3	95.0
South America	123.4	82.3	87.8	89.5	93.4
India	106.3	88.9	93.4	99.5	104.0
Far East and Pacific	117.4	90.4	90.5	97.0	98.8
Australia	127.9	86.4	94.4		
Total	116.3	86.6	92.4	97.5	100.3
1913 = 100	100	74.4	79.4	83.8	86.2

It is scarcely surprising, therefore, that higher rates are being obtained for early loading position. The next table shows the changes in rates on the various routes:—

	Index No.	Inc. or Dec. Points		Index No.	Inc. or Dec. Points
Home trade	90.0	- 3.9	South America:—		
Bay—outwards	117.4	+ 1.1	Outwards	62.5	+ 1.7
Bay—homewards	121.0	+ 4.9	Homewards	124.2	+ 6.0
Mediterranean:—			India—outwards	82.1	+ 2.1
Outwards	86.0	+ 0.7	India—homewards	134.4	+ 9.1
Homewards	108.9	+ 9.2	Far East, etc.	104.0	+ 4.5
North America	95.0	- 0.3	Australia	98.8	+ 1.8

But the improvement is not confined to the cargo section of the industry. Passenger traffic is steadily improving, especially on the North Atlantic, and bookings from Australia and elsewhere for next year are likely to be heavy. Altogether the outlook for British shipping is quite encouraging, especially as the events of last week promise a further expansion of international trade.

Timber Quotas and Prices.—At a meeting in Stockholm on October 1st the members of the European Timber Exporters' Convention decided to leave the export quotas of planed and sawn timber for 1937 practically unchanged at the 1936 level. Roumania is the only country whose quota was slightly increased, from 223,000 standards to 246,000 standards. Latvia, a new member of the Convention, was given a quota of 127,000 standards. The export quotas for 1937, therefore, are as follows:—

(In thousands of standards)			
Finland	1,005	Roumania.....	246
U.S.S.R.	950	Jugoslavia	168
Sweden	820	Latvia	127
Poland	313	Czechoslovakia ..	96
Austria	275	Total	4,000

The Convention thus has decided against a relaxation of quotas, despite the improvement in demand and the sharp rise of prices in recent months. At the Finnish auctions last month, for example, prices realised for logs registered an advance up to 60 per cent. over those paid a year ago. Moreover, contrary to the usual practice of beginning to buy in October or November, after the log auctions have been held in Finland and Sweden, some importers began to cover part of their requirements for 1937 as early as July this year. It is to be hoped that the Convention has not under-estimated next year's consumption; for a further upward rush of prices is scarcely in the interests of the trade.

OVERSEAS CORRESPONDENCE

From our Correspondents in each centre

UNITED STATES

MR ROOSEVELT AND THE COMMUNISTS

THE issue of alleged Communist support for Mr Roosevelt has now become firmly implanted in the election campaign. It is there thanks to the Hearst Press; but it is there, too, because Mr Roosevelt incomprehensibly sanctioned it, first through an angry answer to the Hearst charge made from the White House by Mr Stephen Early, his secretary, and then by an ostentatious repudiation of Communist support made by the President in his first political speech of the campaign at Syracuse, New York. It is difficult to fathom Mr Roosevelt's motives in accepting the "red herring" as a campaign issue. He does have left-handed Communist and Socialist support for whatever it is worth. But it was not affecting him and nobody really seriously thought that he courted it.

The Communists began the campaign by attacking Mr Landon as a potential Fascist. Adapting the united front strategy of Europe to this country, they advised co-operation with the labour unions supporting Mr Roosevelt. Mr Earl Browder, the Communist candidate for the Presidency, is not trying to pull his weight. Mr Norman Thomas, Socialist nominee, on the other hand, is having an unfortunate time of it. The united front strategy has deprived him of what ought to have been a growing following, particularly in the trade unions. The Socialist vote, which ought to have passed the million mark this year, may be the lowest since the war. Mr Thomas is accepting his fate with good humour, and is the only campaigner from the Left who acknowledges there is little to choose between Mr Roosevelt and Mr Landon, and little to hope from them—for a Socialist. He knows that Mr Roosevelt does not merit the laurel wreath placed on his brow by Mr John L. Lewis and other insurgents from the American Federation of Labour. And he thinks still less of Mr Landon, whom he calls "a governor who dropped on the back of an elephant."

President Roosevelt all too obviously was annoyed by the Hearst attack, and his own testiness about it bewilders some of his supporters. But this is not a new story. After recognising the Soviet Government, the President has treated Russia with poor grace and once almost broke off relations with Moscow over the activities of the Comintern. Secretary Morgenthau's attack on the Soviet State Bank, when the franc devaluation agreement went into effect, made even sturdy Wall Street conservatives hilarious. A relatively small transaction, clumsily undertaken by a Moscow institution, was dressed up for the American public as a Communist offensive against the British-American agreement. It was all too clear that the Administration was trying to prove its right to be known as a "respectable" regime.

Such sensitiveness is difficult to understand. Everybody in Washington knows that during the worst of the depression a great many forebodings were loosely voiced by certain employees of the Government. Everybody knows, too, that there are scattered "ideological" Communists in Government offices. But Professor Tugwell, who serves the Hearst Press as symbol of the hidden menace of Moscow, would stand far more chance of execution as a reactionary than of getting office at the hand of Soviet Russia.

But if the President has asked for this trouble, he has benefited handsomely from the unforeseen boon of the franc devaluation. Governor Landon had attacked him for dynamiting the London Economic Conference, an episode which of itself is not easy to justify. The Governor had said that the absence of international agreement was responsible in part for the present dangers of war in Europe. Rabbits never popped out of a hat more neatly than came the news of the stabilisation agreement. Governor Landon had been a mere side-line critic. The President could be shown on the field of play scoring a



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brilliant goal. Some reports suggest that the agreement was timed in a way to be a gamble by France on Mr Roosevelt's re-election and had been originally planned for November. But the effect on the political situation in the United States has been such as to make it look more like a careful move to help Mr Roosevelt as much as to help France.

The promised "major" speeches by Governor Landon have yet to materialise. The only one of that rank, the criticism of the Social Security Act, found him far more critical than constructive. He had been expected to offer a better programme for old-age pensions and a better philosophy for social security than the hodge-podge scheme hastily concocted by the Roosevelt Administration. But in effect he offered old persons only means test relief, as though he was fearful of carrying his Party for a more liberal measure. His Milwaukee speech, attacking the reciprocal trade agreements, particularly the one with Canada, marked the high-point for inconsistency in the campaign. It distorted the effects of the treaties, it promised to limit future agreements to non-competitive products, and preached the need for international trade with an eloquence that would have pleased John Bright. At the time of these two speeches President Roosevelt had not made a political sortie of any kind. Then he attended the New York Democratic State Convention and talked chiefly about the "red herring." So on both sides the campaign continues to be disappointing.

WASHINGTON, October 1.

WALL STREET AND DEVALUATION

THE re-adjustment of the gold bloc currencies had been so long expected in New York that interest centred more in circumstance and method than in the fact or even in the new rate of alignment. For that reason the official *communiqué* of the Secretary of the Treasury, by authority of the President, was read closely. It is appreciated that the Secretary was obliged to speak with caution, but the general tone of the announcement was more "international" than might have been expected. The emphasis upon monetary co-operation as "linked with the development of international trade" was followed by reference to the desirability of collateral action to "relax progressively the present system of quotas and exchange controls with a view to their abolition."

Broadly speaking, Wall Street has had two simple thoughts on the franc. It has believed that a cheaper franc would revive the French tourist business, and that while devaluation alone would not stop the flight of French capital or solve the related fiscal problem, it might contribute to these ends. On the other hand, it has had some apprehensions that French action would set in motion a new epoch of currency warfare. Further, a considerable amount of Continental money has come here in recent months, and under imaginable circumstances these funds might be withdrawn. Data on these sums are far from complete; the Department of Commerce estimated French investments in the United States at the end of 1935 at \$282 millions;

Swiss holdings at \$399 millions and Dutch holdings larger—\$800 millions; and in addition there are doubtless substantial balances. Concern by Wall Street has not centred on the possible withdrawal of funds with concomitant gold exports and reductions in bank reserves—indeed, the American reserve position is distinguished for its embarrassment of riches; it is the possibility of liquidation of foreign-owned securities in the stock market that has occasioned some real anxiety, but it is not now regarded as threatening.

The prospective levels of the franc and guilder provoke little discussion here. On the other hand, minor fluctuations of sterling arouse intense interest, and have superseded the attention which attached to the price of gold in 1933. At the present time, consideration of making use of the Executive authority to devalue the dollar from 59.06 per cent. to 50 per cent. is entirely dormant. The announcement by the Secretary of the Treasury of a purchase of sterling in London to check a decline in the pound induced by Russian selling is, so far as is known, the first use of our Stabilisation Fund in the London market. In short, Wall Street looks at all exchange problems primarily from their possible influences on the pound sterling; and it would appear that Washington shares that point of view.

BUSINESS ADVANCE MAINTAINED

The last month of the third quarter has at least maintained the high levels of July and August, and may have lifted the index of production somewhat. Steel operations are at 75 per cent. of rated capacity, and are as high as at any time this year; the question of deliveries in some special lines is beginning to appear. The motor industry has passed its seasonal low and is now entering on production of its 1937 models; and from most parts of the country reports of retail trade are highly satisfactory. Estimates of agricultural income are still only tentative, but none have computed a farm income lower than last year. Late crops, especially forage, were freshened under the tardy rains, and the drought, which was the universal theme a month ago, has completely disappeared from discussion. Quite apart from crops, it is estimated that not less than \$500 millions of the bonus went to agricultural veterans, while on October 21st the "gentle rain of cheques" will descend upon some 6,000,000 beneficiaries of the soil erosion subsidy. With these aids, agricultural purchasing power is well maintained. Altogether the autumn is developing according to the most optimistic expectations.

It would appear that one of the outstanding economic developments of the past six years has been the world shift in cotton production. The following figures, quoted from the *Annalist*, are taken from tables compiled by the Cotton Exchange.

WORLD PRODUCTION OF COMMERCIAL COTTON, (AMERICAN RUNNING BALES, FOREIGN EQUIVALENT)

	1931-32	1933-34	1935-36
U.S. production	16,877,000	12,712,000	10,495,000
Rest-of-World production	9,587,000	13,399,000	15,767,000
Total	26,464,000	26,111,000	26,262,000

Consumption in 1935-36 is put at 27,729,000 bales, or well above production. The most conspicuous fact in the table is the remarkable expansion in cotton production outside America; the second most conspicuous fact is the repetition of alternate 26 million bale years. The question raised by the table is whether, given an increase of world consumption, future expansion of production will occur outside the United States or inside. To a great extent, the decline in American production is the result of official "planning"; it would therefore be relatively easy to increase it. Political intervention was undoubtedly efficacious in maintaining price; whether there would have been so marked a growth in foreign production had the American programme been less drastic is of course debatable. Whatever the answer, the past five or six years have increased by 60 per cent. the growth of cotton outside the United States, and it is not likely that these new areas will be taken out of production.

NEW YORK, October 1.

FRANCE

PUBLIC OPINION "SUSPICIOUS"

THE international agreement on monetary alignment was received by public opinion with great suspicion. At first it appeared as a mere euphemism to conceal the political blow of devaluation. But the hope of a revival of international collaboration, if still expressed with the greatest prudence, is not absolutely dead. Advantage will be taken, however, in the future of whatever new step Great Britain or the United States can make in this direction. The main contention of the French critics of the three-power agreement is that several nothings only make nothing, and that the alliance between democracies will be worthless if every democracy, and France notably, shows herself unable to maintain at home the principles of peace and order, which are so often preached at Geneva.

The reopening of the Stock Exchange was naturally marked by a burst of buying orders from people anxious to align their securities with the new level of the franc. This fever has no profound significance. The real question is whether the movement will be supported in the future by dishoarded savings, or in other words, whether hoarders will feel confidence in the recovery of business. This, again, poses the question whether the Blum Cabinet has the confidence of the public.

One must distinguish here between the experts and the general public. The experts are divided into the two schools of thought which were represented in the Senate by M. Blum and M. Caillaux. M. Caillaux adopted the following attitude:—

By choosing devaluation, you have changed your policy; you have returned to deflation, and the Senate therefore rejects your compensatory measures which introduce new Budgetary charges. You must immediately take the consequences of the new situation and return to order: Budgetary order, monetary order and social order. Follow the British example.

M. Blum's reply may be summarised as follows:—

Economic policy is subordinate to social policy just as currency policy is subordinate to economic policy. Our policy aims at budgetary equilibrium, at the stabilisation of currencies, and the maintenance of the right of property. But we are aware that the task must take time and that on the very day after the breaking of our gold fetters, we should be wrong to enclose ourselves in new and rigid chains. Observe the American example.

M. Caillaux is a Conservative, with a certain disposition to social progress; while M. Blum is a revolutionary who preserves only those foundations from the past on which he hopes to build up the future.

THE "MEN OF DEVALUATION" DEVALUED

Public opinion as a whole remains far removed from these technical speculations. For the public, the present Cabinet is the Cabinet of the devaluation of the franc and the Cabinet of persistent stay-in strikes. Attacks on savings and attacks on property: these are the two serious grievances of the middle classes and the peasants. The 1928 devaluation had the excuse of war and was the counterpart of victory. The 1936 devaluation has no excuse for the masses of people who are ignorant of the international repercussions of the English and American devaluations. And M. Blum is not M. Poincaré. In the eyes of the middle classes the men of devaluation are devalued. These considerations may have important consequences at the Radical-Socialist Congress at Biarritz on October 26th; for the public's dislike of devaluation is chiefly reflected in this Party.

Actually, it appears that the French Cabinet was very well advised to decide that the new franc should not be rigid, but flexible—despite the preference of the French people for mathematical and juridical stability. For the full repercussions of the Social Laws on prices are not yet known. The 40-hour week is not yet in application. And nobody knows what re-armament will cost the Budget. The equilibrium level of the franc is difficult to appreciate, though it seems probable that its final value will be closer to the maximum than to the minimum limit of depreciation.

But the expostulations of the Senate were not superfluous. They usefully expressed the impatience of some sections of the public. They made it plain that the present level of the national debt in France does not justify experiments à l'américaine. As a result of the intervention of the Senate, the Government and the Communists realise that they must show a greater respect for the small saver.

Economists, however, applauded the lowering of tariffs and easing of quotas, the chief object of which was to prevent a rise in prices; for the Senate had refused the Government the means to compensate such a rise by a proportional increase in wages. Public opinion also applauded the first intervention of the police against the stay-in strikes in the case of the hotels, and on the same day M. Blum again condemned stay-in strikes.

The Government, it thus appears, must rapidly win over public opinion, the enthusiasm of which appears to be very cool. And when internal warmth is wanting, successful technique and external support may be of the first importance. Hence the rapid action of the Government in reducing tariffs and the warm appeals for a revival of international collaboration which it has addressed to the nations at Geneva, and particularly to Great Britain.

The situation of the Treasury demands the speedy success of recovery policy. The Government still has 8,000 million francs available at the Bank of France; and the revaluation of the gold at the Bank will bring it another 6,000 millions. The total is thus 14,000 millions, a sum sufficient to last until the end of the year. But its needs for 1937 have been estimated at 25,000 millions. By then, therefore, the battle for the new franc and for the revival of business must be won.

Fiscal receipts for August were 2,774 millions, of which 2,600 millions are ordinary receipts:—

Direct taxes	678 millions
Indirect taxes	1,921 millions
Special Receipts	10 millions
Total	2,609 millions

This total is 72 millions lower than the estimates, but 15 millions higher than in August, 1935. The yield of turnover tax was 490 millions, or 19 millions less than the estimates, but 1,000,000 more than the yield in August, 1935. For the first eight months of the year the total yield is 490 millions less than the estimates, but 151 millions more than in the same period of 1935.

Production in the French coal mines during August, 1936, totalled 3,210,337 tons in 25 working days, against 3,972,468 tons in July (26 working days) and 3,769,119 tons in August, 1935 (26 working days). Production in August, 1936, was affected by the application of paid holidays. Average daily production was 128,413 tons, against 152,787 tons in July and 144,966 tons in August, 1935. The number of men employed was 223,006 at the end of August, against 223,380 at the end of July and 224,197 at the end of August, 1935.

PARIS, October 8.

GERMANY

DR. SCHACHT SAYS "NO"

THE Berlin share market, which on September 29th had saluted the devaluation of the franc with a marked advance, continued to rise rapidly nearly all last week and after. Gains of ten points, for high-priced shares around 15 points, occurred. The banks warned clients that if securities stood too high already in July, as was then officially declared, there was nothing in the new foreign devaluations to drive them still further up. But the "flight into real values" continued.

That a desire for security was the motive of the share boom there is little doubt; for the public not only bought shares. They attempted to buy real estate; and there was also a tendency (visible, however, before the devaluation and already the subject of official measures) to withhold certain industrial commodities from the market. Dr.

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Schacht's denial of currency reform intentions before the Reichsbank's Central Committee on Wednesday last week failed to calm the public mind. A Central Bank, it was argued, will inevitably deny the possibility of devaluation until it has actually decided to devalue, and it will then, to avoid trouble, put through its plan as speedily as possible. Though this reasoning agrees with observation on other countries, it does not apply to Germany. Being in complete control of foreign payments and capital movements, Germany could admit a design to devalue long before she intended to execute it without suffering any inconveniences.

It is certain, moreover, that Dr. Schacht's rejection of devaluation was seriously meant, not only for the moment but for the remote future—unless certain highly improbable developments should take place. The gist of Dr. Schacht's address was his remark that the exchange control system could not be abolished as a mere consequence of Reichsmark devaluation. This remark was specially addressed to native devaluation enthusiasts. Paraphrased, it means that German exchange control is primarily a means of restricting payment of old debts to abroad and of making the contraction of new debts impossible by warning would-be lenders (if there are any) that they would not be repaid. Default on the old debts takes the exclusive form of exchange control; for it is only the transfer that is prohibited.

DEVALUATION AND DEBTS

The question of "devaluation," the question whether the Reichsmark is claimed to be worth, say, the 1-2,000th part of a pound of gold instead of the present Bank Law's 1-1,392nd part, has nothing to do with the question of exchange control. Control could be removed only if Germany possessed sufficient currency reserves for the transfer of all debt liabilities as soon as they mature for payment; and further if her foreign trade prospects were such as would preclude a new depletion of reserves. It is quite possible that in so far as foreign trade is concerned Germany could get along with a very small currency

reserve; but there is no possibility whatever of a reserve sufficient for the free transfer of the old debts. The exchange control must therefore remain. A mere nominal devaluation is no doubt practicable; but it is hard to see what advantages it would bring to Germany, still harder to judge whether its consequences would be as welcome to foreign countries as these seem to think. Here again a parallel with countries which have devalued but which nevertheless permit unrestricted foreign payments would be misleading. In such countries certain rational assumptions are made about the relations between currency values, internal price levels and foreign trade movements. The Reichsmark, however, has no real relation to any foreign currency.

The consequences for Germany of the French, Swiss and Dutch devaluations are not yet clear to German experts. At first the tendency was to assume that German foreign trade would be badly hit, and that the present restricted debt service, though alleviated by the new cheapening of foreign currencies, would be ever more difficult to maintain. But later the argument appeared that Germany may not suffer at all. Naturally the possibility of German counter-measures must be taken into account; for though Dr. Schacht in general implied that Germany sympathised with the foreign suggestion of freer trade, it is declared by authoritative persons that the measures taken for the restriction and subsidising of foreign trade, in consequence of the earlier devaluations, may have to be extended. That is what many Germans, in particular good Nazi partisans, desire. They are ashamed rather than proud of the official pretence that Germany has a world currency; and would prefer an absolute "autarky mark," with which they could at least buy pork, to the present "Jewish-international mark" of higher mathematicians, metaphysicians and casuists.

Dr. Schacht's refusal to devalue was accompanied by some very general but significant remarks about the future. Superficially read these remarks seemed to imply that foreign Governments so much desire a reform of the German currency that they would be willing to pay a very high price. Here, however, he meant real reform and not a mere nominal devaluation, which would have no visible advantages for anyone. Obviously, one condition of Dr. Schacht is that the German debts to abroad should go. With this the lack of a German gold or exchange reserve would cease to dominate the problem; but it would still be necessary for Germany to replenish her currency reserve to moderate proportions. That would require a foreign long-term loan. A withdrawable short-term credit would not suffice. It has been recent German policy, emphasised in many official utterances, that no new indebtedness should be incurred. But this self-denying ordinance applies only to present conditions; and if Germany could get rid of her old debt she would certainly not be averse to contracting a new.

Dr. Schacht also referred once more to his favourite subject—colonies. If the possession of colonies, as Dr. Schacht affirms, would reduce the dividend payment for imports from foreign countries, the demand for colonies can be understood. But it cannot be said that these proposals bring German currency reform any nearer. There is no prospect that foreign Governments would, or could, annul the claims of their citizens against Germany; and the annulment of these claims would hardly favour the flotation of a new loan for Germany. Of a redistribution of colonies there seems to be little prospect. Certain ambiguous official utterances in Great Britain have indeed encouraged Germans to think that at least on the British side this question might be considered. But these utterances were attributed to philanthropy or pusillanimity, which Germans consider to be the same thing in international affairs. A return of colonies through bargaining, in which the British Government would obtain a *quid pro quo*, is a somewhat different thing, for bargainers, unlike donors, necessarily weigh offers. It is not possible that the advantages, if any, to be derived by Great Britain from a real German currency reform, even if this facilitated international stabilisation, would outweigh the loss of debt claims, the probable loss of the new credits in the next international business crisis, and the loss through colonial or other political concessions.

It is indeed not likely that Dr. Schacht really expects for Germany any such profitable deal, or that he really believes that German currency reform is a vital interest of foreign Governments. More likely his design was of a different kind. He had inevitably to reject any mere nominal mark devaluation, against which there are very strong objections; but he had also to prevent Germany's appearance as the one obstacle to all-round currency stabilisation. The last-mentioned aim was not to be furthered by a categorical and unqualified "No." Dr. Schacht therefore expressed a general and academic willingness to co-operate in a general and academic, but indeed entirely undefined international plan; but simultaneously suggested conditions which imply that Germany has causes of complaint against the world, and that therefore the world, not Germany, is the obstacle.

BERLIN, October 5.

SPAIN

FALSE OPTIMISM IN MADRID

THE fall of Toledo justifies a certain amount of pessimism. The excuse that the trained Moorish troops and Foreign Legion, equipped with modern armaments and backed up by excellent foreign aviation, made it difficult to put up any effective resistance is only partly true. The real gravity lies in the fact that no preparation for such an emergency had been made. A vital point such as Maqueda had been left without defences, except for a few shallow trenches of doubtful value, and Toledo had not even a single trench nor any barbed wire to block the way. Only treason or ineptitude could be responsible for such lack of prevision among the military men in charge.

It would be pleasant to think that some lesson had been learned by the shocking spectacle of the Toledo débâcle. But the very slow progress being made in the vitally urgent necessity for the fortification of the approaches to Madrid makes one doubtful. Even in responsible circles there is an over-confidence which is highly depressing to the independent observer.

When the Republic has welded its new Army into shape and has adequate equipment, then it will be able to fight the rebels in open country. For the present it needs deep trenches, six or eight feet deep, with dugouts where the inexperienced militiamen can fight back adequately against their experienced opponents. Out in the open country, faced with a terrible barrage of machine-gun fire from the enemy's ample aviation and fiercely attacked by the Moors and Legionaries, there is not much hope of holding the attack. Not that trenches would guarantee victory for the Government; but they would help to make its defeats more costly to the enemy both in time and in money at the very least. There is a tremendous desire to avoid facing realities. It is fantastic that in these critical moments Madrid should be building houses and an underground railway and laying a new tramcar route down. There are 80,000 building workers in Madrid and five cement factories in the neighbourhood.

The Parliamentary session fulfilled the constitutional precept which provides that Parliament meets on the first of October of each year. The session itself proved a somewhat platonic affair, with little plain speaking concerning the present situation. The concession of the Basque Statute of Autonomy should increase the warmth of the fervour of the Basque Catholics who are fighting on the Government side. To all intents and purposes autonomy has in any case been enjoyed by the Basques since July when the *coup* of the rebel generals cut them off from Spain's capital.

The reader abroad who is more or less influenced by the exaggerated reports about conditions in Madrid, which emanate from Hendaye, Lisbon, Gibraltar and other nests of rumours, probably wonders how the Madrileño continues to remain so indifferent to the danger threatening the city. Yet life in Madrid continues to preserve a certain surface normality. Cinemas are open, the cafés are crowded, the concerts of the Philharmonic Orchestra under Maestro Perez Casas have begun. There is greyhound racing on Sundays. Much standing in queues is necessary to obtain

food, but on the whole there is no actual shortage, and there are unlimited supplies of fresh fruit and vegetables, except potatoes. The unpleasant aspects of actual fighting go on in the hills or away near Toledo, except for the killing of spies or people merely accused of Right Wing sympathies; and even this is not particularly obvious unless one drives around the outskirts of Madrid early in the morning. Water supplies are adequate. So the Madrileño has adapted himself to new conditions with a certain and dangerous complacency which may have a rude awakening.

Madrid has, within its boundaries, no small proportion of Right-wing sympathisers. That is to say it has an actual enemy attacking from outside and a potential enemy within. Of course, this cuts both ways. It gives the forces on the side of the Government a large number of hostages.

DISCIPLINING THE MILITIA

The decision to bring the militias under military law and direct control from October 12 onwards is a wise one. The militias served a very useful purpose during the first weeks of the struggle. They provided the Government with loyal forces at a moment when it hardly knew on whom it could depend. Their enthusiasm made up in great part for their lack of experience. But such forces are only valuable when operating in relatively small groups led by chiefs whom they know and trust. For most of the militia groups are more or less independent, and in some cases have their own service section for supplying food, and their own Red Cross units. This implies a serious overlapping of services. A great difficulty in the way of organising a regular army again, is to find sufficient loyal officers. And more serious, even, than the necessity for officers is the lack of modern machine guns and other equipment.

MADRID, October 4.

AUSTRIA

TO DEVALUE OR NOT TO DEVALUE?

IN contrast to Switzerland, Holland and Czechoslovakia, the Austrian Government and the Austrian National Bank took up no definite attitude towards the French devaluation during the first three days after its declaration. There was a general desire to form a more precise idea of the effect of the first crop of devaluations. Further, consultations with Berlin, Budapest, Prague and Rome were held. The new depreciation in Czechoslovakia, with a maximum of 16 per cent., can hardly affect Austria's economy; and the depreciation in Italy was executed in agreement with Vienna and Budapest in such a manner that the two Roman-pact States in no way suffer loss of exports. The declaration on September 29th of the Austrian Finance Minister, Dr. Drexler, and of the chairman of the National Bank, Dr. Kienböck, to the effect that Austria contemplated no change in its currency policy, was made on the basis of the consent and agreement of other States; so that there was no reason for change when a few days later the devaluations in Czechoslovakia and Italy were announced. After some objection on the part of heavy industry and the electro-technical trade, Austrian industrialists proved to be unanimously in favour of maintaining the present level of the schilling. The banks are also opposed to devaluation; but the farmers are inclined to favour it.

The purely technical position of the Austrian National Bank is in any case so strong that from this point of view "defence" of the currency is certainly feasible. From January 31, 1936, the date when the transfer of the payment against the Credit-Anstalt debt was made, to September 30, 1936, the gold and foreign-value holdings of the National Bank rose from 312 to 376 million schillings, while the percentage of cover improved from 27.4 to 31.1. There are also not inconsiderable hidden reserves.

It has to be considered, however, whether the economic situation would not justify devaluation. French, Dutch and Swiss competition on the world export markets is of scarcely any significance to Austria, and competition from Germany is the thing that Austria has most to fear. The devaluation in Czechoslovakia will result in very little dumping in Austria's markets, and it remains to be seen

whether and to what degree the devaluations in Italy and Switzerland will divert foreign visitors from Austria. How very successful the foreign tourist season in Austria was in the summer of 1936 is evident from the fact that during the four months May to August no fewer than half a million foreigners visited Austria, a third more than in 1935. Revenue from foreign tourist traffic during the 1935-36 season, which ends on October 31st, is estimated at 250 to 260 million schillings, compared with 200 millions in the year 1934-35. As the Austrian balance of trade improved in the first eight months of the year, and the total import surplus is estimated for this year at only 260 to 270 million schillings, it is for the first time almost wholly covered by the proceeds of the foreign tourist traffic. It also must not be overlooked that the schilling was devalued by about 23 per cent. in 1932, and that subsequent price reductions in Austria have already resulted approximately in that level of prices and wages which other countries are only now striving to reach.

LARGER GRAIN IMPORTS

Important consequences are probable from the fact that the grain harvest is less favourable than last year's. Recent estimates made by the Ministry of Agriculture are as follows:—

	Estimates (in thousands of tons)	Percentage differences compared with last year
Winter wheat	345.6	— 15
Winter rye	458.7	— 24
Winter barley	14.2	+ 5
Summer barley	275.5	+ 7

The first effect of the reduced harvest will be the necessity to import a larger quantity of grain. For many weeks imports of rye have been increasing in volume, though normally requirements are covered from domestic stocks at this season of the year. The necessity to import larger quantities of grain naturally means an exchange burden, which, however, is mitigated by the fact that larger contracts can be placed by way of compensation trading.

The diminished grain harvest is in some measure counter-balanced by the excellent crop of green fodder, potatoes, beet and maize. Although the area last season under sugar beet was strictly limited to prevent over-production, the requirement has been exceeded by 1.5 million metric centners in consequence of improved quality. As a whole, Austrian agriculture will not be much worse off on account of the poorer grain harvest, especially as in cattle, dairy produce and timber exports improvement is expected shortly, chiefly owing to the German treaty.

The recently prepared Budget for 1937 compares as follows with that of 1936:—

	1936	1937
	In millions of schillings	
Expenditure	1,902	1,980
Revenue	1,881	1,940

The increase in expenditure is entirely due to national defence measures, particularly the introduction of general Federal service duty, which will come into full effect next year.

VIENNA, October 4.

U.S.S.R.

"NO ALTERNATIVE TO STALIN'S POLICY"

UNTIL the recent sensational Zinovieff-Kameneff trial 1936 had been a curiously uneventful year, with international politics far more spectacular than internal policies. The new Constitution, summing up eighteen years of Communist rule, also summarises 1936; for the inner structure of the new Russia has become clearer than ever before, and the Constitution expresses this. By providing a measure of democracy unknown to Russians under either Tsar or Commissar, the Constitution embodies the long step which Russia has taken from the first bitter days of class conflict and the mailed-fist Communist dictatorship.

Just as democracy in the first years of the Communists' power would have been suicide, to let democracy grow

now is simply to allow support for the regime to assume expression. Even after the civil war had settled the immediate issue, internal enemies remained many and strong—the kulaks, the Nepmen, the Church and others. To-day employers and rich peasants as a social class are eliminated. There is no economic basis for any opposition element in the population. Mass opposition to Stalin in particular has melted away with the success of his industrial and agricultural policy. There is no other alternative programme to his. It is this also which deprives the Trotskyist groups now being run to earth, starting with the Zinovieff trial, of real significance.

Rising optimism and the only relative improvement in standard of life have brought with them rising loyalty, despite disgruntledness over such measures as the abortion law. Nationalist patriotism, once condemned, is growing fast, and "Our Fatherland" is encountered everywhere.

Wages have risen, along with industrial and agricultural output. The once empty shops have filled with goods. Prices have steadily fallen. The tension of the first Five-Year Plan and the struggle over collectivisation has relaxed. The other side of the medal is not so bright. Food prices are still high in relation to wages; and while bread is plentiful, the less well-paid worker still has a diet lacking in fats, meats and luxury foods. Commodities such as clothing are expensive, of uniformly bad quality, and scarce. Housing is still overcrowded.

The people will probably have to wait some time for improvement. The Kremlin has permanently vetoed a big programme of importing consumers' goods as being too costly. If peace lasts, the third Five-Year Plan, scheduled to begin in 1938, will attack this problem first of all. But the demands of the Army have eaten up, each year thus far, most of the growing economic surplus.

6,000,000 BIRTHS A YEAR

The shortage of goods was chiefly responsible for the discontented reception given in July to the prohibition of abortions. Criticism, in public meetings and in letters to the Press, was invited. The most clearly expressed sentiment was the complaint that with most families living in one room, and unable to obtain adequate supplies of goods, the prohibition of abortions means adding children to many families which cannot support them. Health was apparently the first consideration in passing the law. But the desire for an increase in population was also partly responsible for the law. Russia to-day has over 6,000,000 annual births and an annual natural increase of 3,500,000—2½ times that of all Europe. The population is now approximately 175,000,000, of whom more than 43 per cent., by official figures, are under 18 years of age.

Continued improvement in conditions is apparently assured for the winter by a good harvest. It will not be less than last year's, 100 million tons of grain, but the planned increase of 20 per cent. has been prevented by the drought. Over most of Russia's grain fields there has been practically no rain since early May. With the millions of individually-owned farms and land-strips of Tsarist times this would have meant simple disaster. Collective measures to save the crop, however, have reduced the drought threat to a minimum. Machinery, irrigation, better seed and more fertiliser have made a huge difference. Harvesting combines reaped 22 per cent. of the harvest this year, against 7 per cent. last year. Grain deliveries to the Government collecting stations are being made faster than ever before.

Industrially, progress has continued at an accelerated rate. The "Stakhanov Movement" for higher labour productivity—actually a mass movement for rationalisation of labour processes—has accomplished much towards giving Soviet industry technical maturity. The railways are now loading 90,000 trucks daily and promise to reach 100,000 by the end of the year; 46,000 tons of steel are produced daily, and there is a plan for raising this figure to 50,000 by January. Heavy industry increased its gross production for the first seven months of 1936 over the same period last year by 36.1 per cent. The coal and oil industries, however, have lagged badly. Light industry, though there are marked increases of production, is also still back-

ward. The drive for defence preparation is felt most acutely here; for it necessitates a continued emphasis on heavy industry and absorbs most of the modest gains of light industry. Food production, however, has made strides forward in the past year or two. Quantitatively the problem is solved, and attention is now directed towards the output of tinned goods and luxuries.

Gold is far and away the most prosperous branch of Soviet economy. Last year's production reached £20 millions, and by the end of 1937 Russia expects to have surpassed the Transvaal's annual £40 millions, at present the world's greatest. At a result, the country's cash position is excellent. At the end of last year the State Bank held reserves of £167,800,000. Added to this are £20,000,000 of gold produced last year, plus £15,000,000 mined since the beginning of this year; more than £50,000,000 which was realised during four years of operating the "Torgsin" stores where only foreign money or gold was accepted; and an active balance of payments of £6,200,000 last year. This gives a total of £259,000,000, and foreign indebtedness has been largely liquidated. Pending offers of favourable credits, the Kremlin is doing a strictly cash business; 85 per cent. of all imports were paid for in cash last year. The newly-granted British credit is considered significant more for the precedent it established in entering a wedge into the capitalist credit blockade than for its intrinsic value.

Total foreign trade for the first six months of this year was £49,100,000; embodying £22,660,000 of exports and £26,440,000 of imports. Most significant, 80.7 per cent. of exports were semi-finished and manufactured goods; agricultural goods were only 18.7 per cent. In 1926 the proportions were almost exactly reversed. The success of industrialisation is nowhere more clearly reflected than in these figures. Instead of selling food to Europe, Russia now sells motor-cars and textile machinery to the Near East, telephones to the Baltic countries, and pig-iron to Japan.

Imports are changing as well. The day of purchasing huge quantities of heavy machinery and finished products abroad is over. According to Rosengolts, Commissar of Foreign Trade, cotton, rolled steel and ball bearings, once vital imports, will now be supplied entirely at home. Britain continues to be Russia's best customer.

The stabilisation of the currency is now in progress. Rationing was abolished a year ago and a single price system introduced. Prices are now tending to fall. The nominal value of the rouble has been changed to three (pre-September French francs). Meanwhile, internal loans of the past eight years, amounting to over 25,000 million roubles, which would have begun to fall due next year, have been refunded on a 20-year basis at 4 per cent. interest. The interest rate on savings accounts, once 8-9 per cent., is now only 3 per cent. And rates on internal credits from the State Bank have been raised. The real value of the rouble is thus continually approaching its nominal value. Last year one pound bought 150 roubles on the "Black Bourse"; to-day it buys only 75 roubles.

Moscow, October 1.

JAPAN

FURTHER RISE IN REVENUE

ACCORDING to the national accounts for the fiscal year ended on March 31st last, which were published lately, receipts from taxation reached the record total of 978,540,000 yen, an increase of 67,593,000 yen upon the estimates and of 57,330,000 yen upon the preceding year. Income tax, business profit tax, and customs and excise produced 31.4 millions, 6.6 millions and 35.4 millions respectively more than was anticipated, while *sake* duty yielded 3.2 millions less than the estimates. As for non-tax revenue, profits from State monopolies, receipts from State-owned forests, investment income and miscellaneous revenue disclose moderate

increases; but the Bank of Japan's contribution to the Exchequer shows a substantial decline of 5.8 million yen. Thanks to the growth in revenue, the deficit-covering loan of this year, at 678,370,000 yen, was smaller by 93,280,000 yen than was originally budgeted for.

The Treasury is making fresh efforts to expedite the bank amalgamation movement, with the ultimate object of establishing "one bank for one prefecture." During the decade since the monetary crisis in 1927 the number of Japanese joint-stock banks has been reduced from 1,280 to 450. But in many prefectures there are still more than a dozen small local banks with a capital of less than one million yen. The authorities, to begin with, intend to cut by half the present number of banks in a couple of years.

The recent declining tendency in banking profits has been apparently arrested; the aggregate net earnings of the seven big banks for the June half-year amounted to 28,691,000 yen, as against 28,695,000 yen in the preceding half-year. Except in the case of Mitsubishi and Sumitomo, there was a moderate increase in earnings. The most notable feature in the balance sheets of the "Big Seven" is the marked fall in cash totals. While the deposits rose by 255,150,000 yen, loans and advances by 116,917,000 yen, and investment holdings by 200,639,000 yen, cash in hand and at the Bank of Japan decreased by 12,111,000 yen. The smaller cash ratio, 8.2 per cent. against 8.8 per cent., implies that larger resources and low interest rates have forced the banks to employ a greater proportion of their resources in profit-earning directions.

IMPORTS AND EXPORTS STILL EXPANDING

Fears that foreign trade is slowing down have been greatly allayed, if not removed, by the gratifying figures in the August returns. The total of imports was 191,148,000 yen, compared with 169,294,000 yen in August, 1935 (an increase of 21,854,000 yen, or 12.9 per cent.), and exports were 229,514,000 yen (an increase of 15,764,000 yen, or 7½ per cent.). Imports of raw wool and waste were down by 11.7 million yen, but raw cotton imports were up by 20.9 million yen. Imports of iron and steel and timber also substantially increased. Exports of raw silk and cotton piece-goods declined, but rayon products and woollen and worsted tissues advanced. There are again notable increases in exports of refined sugar, vegetable oils, and machinery and parts. The export surplus for August was 38,366,000 yen, against 44,456,000 yen in August, 1935.

Other home trade statistics for August show a continuance of the trend of recent months. The Bank of Japan's wholesale index number for August rose a further 1.67 per cent. on the month, raising the total to 200.7, the highest since January, 1930. The output of cotton yarn during August decreased by 1,098,000 lbs., or 0.9 per cent., upon July, whereas rayon production increased by 344,000 lbs., or 1.6 per cent.

Early September this year did not bring the usual typhoon damage to the rice crop, which is now distinctly promising. On the other hand, autumn cocoon crops have deteriorated in a few areas, owing to dry weather. Cocoon prices are also lower, in sympathy with the slump in the raw silk market.

Tokyo, September 20.

PALESTINE

THE END OF THE BOOM

WHEN trying to assess the losses incurred by Palestine since the outbreak of political trouble last April, one must necessarily remember that a first-class economic crisis was already in full swing. The greatest boom the country had ever witnessed came to an abrupt end in the autumn of 1935, when the tension in the Mediterranean reached its climax. Despite some hesitant tendencies towards recovery the situation had not yet returned to normal when the Levant Fair opened its doors in April in an effort to set things going again. The general strike, which was started

FOREIGN TRADE

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

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by the Arabs immediately afterwards dashed all such hopes.

The economic crisis seems to have then been aggravated in two ways. The contraction of activity was prolonged, and even accentuated, just when it was showing signs of recovery; and some new trades which had previously escaped, have now been affected.

The first quarter of the year, which was quite peaceful, recorded a sharp recession in foreign trade, compared with the same period of 1935:—

	1935 (January-March)	1936 (January-March)
Imports	£P4,352,398	£P3,732,056
Exports	2,507,510	2,044,764

During the second quarter, after the troubles had started, the slump grew calamitous:—

	1935 (April-June)	1936 (April-June)
Imports	£P4,255,929	£P3,000,686
Exports	714,863	218,862

Although imports of manufactured goods during the six months receded by a third from last year's figures, the loss was partly balanced by a sale of stocks on hand. The import surplus actually shrunk from £P5,385,954 during the first half of 1935, to £P4,479,116 for the first half of 1936. Although imports into Palestine of manufactured or semi-manufactured goods fell most heavily, Great Britain increased her share from 16.7 per cent. during the first six months of 1935 to 19.6 per cent. during the corresponding period of 1936.

What has tended to make things worse since April is the falling off in the immigration of capitalists and in the tourist traffic, as well as the rise in the cost of living. Individuals entering Palestine with more than £P1,000 totalled 958 during the first quarter and 680 during the second. The fall has been very steep since the troubles started (394 in April, 183 in May, 101 in June). Tourists have greatly decreased in numbers:—

April	12,082
May	3,422
June	1,426

Building activity has been affected, not only by the fall in immigration, but also by the difficulty of obtaining local material owing to the strike. However, in the important centre of Tel Aviv the strike seems to have passed its worst; and the number of building permits granted has been increasing steadily during the second quarter and after. The cost of living, which had been falling for a long time past, has suddenly climbed in three months to the level ruling six years ago.

Jerusalem, October 1.

LETTERS TO THE EDITOR

A CHANCE FOR STATESMANSHIP

TO THE EDITOR OF THE ECONOMIST

SIR,—During the past few years efforts at reviving international trade have been frustrated through the deadlock by which disordered currencies prevented the revival of trade and yet order could not be introduced into the currency system while trade remained stagnant. The devaluation of the French franc by agreement between France, the United Kingdom and the United States, followed by devaluation of the Swiss franc, the guilder and the lira, has brought this deadlock to an end. All agree that new opportunities are now open for the revival of international trade, but these may prove transient, and recent statements of Ministers and business men do not inspire much confidence in the likelihood of these opportunities being seized.

What are the prospects of a constructive British policy? The three-power currency agreement has created an atmosphere in which further agreements should be less difficult. Ottawa, often regarded as an obstacle, may well prove an opportunity for the Empire, as a net exporter of raw materials; and the Dominions, once prone to play up to a narrow protectionism in the United Kingdom, now recognise that the British market cannot go on absorbing all their expanding output of foods and raw materials. Other industrial countries would be able to take what the British market cannot absorb, if they were in effect brought into a widened Ottawa group through openings for some of their manufactured goods being provided within the Empire. In order to set at rest natural fears of "dumping" or of price-cutting wars, and to prevent countries from impoverishing one another by throwing goods on the market anyhow in a struggle for foreign exchange, it seems desirable that there should be a deliberate sharing of markets, at any rate to some extent, both by complementary and by competitive industries.

The Ottawa agreements, and the bilateral British trade pacts afterwards linked to them, were based on the "sterling area" as it has existed during the past five years. Since a fortnight ago, however, the "sterling area" has been greatly enlarged and its centre of gravity has shifted, owing to the practical adhesion of several European industrial countries complementary in their economic needs to the earlier members of the group. If we are to work in terms of political actualities, our obvious course, therefore, is to recognise and make full use of this expansion of the "sterling area" in order to build up by degrees a new multilateral basis of trade in place of the narrow bilateralism recently forced on us. Opportunities are open for new markets to be developed by agreements between industries, and for less developed countries to be helped to take more British goods by assisting them, wherever possible, to place their own exports both in British and in non-British markets.

Instead of denouncing Ottawa, denouncing economic nationalism and protesting our own attachment to principles which neither the British nor any other government is at present prepared to implement, cannot we in the United Kingdom work out in concert a new economic policy which will start by taking the world as it is, and will aim at widening the sterling and Ottawa groups? And cannot we aim at opening Empire markets to other industrial countries, at a bold credit policy designed to make raw materials more acces-

sible to the semi-developed States with relatively weak financial structures, but with considerable potential consuming capacity, and at using our vast economic and financial power in order to show that countries prepared to collaborate with us in peaceful development of an economic rather than a political nature will reap lasting advantages for which coloured shirts and the parade ground are unsatisfying substitutes?

MAX NICHOLSON,
General Secretary, P.E.P.

16 Queen Anne's Gate, S.W.1.

ARE TRAMS OBSOLESCENT?

TO THE EDITOR OF THE ECONOMIST

SIR,—I have been interested in the correspondence in the *Economist* relating to tramways. May I be permitted to point out, in passing, that the word used by your correspondent was "obsolescent," which is defined as "going out of use," not "obsolete," which is defined as "gone into disuse."

The fact of the "obsolescence" of the tram certainly appears to be confirmed by the Ministry of Transport Census figures, which show a fall in the number of trams in use from 14,097 in 1927 to 13,014 in 1931 and 10,872 last year, and by the Returns of Tramways and Light Railways, which shows a reduction in the miles of tramway track open from 3,151 in 1930-31 to 2,339 in 1934-35. My main point in writing, however, is to point out the unfairness of Mr Allen's comparison between the tram and the omnibus, in which he states that "the tram has to construct and maintain its own track, while the motor-bus wears out the road maintained by the ratepayer."

It may be of interest to recall that the Royal Commission on Transport in their Final Report made the following recommendation (section 70, paragraph 372):—

Our considered view is that tramways, if not an obsolete form of transport, are at all events in a state of obsolescence, and cause much unnecessary congestion and considerable unnecessary danger to the public. We recommend, therefore, (a) that no additional tramways should be constructed, and (b) that, though no definite time limit can be laid down, they should gradually disappear and give place to other forms of transport.

Omnibuses and motor-coaches pay to the Exchequer annually £2,700,000 in licence duties and £6,800,000 in petrol and heavy oil tax, a total of £9,500,000. They are used almost entirely on Class I and Class II roads, and this compares with a total cost of maintaining Class I and Class II roads of £15,290,000. In other words omnibuses and motor-coaches pay special taxation equivalent to 62 per cent. of the cost of Class I and II roads. The tram, on the other hand, pays for its own track, the existence of which is by no means an unmixed blessing to other road users, a total of some £1,250,000, but makes no contribution whatever towards general revenue.

Yours faithfully,

H. E. CRAWFORD.

Bush House,
Aldwych, London, W.C.2.

BOOKS AND PUBLICATIONS

THE TRANSPORT PROBLEM*

In spite of the numerous attempts on the part of statesmen in recent years to solve the so-called "problem" of transport, there still remains a general feeling of uncertainty about the future. There are still "aggrieved parties" convinced they are not getting a square deal. There is still bitter controversy about the rights and wrongs of this or that regulation, bearing in mind the "freedom" enjoyed by competitors. There are still some who sincerely advocate and some who equally sincerely oppose the further application of the principles embodied in the London Passenger Transport Act to other areas and other forms of transport. To some extent, of course, these differences of opinion do no more than reflect the different "pulls" of vested interests. But when we have explained away as much of the transport controversy in this way as is possible, there remains a residue of unsolved problems the solution of which demands more than a mere choice—problems which are of real intellectual complexity. These problems at present lie hidden under such slogans as "co-ordination," "covering like costs," the "cream" of the traffic, "wasteful" competition, "cut" rates, and so on.

* "The Economics of Transport." By M. R. Bonavia. Nisbet and Cambridge University Press. 202 pages. 5s.

Now, in the introduction to the now famous series of Cambridge Economic Handbooks, of which the book under review is the latest addition, Mr Keynes tells us that it is just this gap that the series are meant to fill. One might, then, have expected from this series the very book which so many of those interested in the problem of transport are so keenly awaiting; but in spite of many merits, Mr Bonavia's book cannot really be said to have succeeded in meeting this great need. The first three, out of a total of six chapters, are devoted almost exclusively to descriptive economics; and when Mr Bonavia does come to treat of those highly important, though controversial, problems already mentioned, he treats them in a manner not very different from that in which they have been treated before.

This does not say that the book has not great merits. It is written in a lively and entertaining style. The author's examples are always interesting in character, and reliably authenticated. Moreover, in his two chapters on competition and monopoly in transport, Mr Bonavia gets very near to finally elucidating some of the more urgent problems of the day. Had he only dwelt a little longer on these themes, he might have written a book of no little importance; for he is obviously capable of carrying the elucidation of the whole problem further; and it is to be hoped that he will some day do so.

SHORTER NOTICES

"The Record of the National Government." By Ramsay Muir. Allen and Unwin. 200 pages. 5s.

"As a student of modern history," Mr Ramsay Muir says in his preface, "I believe this to be the worst, the weakest, the most timorous and the most incompetent Government that Britain has known since the days of Lord North." He proceeds to develop this uncompromising thesis, "avoiding personalities and mere denunciation" and confining himself to "the analysis of facts and to the development of serious argument."

Mr Muir's attack is concentrated on the weakest points in the Government's record: its protectionism and its vacillating foreign policy. He shows that the economic recovery after 1931 was predominantly due to measures taken in the lifetime of the First (and partially Liberal) National Government of August-October, 1931; and that "Great Britain was carried on the tide of a general (if slight) world movement and did not profit from it as much as some other countries." He then traces the ominously steady deterioration of world affairs that led from the Manchurian dispute of 1931 to the Spanish rebellion of 1936, and the repeated failure of the Government to seize the opportunities offered it. There could be no more concise and dispassionate statement of the case against the National Government.

"English Radicalism, 1832-1852." By S. Maccoby. Allen and Unwin. 462 pages. 16s.

There have been studies of Chartism, of Owenism, of Utilitarianism, and of philosophic Radicalism. Mr Maccoby here makes an interesting attempt to review many of these threads of a single movement. He tells how Radicalism was thwarted successively by repressive Tory, hypocritical Whig, priggish "philosopher," and rash and demagogic Chartist; how the effort to re-build society was betrayed by leaders, opponents or helpers, by its impractical intelligentsia, its too sensitive Irish allies, and the weakness of man on every side and within.

Mr Maccoby shows how the Radicals failed to impose their programme on the Whig Government. The revival of Conservatism under Peel, both in principles and in organisation, encouraged the House of Lords to "reject even such Reform as passed through the Whig Cabinet sieve," until the economic blizzard of the late 1830's swept the Whigs out altogether. But many reforms owed everything to Radicalism.

There was a clear division between Radicals and ultra-Radicals. Here Mr Maccoby brings out very clearly the weight of the personal factor. Just as Cobbett's choleric prejudices gave that mighty penman a small voice in the House of Commons, so Chartism was ultimately ruined by the support of Tory demagogues like Oastler—who managed to believe in Throne and Altar Toryism and insurrectionism at the same time—an adventurer like O'Connor, or a fanatic like the Reverend J. R. Stephens. If the people could not have the fruits of the earth, earned by the sweat of their brow, Stephens used to shout, "then war to the knife with their enemies, who are the enemies of God." But despite this unhappy interlude of left-wing Radicalism—and despite the consequent ruin of even the sober working-class movement of London and Birmingham, Parliamentary Radicalism persisted.

It is impossible to mention half the fascinating points in Mr Maccoby's book. There are admirable quotations from contemporary writings and speeches. He has written a worthy chronicle of Radicalism.

BOOKS RECEIVED

The Private Manufacture of Armaments. Vol. I. By Philip Noel Baker. (London) Gollancz. 574 pages. 18s. net.

The Far East in Ferment. By Guenther Stein. (London) Methuen. 244 pages. 10s. 6d. net.

The Demand for Colonial Territories and Equality of Economic Opportunity. The Labour Party. 52 pages. 4d.

World Production and Prices, 1935-36. League of Nations. (London) Allen and Unwin. 156 pages. 5s. net.

An Essay on Economy and Value. Being an Inquiry into the real Nature of Economy. By Alec L. Macfie. (London) Macmillan. 152 pages. 7s. 6d. net.

The Far Eastern Crisis. By Henry L. Stimson. (New York) Harper and Bros. Distributed in Great Britain and Europe by the Royal Institute of International Affairs, Chatham House, London, S.W.1. 293 pages. 15s. net.

Commerce and Society. By W. F. Oakeshott. (London) Oxford University Press. 418 pages. 7s. 6d. net.

The Secretary's Manual. By Judge Haydon and Sir Nicholas Waterhouse. 23rd Edition. Jordan and Sons. 523 pages. 10s.

The first edition of this valuable work on the law and practice of joint stock companies dates back to 1891. The latest edition therefore combines the dignity of long-established precedent with the revisions necessitated by certain recent legal decisions, including the case of *Hearts of Oak Insurance Company v. Flowers*, which raises interesting questions on the use of loose-leaf books by companies. Sir Nicholas Waterhouse, a colleague of the late Sir Gilbert Garnsey, has undertaken the important section dealing with accountancy.

Journal for Blackpool Meeting, September 9-16, 1936, of the British Association for the Advancement of Science. (London). No price given.

The Israel Promises and their Fulfilment. By Samuel Hinds Wilkinson. (London) John Bale, Sons and Danielsson, Ltd. 195 pages. 8s. 6d. net.

Public Finance. By A. G. Buehler. (London) McGraw-Hill Publishing Company. 632 pages. 24s. net.

Soviet Foreign Policy. Address by M. Ivan Maishy at Liberal Summer School, Oxford, 1936. (London) Anglo-Russian Parliamentary Committee, Buckingham Street, Adelphi.

Industrial Environment and Health. (Geneva) International Labour Office. 336 pages. 7s. 6d. net.

Anarchy or Peace? By Lord Davies. (London) Constable and Company. 17 pages. 9d. net.

La Monnaie Française depuis la Guerre, 1914-36. By Gaetan Pirou. (Paris) Librairie du Recueil Sirey. 113 pages. 12 francs.

OFFICIAL PUBLICATIONS

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

Dairy Produce Supplies, 1935, including Poultry and Pig Products. A Supplement to Weekly Dairy Produce Notes prepared in the Intelligence Branch of the Imperial Economic Committee. (Free to subscribers.) 2s. 6d. net. 2s. 9d. post free.

Annual Report of the Chief Inspector of Factories and Workshops for the year 1935. Cmd. 5230. 2s. net.

Commissioner for the Special Areas in Scotland: Final Report by Sir H. Arthur Rose, Baronet. Cmd. 5245. 6d. net.

THE CORRECT ECONOMY FOR THE MACHINE AGE

By A. G. McGregor

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THE FINANCIAL TIMES

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MONEY AND BANKING

THE MECHANISM OF EXCHANGE FUNDS

THE Paris market is once more open, and dealings in francs have been resumed. The devaluation of the Czech crown and Italian lira probably completes the present series of monetary changes, although the Austrian and Hungarian authorities have still to decide their final policy. So far Austria has declared against devaluation. Hence the world is beginning to see where it stands under the new monetary regime. The French franc is apparently being held at Frs. 21.40 to the dollar, while the pound is slowly sliding in the direction of \$4.86; for from \$4.94 it has already fallen to \$4.89. As we suggested a week ago, these rates represent a fair degree of equilibrium, and there has been some evidence of official intervention with the object of holding them.

But the exact nature of the intervention has not been disclosed, and it should be remembered that there are now at least four Exchange Funds (including that of Holland) ready to operate, while other funds may be established. How will they function in the new situation? It is not enough to proclaim international monetary co-operation and to institute Exchange Funds to carry it into effect. It is also necessary to co-ordinate the technique of these funds so that each exercises approximately the same effect upon the internal credit and banking system of the country to which it belongs.

To emphasise this need it is sufficient to point out that the operations of the British Exchange Equalisation Account are calculated to have a paradoxical effect upon the British internal credit position; and, as we shall see, the same applies to the new Dutch Exchange Fund. It is a point which we have touched upon before, but it is so important to obtain uniformity of technique between these various funds that this fundamental point merits explanation in greater detail. The essence of the matter is that the acquisition of gold or foreign assets by the British Exchange Equalisation Account involves the sale of Treasury bills to the joint-stock banks and the discount market. This is due to the statutory origin of the Exchange Account. It was not created out of any windfall profit of the Treasury, as is the case with the American and French Exchange Funds, which arose from the profits on gold revaluation. It was brought into being by the creation of Treasury bills, which constituted the capital assets of the Fund. Whenever the operations of the Fund involve the substitution of gold or foreign assets for these bills they are added to the supply of bills in the money market or in the hands of the banks. Conversely, when gold or foreign assets are disposed of, the Account acquires Treasury bills, and the supply in the market is correspondingly reduced. Apparently the Dutch Exchange Fund is to be similarly financed by short-term borrowing.

To see how the British Exchange Account works in practice, let us assume the withdrawal of £1,000,000 of French money from deposits at the British joint-stock banks and its repatriation to France. The British banks have to buy £1,000,000 of francs (say Frs. 105 millions) to cover the transfer. To meet these needs the British Exchange Account sells £1,000,000 of the gold which it holds under earmark in Paris for Frs. 105 millions, which it re-sells on the London market to the British joint-stock banks. To pay for these francs, the British banks pay £1,000,000 sterling to the Exchange Equalisation Account, and so initially this quantity of cash is transferred from bankers' deposits to public deposits in the Bank of England. We now reach the crux of the problem. This million pounds will then be normally converted—either through purchase or more usually by an increase in the weekly issue through the "tap"—into Treasury bills. The market's supply of bills will fall correspondingly, and the cash with which the Treasury effects this net redemption of debt to the market will swell the cash balances of the

joint-stock banks. The joint-stock banks recover their £1,000,000 of cash, but suffer a reduction of £1,000,000 in their holdings of Treasury bills or call and short loans to the market against Treasury bills.

To clarify these operations, they may be set out in tabular form:—

STAGE 1.—The banks buy francs provided by the Exchange Account, to cover the withdrawal of £1,000,000 of French money:—

<i>Joint Stock Banks</i>	
Deposits	£1,000,000 (the French withdrawals)
Cash	£1,000,000 (to pay for their francs)
Bills and short loans...	Unchanged.
<i>Bank of England:</i>	
Public deposits.....	+ 1,000,000 (the Exchange Account is paid in francs)
Bankers' deposits.....	- 1,000,000 (the banks pay for their francs)

STAGE 2.—The Exchange Account's cash receipts of £1,000,000 are applied to the redemption of Treasury bills:—

<i>Joint Stock Banks:</i>	
Deposits.....	Unchanged
Cash	+ 1,000,000 (in redemption of bills)
Bills and short loans...	- 1,000,000 (bills redeemed and/or loans repaid)
<i>Bank of England:</i>	
Public deposits.....	- 1,000,000 (due to redemption of bills)
Bankers' deposits.....	+ 1,000,000 (bills)

FINAL RESULT—the combination of the two stages:—

<i>Joint Stock Banks:</i>	
Deposits.....	£1,000,000
Cash	Unchanged
Bills and short loans...	- 1,000,000
<i>Bank of England:</i>	
	No change.

The net result is that the joint-stock banks' deposits and earning assets are reduced, while their cash is unchanged. Therefore their cash ratio is increased, so that they are in a position to grant more loans or buy more securities. In more general terms this loss of French money from London and loss of gold by the Exchange Equalisation Account has created easier credit conditions, calculated to depress interest rates. It will be evident even to the layman that for this to occur as the result of the funds being withdrawn from this country is a complete paradox.

Now let us see what is happening in Paris. Frs. 105 millions (at Frs. 105 to the pound) of French money has come from London into the deposits of the commercial banks. The French authorities have bought Frs. 105 millions of gold from the Exchange Equalisation Account, which is taken by the Banque de France and added to its reserves. Meanwhile the French authorities have given the British Exchange Account Frs. 105 millions. These francs are sold to the British joint-stock banks, who transfer them to the French commercial banks to cover the repatriation of the French money; and, finally, the French banks add them to their cash balances at the Banque de France. Thus the net result is an equal increase in the French banks' deposits and cash and a rise in their cash ratios. In Paris, the repatriation of French money has the normal "gold standard" consequence of creating easier credit conditions. It may be assumed that under normal circumstances the same would be true of such operations as the American Exchange Fund may undertake.

Thus a movement of capital from London to Paris will create easier conditions in both centres—a result which Euclid, if he were alive to-day, would describe as absurd. Some co-ordination of technique is clearly called for. In England a means must be found of preventing the Exchange Equalisation Account's gold sales from raising the joint-stock banks' cash ratios. At the best these ratios should remain unchanged, and on general grounds it may sometimes be advisable for gold sales to have a slightly restrictive influence upon British credit. This would be the case if instead of converting the whole proceeds of its

franc sales into Treasury bills, the Exchange Equalisation Account exchanged part of them for gold withdrawn from the reserve of the Bank of England. Only a small diversion of its operations in this way would be needed to exert the required leverage on the internal credit system.

The three major financial powers are now engaged on a co-operative effort to seek and maintain currency equilibrium. The task will not be easy. The authorities of the three countries will have to diagnose, and agree in their diagnosis, which movements are temporary and to be "equalised," and which are permanent, demanding more fundamental treatment. The mechanism through which their control is to be exercised, the use of Exchange Equalisation Funds, is, so far as co-operation is concerned, as yet purely experimental. It would be a great pity if the respective Governments refused to contemplate change in some of the purely technical arrangements that have been made, if it can be shown that those arrangements tend to upset rather than give equilibrium. There is a strong case for uniform operation in each centre. Otherwise, with the best will in the world, "co-operation" may create fresh disequilibrium.

FINANCIAL NOTES

The City and Whitehall.—Mr Montagu Norman, in replying to a toast at the Lord Mayor's dinner, made one of his very rare public utterances. On this occasion he alluded to the gradual growth of unofficial Government control over the City's different activities, and from this he came to speak of the way in which the City, while preserving its freedom, carried out the desires of the Government just as willingly and efficiently as if it were bound to do so by law. "I assure Ministers," he said, "that if they will make known to us through the appropriate channels what it is they wish us to do in the furtherance of their policies, they will at all times find us as willing with good will and loyalty to do what they direct as though we were under legal compulsion." This raises once more an important point of public policy. There are strong arguments for leaving the City nominally as free as possible from the rigid bonds of legislation, but the result is that the Government and the Departments find themselves able to exercise very real powers without reference to Parliament. Legislation would have to come before Parliament for debate and possible amendment or rejection, but a request to the City to do this or not to do this is not, and cannot be, subject to any Parliamentary control at all. The City acts willingly, and in so doing automatically relieves Westminster of the responsibility. The result is that while the City may be retaining its nominal freedom, the elector and his representatives in Parliament may be losing their powers of control. The present tendency towards the loyal but free obedience of the City to Whitehall is therefore not wholly desirable and needs careful watching.

The Pound and the Dollar.—The attention of the foreign exchange markets has naturally been mainly directed towards the currencies which have recently been devalued. But the relations between the pound and the dollar are also of considerable interest. The new rate between the franc and the dollar will be determined by the gold content of the franc decided upon by the French Government, and is meanwhile fixed by the control in Paris. The London-Paris rate is also under control. But between London and New York there appears to be some lack of clarity. The rate agreed upon by the two Governments at the time of the common announcement of policy has never been divulged. Indeed, some people are beginning to question whether any rate was agreed upon. One rumour has it that in the negotiations the American Government would not agree to any rate below \$4.95, while the British authorities would not concede any rate higher than

the old parity of \$4.86. If this is true, it may be that the rate is free to move within this range before either Exchange Fund intervenes. It certainly appears to be the case that the fall of the pound towards \$4.86 in the course of the past week has been neither hastened nor impeded by either "control." The British authorities do not seem to have been buying dollars, although it is understood that they have abandoned their previous practice of refraining on principle from operating in dollars. Similarly, there have been no indications of purchases of sterling by the American Stabilisation Fund since the much-publicised purchase from the Russian State Bank a fortnight ago. It therefore looks as if the free tendencies of the market are settling the divergence of view between the authorities of the two countries.

The Foreign Exchanges.—This week exchange rates have been trying to find their new levels. So far Paris has been concentrating upon holding the New York cross-rate at Frs. 21.40 to the dollar. The result is that French repatriation of capital has caused sterling to weaken not only against the franc but against the dollar as well; and the latter movement has been reinforced by the current British demand for American securities. The British Control has apparently done little more than smooth out these movements and has not resisted their general trend. In mid-week sterling had fallen to \$4.88½, but has since risen to \$4.89½, possibly owing to American purchases of silver in London. The franc has strengthened against the pound from Frs. 105½ to Frs. 104½. This movement in one sense suits the French authorities, for in conjunction with the strength of Rentes it encourages the repatriation of French capital before the franc becomes dearer. The French Bank rate was reduced on Thursday from 3 to 2½ per cent. As a result of the revaluation of the franc, the French Bank return for October 2nd showed an increase of Frs. 7,247 millions in gold to Frs. 57,359 millions. Frs. 3,599 millions of Provisional Advances to the State have also been repaid. Guilders, after weakening to Fl. 9.30, recovered to Fl. 9.19 on the repatriation of Dutch funds, but this last rate is not expected to be maintained. The lira is now quoted at Lit. 92½, while the rate for tourist lire has been moved from Lit. 82.10 to Lit. 100 as the result of devaluation.

The Bank's Gold.—The devaluation of the franc has given rise to a fresh crop of rumours and speculations over the revaluation of the Bank of England's gold. It is unlikely that revaluation will be undertaken in the immediate future, for, as Mr Chamberlain made clear this week, we are not yet returning to gold. Yet it may be of use to set forth a few simple facts. The gold held by the Bank of England amounts to approximately £250 millions. This is valued, by law, at 84s. 11d. per ounce fine. If the future price of gold turns out to be 144s. per ounce fine, that gold will become worth £425 millions. There will thus be a profit of £175 millions. Now, as this gold is part of the assets of the Issue Department of the Bank, this profit will presumably accrue to the Government, in accordance with the Currency and Bank Notes Act of 1928; and under the law as it stands to-day, the Government will include it as a miscellaneous receipt in the year's revenue, which means that they can use it as they think fit. The point, however, has been legitimately made that £175 millions represents a serious over-estimate of the profit, because a lot of the gold now held by the Bank was acquired since September, 1931, and, therefore, cost considerably more than 84s. 11d. per ounce. The answer here is that the Bank actually incurs a loss every time it buys gold at, say, 140s. per ounce and promptly writes it down to 84s. 11d. per ounce. This loss, however, by the Finance Act of 1932 has to be made good by the Exchange Equalisation Account there and then. This fact enables us to give the true calculation. When the Bank's gold is revalued, the Government will obtain the full profit of, say, £175 millions, which it can apply to current revenue. There will also remain the assets of the Exchange Equalisation Account. These

consist of:—(a) The sums issued to it in 1932 and 1933, believed to be £375 millions; (b) its accrued jobbing profits or losses; less (c) the amount paid to the Bank of England in compensation for the Bank's losses on its gold purchases since September, 1931. The Government will have to decide whether to keep the Exchange Equalisation Account in being, and if so, to determine its size, but if the Account is wound up, its assets must be applied to the reduction of the National Debt. It looks, therefore, as if under existing legislation the Government will get for the redemption of debt the whole of the profit on the revaluation of the Bank's gold for revenue, and an unknown net profit (the loss on the Bank's gold purchases since 1932) from the Exchange Equalisation Account. It is a matter for careful consideration whether this is the best way of dividing these profits and assets.

The Devaluation of the Lira.—The Italian authorities have given way to the force of circumstances, and the lira has been devalued so as to bring it back to its 1927-33 parity with the dollar. Following the new fashion set by the United States and extensively copied last week, the new gold value of the lira is only fixed within limits of 10 per cent., namely, between 50 and 60 per cent. of its former value, but the present degree of devaluation is purposely made exactly equivalent to the American 1934 devaluation to 59.06 per cent. of the old gold parity, so that the former relations between the lira and dollar have now been re-established. The new rate for sterling is lire 92½ to the pound, against lire 64½ on September 25th, and the official clearing rate has been raised from 64.38 to 93 lire. In New York the exchange is once more back at lire 19 to the dollar, against 12.72 lire a fortnight ago. Italy has also announced numerous reductions in import duties to offset the devaluation of the lira, but her sole object in doing so is to prevent any rise in internal prices as the result of devaluation. It in no way implies any relaxation in her control over the volume or origin of imports.

Dutch Monetary Developments.—Our Amsterdam correspondent writes that considerable uncertainty exists, especially as the public are left wondering what will be the ultimate devaluation of the guilder in terms of gold. At present the guilder is divorced from gold, and the following table shows how it has fallen since September 26th:—

	AMSTERDAM EXCHANGE RATES		
	Sept. 26	Sept. 29	Oct. 6
London (Fl. to £1)	7.46	8.91	9.24
Berlin (Fl. to Rm. 100).....	59.50	70.00	75.75
Paris (Fl. to Frs. 100).....	—	9.40	8.80
New York (Fl. to \$1)	1.48½	1.78½	1.88½
Prolongation Rate.....	2%	1½%	3%

The weakening of the guilder has been reflected in a stiffening of the Amsterdam prolongation rate. So far the Dutch authorities have given little indication of their future policy, and it is even doubtful if the new Exchange Fund of Fl. 300 millions, to be financed by the issue of Exchequer bonds, is yet in existence. Dr. Trip, the Governor of the Netherlands Bank, has stated that "we just want to see how the guilder will manage." In any case, before the Exchange Fund can operate both ways, it will have to acquire gold or foreign exchanges, and it cannot easily do so until foreign exchange is offered in Amsterdam as a result of a repatriation of Dutch capital. In the meantime Holland's departure from gold has had curious political reactions. The former advocates of devaluation are now insisting that the degree of devaluation must be definitely fixed by Dutch initiative, so as to bring Dutch prices and costs into line with those of other countries. Conversely, the former advocates of the gold standard now desire the guilder to ride free and find its own level, on the ground that the Government only abandoned the gold standard under economic *force majeure*. The Netherlands Bank's return for September 28th shows gold losses over the preceding week of about Fl. 40 millions and an expansion of Fl. 33 millions in the note circulation. There was some increase in the volume of credit extended by the Bank and a big drop of Fl. 44 millions in deposits on current account.

These movements show how impossible it would have been for Holland to remain on gold, and the public on the whole have taken the change very quietly.

Devaluation of the Czech Crown.—The devaluation by 16½ per cent. of the Czech crown in 1934 was the first real deflection from the gold bloc and consequently, after the recent general devaluation of the gold bloc currencies, it was thought for a time that this would prove sufficient. The Czech Government, however, has now decided that a further measure of devaluation was necessary, and a Bill to this effect was laid before Parliament on Wednesday last. The Bill proposes that the gold content of the crown shall be fixed within limits of 31.21 milligrammes and 33.21 milligrammes. This amounts to a devaluation of from 10.6 per cent. to 15.98 per cent. from the present parity, or 25.5 per cent. and 29.99 per cent. from the 1934 parity. The Bill also provides that as soon as the effect of the new level of the exchanges has been ascertained, the Government is empowered to fix at a definite figure the gold content of the crown. The usual precautions are to be taken against a rise in prices, and the Government has also declared itself in favour of removing obstacles to trade. During the depression Czechoslovakia's annual total foreign trade has fallen from about Kc. 40,000 millions to about Kc. 15,000 millions, evenly divided between imports and exports. Czechoslovakia has virtually no foreign debt, and from that standpoint there is no need for an export surplus, but her industries, who rely largely on export trade, should benefit.

The Money Market.—The Bank return shows that last week's depletion of the market's resources, caused by the heavy payments for Treasury bills maturing on December 28th and 31st, has only been partially eliminated. While money is less plentiful than usual, there has been a brisk demand for loans, emanating probably from the Stock Exchange. Money rates are still unchanged, but the market is already beginning to envisage a possible hardening:—

	Sept. 17, 1936	Sept. 24, 1936	Oct. 1, 1936	Oct. 8, 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*	1-1-1*	1-1-1*
Others	½	½	½	½
Discount rates:—				
Treasury bills	½	½	½	½
Three months' bank bills	½-½	½-½	½	½-½
* 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.				

Throughout the week the banks have been buying bills. October, November and December maturities have been bought at the minimum rate of ½ per cent., and January maturities at ¾-1% per cent.

The Bank Return.—While the Bank's gold stocks are practically unchanged there has been an increase of £1.4 millions in the note circulation, so that the Reserve is reduced by £1.4 millions.

	BANK OF ENGLAND				
	Oct. 9, 1935	Sept. 16, 1936	Sept. 23, 1936	Sept. 30, 1936	Oct. 7, 1936
	£ mill.	£ mill.	£ mill.	£ mill.	£ mill.
Issue Department:—					
Gold	193.7	246.8	247.6	248.6	248.7
Note circulation	402.1	444.9	445.1	449.4	450.8
Banking Department:—					
Reserve	52.3	63.1	63.6	60.3	58.9
Public deposits.....	36.0	14.8	10.4	49.7	24.8
Bankers' deposits	75.1	102.2	108.0	60.7	84.2
Other deposits.....	38.6	38.7	38.8	40.9	40.9
Government securities ...	85.5	81.6	83.7	80.3	79.8
Discounts and advances..	17.6	9.2	7.9	8.6	9.3
Other securities	11.8	20.1	20.3	20.4	19.6
Proportion	34.9%	40.5%	40.4%	39.8%	39.3%

Out of the £40 millions taken off the market and into public deposits a week ago, only about £24 millions have returned, so that bankers' deposits are still low in comparison with recent weeks.

THE STOCK EXCHANGE

RE-ARMAMENT BOOM FINANCE

THE Macmillan Report contained a melancholy table of losses sustained by subscribers to the bubble company boom of 1928-29. Now, in the fullness of time, activity has returned to the company issue market, though speculation's *venue* is no longer greyhounds, artificial silk, gramophones, automatic photography or patents lit with the light that never was on land or sea. The fashion of 1936 is for engineering and constructional enterprises, particularly those which can claim a fifth cousinship to the armament industry. When the boom of 1928 was comparatively young, we made a detailed analysis of the structure and finance of the companies then appearing. It may be of interest similarly to dissect the anatomy of a number of typical "re-armament" concerns which have recently appealed for the investor's suffrage.

The compilations which follow are based on the prospectus figures of twenty companies, issued since the beginning of this year, whose activities are related to the Government's defence programme either directly or by implication. In a number of border-line cases we have regarded the prominent display of a claim to inclusion among War Department contractors in heavy prospectus type or in other ways, as a deciding factor. The companies fall naturally into four groups, on the following lines:—

I.—AIRCRAFT	III.—ENGINEERING
Aeronautical Corp. of Gt. Brit.	Armstrong Stevens
Blackburn Aircraft	Foster, Yates & Thom
Corncroft	Marshall, Sons & Co.
British Marine Aircraft	Mitchell, Shackleton
	Newall Engineering
	Smethwick Drop Forgings
	Thos. Blackburn
II.—AIRCRAFT ACCESSORIES, ETC.	IV.—MISCELLANEOUS
Aeronautical and Gen. Instru-	J. Crowther
ments	W. B. Dick
F. Hills & Sons	Newman & Watson
Williamson Mfg.	Steel Barrel Scamell
Titanine	National Coke & Oil

The first and most striking feature of these companies is their moderate size. In Group I the average authorised capital is £395,000; in Group II, £125,000; in Group III, £212,143; and in Group IV, £524,000. For the entire 20 companies the average is £309,250—i.e. little more than a quarter of a million. Only one company—National Coke and Oil—has an authorised capital of £1,000,000, and if this be omitted the average is reduced to £259,250. Nine concerns have an authorised capital of £150,000 or less, and it is obvious that their shares can scarcely command, in future, a really wide and free market. Consciousness of this potential disadvantage may have been partly responsible for the decision to divide a relatively small capital into a large number of "dealing counters," by the issue of shares of low denomination. Eleven of the twenty companies, in fact, have a "straight" capitalisation in ordinary shares only, one has two classes of ordinary shares, while eight have divided their capital between preference and ordinary shares. Of the 29 different securities thus created only five are of £1 denomination, while seven are of 10s., eleven of 5s., three of 4s., and three of 2s. nominal value. The "shilling share," which achieved unenviable notoriety during the 1928 boom, has thus reappeared in a slightly less objectionable guise; and in certain instances it has been associated with the vicious "high-preference-and-low-ordinary" type of capitalisation, which makes for absence of real security for preference dividends and exaggerated fluctuations in returns on the ordinary. It is partially reassuring, therefore, to find that, among the eight companies which have preference shares, the ratio of issued ordinary to preference capital is as much 1.15 to 1.

The evil of "knife-edged ordinary" capitalisation, on the whole, has been less evident this year than in 1928, but certain other features of that epoch have, unfortunately, been more widely resurrected. For example, the "inside parties" associated with each issue have allowed the general

public to subscribe, on the average, for 86 per cent. of the total preference capital, but only 55 per cent. of the total ordinary capital, at the time of issue. In Group I, indeed, the public's share has been limited to 48 per cent. of the ordinary, and in Group IV to a mere 38 per cent. The readiness of vendors to take a significant part of their purchase price in equity shares may, ostensibly, be a token of confidence. It is relevant to point out, however, that if inside interests do not wish to retain their holdings in perpetuity, they may enjoy substantially favourable opportunities for disposing of them in due course. For, in the first place, they obtained them on more favourable terms than the general public, who subscribed for their ordinary shares at a weighted average premium (for all but one of the companies) of 35 per cent.—in Group III the average was as high as 50½ per cent.—while the "insiders," in 16 out of 20 cases, obtained allotment on a par basis. Secondly, to-day's market prices are substantially higher than those prevailing at the dates of issue. Omitting National Coke and Oil (which did not obtain its minimum subscription) and the "B" shares of Newall Engineering (which are privately held), the current market capitalisation of all the companies, according to the Stock Exchange Supplementary List of September 30th last, is 106 per cent. of the nominal capitalisation of the preference shares and no less than 190 per cent. of that of the ordinary shares. In Group II the average ordinary market capitalisation is 221 per cent. of par.

Inevitably, the overwhelming proportion of the cash put up for these issues has been provided by the public. In Group I, for example, the public subscribed 97 per cent. of the total, while for the four groups (taking preference and ordinary subscriptions together) the public put up £90 of cash for every £10 by the "insiders." What was the ultimate destination of the money? Our analysis shows that only 31 per cent. of it was available by way of net new capital for the extension of the various businesses. Some 55 per cent. was taken in whole or part purchase consideration by the original owners, and 14 per cent. was absorbed by intermediate parties or required for issue expenses—a somewhat striking figure. Altogether, the cash payments to vendors represented 62½ per cent. of the total purchase price of the different businesses, the remaining 37½ per cent. being taken in shares.

Were these purchase considerations reasonable or otherwise? Our figures do not permit of a final answer, but they throw, nevertheless, valuable light on this crucial question. Omitting four companies for which no comparable figures were available, they show that assets valued at £2,156,093 were acquired for £2,932,845. In other words, the purchase price exceeded the total valuation by 36 per cent.—a not ungenerous "goodwill" figure if there be any validity in the common assumption that valuers of property and other fixed assets for prospectus purposes are apt to err, if they err at all, on the side of liberality.

Investors, however, are usually less impressed by official asset valuations than by past profit figures. Of the twenty companies included in our survey, as many as seventeen had been in existence sufficiently long, in one form or another, to provide the three-year profits statement required by the Companies Act of 1929. Their total profits, as shown, were: Year I, £271,875; Year II, £208,464; Year III, £376,980. Their earnings for the latest year, in other words, were 57 per cent. higher than the average figures for the two preceding years. Their experience thus afforded encouraging evidence of "recovery," plus a certain liability to wide fluctuations of earning power. The latter consideration is of special importance since, in numerous cases, prospectus calculations of "cover" and prospective return were based, not on average profits, but on those for the latest year only. Omitting two companies which made losses in the period, the average purchase price was equal to 8½ years' purchase of Year III earnings, but to

nearly 12 years' purchase of the mean profits of the two preceding years.

A final section of our analysis has been devoted to the question of voting control. Altogether, as we have seen, the public subscribed 90 per cent. of the cash involved in 19 issues. They obtained 64 per cent. of the nominal issued capital (on a par basis) and 55 per cent. of the aggregate voting power. The "insiders," 42 per cent. of total votes may well be sufficient to give them effective control in most cases, since their shares are centrally held, while those of the public are widely diffused. In eight cases, however, the "insiders," in fact, hold 50 per cent. or more of the issued share capital.

The conclusions suggested by this survey are of a mixed character. Clearly, the "re-armament" companies of 1936 are an appreciably better vintage than the "patent process" companies of 1928. They are, for the most part, established concerns with some sort of profits record behind them. They may, however, be liable to severe future variations in earnings if and when present activity in the armament and "capital goods" trades generally has run its course. For this reason criticism may attach to the basing of prospectus capitalisations (and the issuing of ordinary shares at a premium) on the results of a single favourable year, and to the "gearing" of preference and ordinary capital, in some instances, in such a way as to exaggerate the effect of rising or falling profits. On the whole, the verdict must be that while the majority of these offerings have been *bona fide* propositions, they are essentially speculative; that their capitalisation is liberal; that their issue terms have been generous to inside interests, and that their "market," in many cases, may become inconveniently narrow if economic conditions take an unfavourable turn.

INVESTMENT NOTES

Exuberant Markets.—This week the security markets have been in the state of mental exaltation colloquially described as "optimism with the lid off." Favourite industrial shares, like British Oxygen, R. A. Lister, Rolls Royce and Triplex have jumped from 5s. to 10s. within the compass of a single day's business. Since the announcement of France's devaluation, the *Financial News* Industrial Ordinary Share Index of thirty industrial counters has advanced by 4½ per cent. in ten days. Although activity has not—as some august commentators have suggested—been concentrated on depressed shares which have most to gain from an international trade revival, considerations of the latter kind have certainly been in the market's mind. Broadly, it is assumed that the domestic trade boom will continue, and that a considerable increase in the volume of foreign trade will be superimposed on it. This confident assurance that Britain will secure the best of both worlds may have been supported by a first reading of the Chancellor's speech at the Bankers' Dinner. Whether second thoughts will wholly confirm that complacent interpretation is questionable. For the burden of Mr Chamberlain's song is that Britain reserves all her rights to use tariffs, interest rates, credit policy, and even (in the last resort), currency depreciation to maintain her own internal trade prosperity. Mr Morrison, less *suaviter in modo*, has hinted that other countries must be grateful if Britain merely refrains from increasing her tariffs. Mental reaction against the more extreme forms of trade barriers is certainly finding expression abroad. But the psychological impulse of the moment will be lost if no strong lead is forthcoming from this country, whose importance as a "buying market" is decisive. On this reasoning, investors may be inclined to limit their devaluationist expectations to the discounting of increased trade and prosperity in the devalued countries themselves, accompanied by a much more limited amelioration of international trade generally. This is the same thing as saying that Britain's internal prosperity will remain the backbone of any London Stock Exchange movement. And not even the most excellent domestic prospects could justify the "pace of this week's rise in share values. The market, in fact, has had the word "boom" written all over it.

Devaluation and the Bourse.—The reopening of the Paris Bourse honoured the British precedent of September, 1931. Orders for domestic industrial equities had been placed in such volume that, for a time, the organisation of the official market was thrown into sheer confusion. Sellers were so scarce that in many stocks it was impossible to deal. Conditions have become calmer this week, and a certain amount of profit-taking has checked the sweeping rise in equities and international stocks. The Government's hold on the market—exercised by limiting the extent of daily advances, and by the introduction of new regulations to control speculative business—has imposed a further restraint upon a market which is, technically, very inadequately organised. It seems probable, however, that the initial purchasing of industrial equities is a monetary phenomenon. It is, in short, a traditional reflex to currency depreciation, rather than a calculation of the immediate recovery prospects of French industry, whose costs are rising to offset much of the advantage of devaluation. The French internal situation probably explains the fact that profit-taking sales in international industrials and gold shares have been very moderate. If the British precedent of 1931 is pursued, it may well be that the rapid rise in equities will be checked quite shortly, to be renewed after an interval if the recovery factors become clearer. The two situations, however, differ to the significant extent that French commodity prices may rise steadily, thus encouraging more consistent equity investment, whereas British prices fell for many months after September, 1931. For the moment, however, it seems probable that fixed-interest securities and speculative bonds with a "cheap money—industrial recovery" equity will attract more consistent support. The Amsterdam Bourse, which reopened some days before Paris, promptly exhausted the impact effects of devaluation with a striking rise in commodity and leading industrial shares. The course of this week's trading, however, shows that the market is distinctly sensitive to fluctuations in the guilder. Since the franc depreciation may range between 25.2 and 34.4 per cent. in terms of gold, there may be corresponding fluctuations in store for the Paris Bourse as the repatriation of French funds proceeds. Some recent prices may, therefore, be found too high, for a time. So long as exchange factors hold sway, operations in Continental equities must be the more speculative. To the British investor, the technical difficulty in dealing in Paris is an added disadvantage. On the assumption, however, that a regime of cheap money may presently encourage industrial recovery in France (despite the rising cost situation), and in Holland (which has deflated more successfully), there may be opportunities for the specialist operator in close touch with the markets. A review of some leading securities in these countries is given in succeeding Notes.

French "Recovery" Shares.—The arguments for and against investment in French equity shares are set out above. Assuming that recovery sets in, which shares are likely to benefit? The accompanying table shows the recent record of six representative undertakings in banking, shipping, electricity supply, heavy industry, chemicals and industrial gas. All except the shipping company have paid dividends during the depression, and in two cases slightly increased payments have been made during the latest year. The table shows the gross profit, amount available for distribution in dividends and reserves, the dividend record, the fluctuation in share quotations between 1929 and 1935, and the latest Bourse quotations, where available. Characteristic trends are shown by the different companies. The record of *Crédit Lyonnais* shows a stability of disclosed profits which surpasses even that of British banks. *Chargeurs Réunis*, which last paid an ordinary dividend in 1930, has a record typical of shipping concerns the world over, and can be regarded only as a long-term recovery counter in present circumstances. *Air Liquide* and *Péchiney* (*Compagnie de Produits Chimiques*) have recently shown a distinct recovery in net earnings and combine recovery possibilities with the expansionary potentialities of "new" industries. On the other hand, *Société des Forges et Acieries du Nord* is a highly-g geared "capital goods" producer, which has, nevertheless, paid dividends every year, except for

(Profits in thousands of Frs.)

YEARS TO DECEMBER 31ST

Company and Denomination	1929	1933	1934	1935	Quotations† 1929-35
Air Liquide (Frs. 100) :—					
Gross profit	96,832	73,686	72,759	64,747	H 2,800
Available for distribution	48,315	26,003	29,124	32,197	L 467
Dividends (Frs. per share)	35	25	27½	30	C 1,183
Chargeurs Réunis† (Frs. 500) :—					
Gross receipts	407,484	213,555	203,905	197,123	H 1,020
Net revenue	41,012	20,605	21,047	22,911	L 84
Available for distribution	9,516	20	10	3	C 380
Crédit Lyonnais (Frs. 500) :—					
Available dividends	82,137	83,209	82,885	82,960	H 4,695
Class A dividends	80,000	80,000	80,000	80,000	L 1,565
Do. (%)	20	20	20	20	C 1,601
Energie Industrielle (Frs. 100) :—					
Operating income	23,454	56,415	59,999	60,318	H 695
Available for distribution	21,254	25,005	21,533	21,902	L 100
Dividends (%)	15	12	10	10	C ...
Société des Forges et Acieries† (Frs. 250) :—					
Operating income	64,176	12,448	16,460	17,819	H 2,125
Available for distribution	38,703	727	4,931	6,567	L 243
Dividends (Frs. per share)	40	12½	12½	12½	C 443
Péchiney (Frs. 500) :—					
Net income	107,811	47,741	45,553	54,144	H 3,890
Available for distribution	63,190	16,776	15,679	24,545	L 758
Dividends (%)	18	6	6	8*	C 1,502

† Years to June 30th. ‡ H = highest; L = lowest; C = current.
* Plus 15% paid from Premium Reserve.

1931-32. The company conducts a mixed steel business, is self-sufficient to a considerable extent for raw materials, and has achieved a partial recovery since 1932. The sixth concern, *Energie Industrielle*, is a large power supply concern, with interests in France and overseas. Its revenue has risen consistently throughout the past decade, and in recent years very substantial sums have been set aside to investment and depreciation reserve. *Suez Canal* perhaps rounds off the list. Its international trade equity is undoubtedly improved by the devaluation of the gold bloc. Investors will recall, however, that the tolls were adjusted to a sterling basis some months ago, and there may accordingly be a period of uncertainty until it is seen whether any revision is necessary owing to the new gold basis of the franc. It will be observed that present dividend yields are rarely expansive, but the Bourse has not emulated the London market, two years ago, in discounting recovery possibilities.

Dutch Equity Shares.—A similar table, setting out the record of Dutch equity shares, is given below. The scope for domestic industrials is distinctly narrow on the Amsterdam Bourse, where the favourite equity counters are commodity and trading shares. The list, therefore, includes three concerns—*Deli-Batavia*, *Amsterdam Trading* and *Unilever N.V.*—which can be placed in this category, an international trade equity (*Holland-Amerika*), and two Dutch electrical concerns, *Philips' Lamps* and *Dutch Cable* :—

(Profits in thousand Fl.)

Company	1929	1933	1934	1935	Quotations† 1929-35
Holland-Amerika :—					
Net income	3,477	Dr. 986	Dr. 115	1,509	H 86½
Depreciation	4,806	Nil	Nil	1,306	L 1*
Available for distribution	Dr. 2,460	Dr. 794	Dr. 66	66	C ...
Deli-Batavia Tobacco :—					
Net profit	3,160	Dr. 624	1,267	427	H 563
Available for distribution	2,490	Dr. 662	1,230	387	L 63½
Dividends (%)	20	Nil	Nil	4	C 236½
Handelsvereeniging "Amsterdam" :—					
Trading profit	19,881	1,795	303	2,687	H 699
Available for distribution	12,877	2,003	1,598	3,352	L 126½
Dividends (%)	7	5	4	8	C 387½
Philips' Lamps* :—					
Net profit	42,952	...	9,700	9,271	H 527½
Available for ordinary	11,348	...	6,125	5,387	L 51½
Dividends (%)	21	...	11½	11	C 214½
Nederlandsche Kabel :—					
Total profit	2,599	1,493	1,451	1,430	H 565
Available for distribution	2,242	1,298	1,255	1,231	L 86
Dividend (%)	25	16	16	16	C ...
Unilever N.V. :—					
Gross profit	36,090	13,731	14,325	13,309	H 690
Available for dividends	19,583	9,975	11,258	9,342	L 58
Dividends (%)	10	4	4	4	C 153

* Year to December, 1929; 16 months to April, 1934; year to April, 1935. † After repaying one-quarter of capital. ‡ Holding company shares, since 1930. † H = high; L = low; C = current.



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Holland-Amerika, with a typical shipping record, is now able to make modest provision for depreciation, and has wiped out a debit balance. No dividends have been paid since 1921, and the share can be considered only by those who can afford to take the risks of a long view on the ultimate recovery of world trade. *Deli-Batavia Tobacco* resumed dividend payments in 1935 after five years' absence from the lists, and there is reason to anticipate better prices for its crop as a result of devaluation. *Amsterdam Trading*, interested mainly in sugar and other primary commodities, has been compelled, through low prices, to abandon cultivation of sugar. A distinct improvement in profits was reported in 1935, and the company enjoys a substantial equity in rising produce prices. British investors are familiar with the experience of *Unilever N.V.* during recent years. Falling prices and currency controls have prevented any progress during the past three years. For complete restoration of profitability this undertaking needs something more than devaluation; it would gain as much from relief from transfer restrictions as any other undertaking in existence. *Philips' Lamps* also has an important international trade equity, and has been forced to decentralise its operations to avoid tariff and currency difficulties, despite the resulting increase in operating costs. The shares have been an unsettled market on the Amsterdam Bourse in recent months, and the results for the year to April, 1936, are awaited with special interest. An excellent dividend record is shown by *Dutch Cable*, and the shares may be regarded as a steady investment medium. The Bourse has not settled down to a steady post-devaluation course, and has shown itself sensitive to fluctuations in the guilder this week.

"Investment Trust Groups."—The comments of some readers of our article under this heading in the *Economist* of September 26th, page 567, suggest the reiteration of the warning, given in its text, that our list of groups was not designed to be exhaustive. For reasons of space, for example, it explicitly excluded several Scottish groups (e.g. the "Mores, Carson and Watson" group of Glasgow). Further, as we explained, individual trusts were grouped in our table under the name of the firm or leading personality associated with their management. Such an arrangement may, conceivably, be somewhat arbitrary so far as legal control is concerned, but it is highly significant for purposes of investment comparisons. Thus, the doubly-named "Layton-Bennett—R. G. Simpson" group was shown to include Scottish Investment Trust, Second Scottish Investment and U.S. Trust Company of Scotland. It should be made clear that Mr R. G. Simpson is a director of these three companies, and that the eminent accountancy firm of which he is a partner is not concerned in their management. Messrs Layton-Bennett, Chiene and Tait act as managers for the first four trusts in the group only.

Actuaries' Investment Index.—Continuing activity in the markets has resulted in a rise of a full point in the Actuaries' Index of 178 industrial ordinary stocks, to 89.2 against 88.2 in the previous week, and 88.0 a month ago (December 31, 1928 = 100). The corresponding yield percentages are 3.61 this week, 3.62 last week and 3.60 a month ago. Indices of selected groups are set out below:—

Group (and No. of Securities)	Prices (Dec. 31, 1928 = 100)			Yields (%)		
	Month Ago (Sept. 8)	Last Week (Sept. 29)	This Week (Oct. 6)	Month Ago (Sept. 8)	Last Week (Sept. 29)	This Week (Oct. 6)
Cotton (6).....	41.0	42.3	46.1	2.11	2.09	2.05
Gas (7).....	133.1	133.2	132.4	4.43	4.43	4.46
Iron and Steel (12) ..	81.6	80.1	82.7	3.70	3.78	3.70
Motors (5).....	59.8	58.1	60.3	3.92	4.07	3.95
Shipping (4).....	20.4	21.9	22.6	0.64	0.55	0.55
Breweries & Distill. (21)	155.0	154.8	155.7	3.79	3.80	3.78
Miscellaneous (56) ..	79.5	79.6	80.6	3.85	3.86	3.86

Recovery buying of cotton shares has produced the largest rise of the week, and the steady advance in shipping shares is maintained. Gas stock prices have been disturbed by the South Metropolitan dispute. The large miscellaneous group shows a more than normal rise.

COMPANY NOTES

Murex Accounts.—The full Murex accounts are little more than a postscript to the bonus issue arrangements discussed in last week's *Economist* on page 28. They show an increase of £49,348 in net income at £278,741. Of this increase, some £25,944 arises from trading profits, and over £22,000 from dividend receipts. The spectacular progress of the past three years is shown below:—

	Years ended June 30,		
	1934	1935	1936
Trading profit	123,867	190,391	216,335
Other income	32,945	39,002	62,406
Total income	156,812	229,393	278,741
Expenses, fees & special charges	45,620	25,712	23,339
Depreciation and obsolescence	20,567	22,421	40,759
Tax	25,190	38,000	50,000
Preference dividend.....	3,500	3,500	3,500
Ordinary shares:—			
Earned	61,935	139,760	161,143
Paid	58,417	83,698	105,511
Earned %	37.1	33.4	38.2
Paid %	35	20	25
Capital bonus %	...	102½†	66½
Reserve	...	40,000	100,000
Carry forward	47,668	77,730*	33,362
Ordinary capital	225,000	540,000	553,500

* Includes credit of £14,000 contributed by Murex Welding to staff fund.

† 100 per cent., January, 1935, on £270,000, and 2½ per cent. in October.

The increase in the allocations to obsolescence and other depreciation represent about 4 per cent. in terms of equity earnings. Provision for general reserve is also increased from £40,000 to £100,000, but £400,000 will be needed later from this reserve for the bonus share issue, while the premiums from the new cash issue yield over £253,000. Against this must be set a reduction in the carry-forward amounting to £44,368. The balance sheet vividly illustrates the recent capital expansion. Liquid assets, other than stock, have fallen by about £25,000, while stocks have risen from £155,248 to £224,122, and buildings, plant and machinery together are over £83,500 higher, at £243,260. The company is rightly regarded as an efficient undertaking, serving numerous branches of industry with excellent prospects of secular expansion. An increase of some 19 per cent. in earnings will be required to maintain the 25 per cent. dividend, somewhat more than last year's increase in profits. At the present quotation of 9½ the shares would yield £4 8s. 6d. per cent. on an "ex-all" 25 per cent. basis.

Austin Motor Report.—Relative stability of earnings—as investors had generally anticipated—is revealed by the Austin Motor report. There are, indeed, few concerns in the industry which could produce so stable a record during the past three years. It is evident, however, that competition has remained keen, and the difficulties in maintaining profit-margins on last year's models were intensified by an appreciable increase in materials and wage costs. Gross trading profit has increased from £1,469,144 to £1,496,696, including an unstated profit from the sale of investments; but an increase of some £76,000 in the combined charges for maintenance and depreciation has reduced the ordinary share earnings from £434,111 to £365,745. As the following table shows, this level of profits covers the ordinary dividends with a margin of more than 50 per cent.:—

	Years to July 31st.		
	1934	1935	1936
Profit	1,505,212	1,469,144	1,496,696
Income tax	160,000	150,000	165,000
Directors' fees	2,000	2,000	2,000
Maintenance of plant, etc.	480,218	483,553	530,828
Depreciation	146,714	145,043	173,795
Debt service	55,000	64,625	71,500
Pref. and pref. ord. dividends ..	189,594	189,812	187,828

Ordinary shares:—

Earned	471,686	434,111	365,745
Paid	116,250	241,202	237,312
Earned (%)	405.8	90.0	77.1
Paid (%)	100†	50	50

Capital and general reserve	350,000	185,000	125,320
Carried forward	362,933	370,842	373,955

Ord. "A" Ord. Capital	150,000	622,459	622,459

† And 300 per cent. capital bonus.

Investors who have watched the 5s. ordinary shares gradually resume the pre-dividend level of 49s. 4½d. may find the balance sheet more revealing. The net assets position is enviable; cash represents £867,416, while investments, other than subsidiary interests, have increased from £469,613 to £522,279 (suggesting incidentally, that the investment profits taken into revenue cannot be large). At the same time, holdings in subsidiaries have increased from £1,000 to £106,502. There is, too, the significant intimation in the report that new plant and equipment cost £281,840 during the year. It seems probable that this sum includes a relatively small part of the expenditure on the new aircraft factory, now in course of erection, and it is premature to assess the profitability of this venture, except that it will be subject to official control. Although the valuation of stocks shows only slight advance over the previous figure, it seems reasonable to expect a maintenance of sales during the current year, which has already begun well. But investors may be justified in placing greater emphasis on rising costs during the current year. This factor, above all, promises to make next Monday's meeting of particular interest to shareholders. They obtain a yield of £5 1s. per cent. at the current price of their shares.

Joseph Lucas Progress.—This company's record of steadily rising profits has been surpassed by the latest report. Profits, after contingencies, are 20 per cent. higher at £320,642. These results, and the increased dividend, are distinctly satisfactory, but the report is uncommunicative regarding trading conditions during the year. Comparative profits figures appear in the following table:—

	Years ended August 7,		
	1934	1935	1936
Profits, after depreciation, tax, etc.	259,882	266,168	320,642
Fees and staff funds	12,500	12,500	17,500
"A" and "B" pref. dividends ..	10,561	10,734	10,647

Ordinary shares:—

Earned	236,821	242,914	292,495
Paid	189,739	189,933	224,244
Earned %	15.6	16.0	19.6
Paid %	12½	12½	15

Reserve	50,000	56,007	75,000
Carry forward	77,383†	74,377	67,628

† Includes £16,023 profit on realisation of securities.

The greater margin between equity earnings and dividend, permits a much larger reserve allocation. The balance sheet reflects expanding business in several directions. Stock, which represents nearly one-third of the assets, is almost unchanged, but other current items show relatively large increases. Debtors at £484,320 are 22 per cent. higher, creditors at £710,866 are 30 per cent. higher, while loans to subsidiaries have risen by £88,655 to £190,648. The position of the business itself is distinctly interesting. Lucas is a famous name among those who take courage, rather than fear, from a growing number of knobs, switches, and levers. This provides a fairly independent demand for accessories as such. There is, moreover, still scope for the introduction of new devices or improvements. Two points, however, may be noticed by the investor. The fitting of accessories as a standard equipment on popular cars links the profitability of the accessory makers with that of the car manufacturers. Reduced profit margins on cars may thus be transferred to some extent. Secondly, the effect of competition and increasing costs among accessory makers themselves must not be underestimated. At a current price of 73s. 3d. the shares yield £4 2s. per cent.

Argentine Rail Dividends.—Wednesday's dividend announcements cracked the whip over the Argentine rail market, where conditions have recently been distinctly buoyant on the recovery in cereals prices and the progress of the urban transport co-ordination measure in Buenos Aires. Not for the first time, however, the market's hopes of the future obscured its legacy for the past year, now three months distant. B.A. Great Southern have been forced to cut the dividend on the 5 per cent. non-cumulative first preference stock to 1 per cent.—the first occasion that the full payment has not been made, according to the available records. For the previous year, 1934-35, the company paid the full rate, but was compelled to halve the 6 per cent. non-cumulative second preference dividend. The heavy fall in receipts—particularly in the third quarter of the company's year—was equivalent to £682,155 on the artificial sterling conversion basis. The directors of B.A. Western have decided to pay the 5 per cent. first preference dividend in full (requiring the small sum of £15,000), but further to reduce the dividend on the 4½ per cent. non-cumulative preference capital from 2½ per cent. to 1 per cent. The fall in "sterling" traffics on this line, however, amounted to no more than £20,000. The immediate market reactions in Argentine railway and ordinary stocks are shown in the following table:—

	1936 quotations					Fall on Dividend Announcement
	High	Low	Aug. 28	Oct. 6	Oct. 8	
B.A. Gt. Southern:—						
5% Pref.	73½	51½	54	67	58	9
6% Pref.	63	32	37	47	45	2
Ord.	23½	14	17	23	20½	2½
B.A. Western:—						
5% pref.	72	55	59	66½	66½	—
4½% pref.	46	30	34	44½	42½	2
Ord.	19½	11½	14	19	17	2
Central Argentine:—						
4½% pref.	40½	22	31	40	41	+1
6% cum. pref.	41½	22	28½	40½	40	½
Ord.	18½	8½	12	18	16	2
B.A. and Pacific:—						
5% cum. pref.	17½	8	10	17	17	—
Ord.	11½	6½	8	11	10	1

Until the accounts are available in a few weeks' time, the market must operate largely in the dark. Unsettled conditions, indeed, may well endure longer, for the recovery features in the Argentine rail position are still very limited.

Herbert Green Receivership.—Late last week it was officially announced that the directors of Herbert Green and Company, Ltd., had deemed it advisable to ask the trustee for the debenture holders to appoint a receiver. The company, formed in 1934, exploits a process for manufacturing lubricating oils. Its capital consists of £50,000 6 per cent. mortgage debenture stock, £300,000 in 7 per cent. cumulative £1 preferred ordinary shares, and £50,000

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in its ordinary shares. Successive progress reports have been couched in optimistic terms. In the first report a year ago the directors permitted themselves the observation that trading prospects were excellent and that substantial orders had been received. Delays occurred in the erection of the plant, but in March this year it was announced that all sections of the lubricating oil refinery were in production, and that the board remained satisfied as to the earning capacity of the company. Only seven months later, immediately before the due date of the debenture interest, a receiver has been appointed. Substantial sums have been spent by the company (and earlier concerns) on the properties, and important oil interests have already adopted the process in the United States and elsewhere. The directors' "conservative estimate of profits, after detailed costing" (including royalties) was £120,000 in a full working year. Full debenture service costs £9,000 and the October coupon £4,500. In the June, 1935, balance sheet the liquid position was shown to be reasonably adequate to cover the prospectus estimate of the cost for erecting new plant. In what respect were the profits estimates deficient, since trading began last March? Were costs unexpectedly high? The second point is of more general application. The 1s. shares were issued at par. They reached 4s. 6d. in 1934, touched 9s. 9d. in 1935, and have been as high as 15s. 9d. this year. Their favourable prospects have been widely canvassed inside and outside the market. The reckless confidence of some of the "tipping" argues a case for further inquiry.

Financial Advertising and the Investor.—The speech of the chairman of The Financial News, Limited, Mr Brendan Bracken, at Wednesday's meeting, contained many points of interest to investors in newspaper shares as a whole. Seen in retrospect, the earnings of financial papers are, as Mr Bracken pointed out, an accurate barometer of conditions in the City of London. Their inevitable fluctuations are of material consequence to specialised financial newspapers, but they cannot be wholly ignored even by shareholders in the "national" journals. It is possible that general advertising may have a narrower curve of cyclical fluctuation than national industry and trade itself. In the early stage of trade recession, industrialists and retailers may be impelled to maintain, or even increase, their advertising, in order to prevent their sales falling below their "budgeted" figures. At the outset of recovery they may follow the same policy in order to secure the earliest possible benefit. Financial advertising, however, is mainly a function of Stock Exchange activity, which is notoriously liable to wide fluctuations. The financial newspapers have wisely refused to be drawn into the maelstrom of insurance, free gift and "circulation" campaigns. But, as Mr Bracken suggested, competition which results in the provision of progressively improving news and editorial services is enlightened but expensive. To investors, therefore, a policy of broadening

the basis of advertising so as to draw in a substantial revenue from industrial as well as from "City" sources, will appear well conceived. The same judgment applies to the broadening of newspaper group interests to take in properties whose revenue "catchment area" is non-financial. Above all, a conservative distribution of earnings has everything to recommend it. Its corollary is a conservative appraisal by investors of short-term "yield" possibilities.

Malayalam Plantations.—The ground lost by this plantation company since 1929 has been fully caught up. The increase in net earnings during the past year from £81,071 to £132,739 is decidedly satisfactory:—

	Years ended March 31,		
	1934	1935	1936
Sales, stock and interest	447,384	457,713	539,442
Production and selling expenses..	296,857	331,439	329,822
Office expenses, fees and staff fund	9,218	8,819	14,408
Taxation reserve	9,000	19,000	35,500
Buildings, etc., reserve or expenditure	25,000	17,384	26,973
Stock:—			
<i>Earned</i>	107,309	81,071	132,739
<i>Paid</i>	110,175	73,425	112,855
<i>Earned %</i>	7.8	5.5	9.4
<i>Paid %</i>	8	5	8
Reserve	...	...	20,000
Carry forward	90,576†	98,222	98,107

† Includes £6,368 profit on investments realised.
‡ £226,796 transferred from special reserves to write off buildings, etc.

Despite the progressive tendency of recent earnings, the speech of the chairman, Mr H. J. Welch, at Tuesday's meeting, was cautious in its estimation of prospects both for the tea and rubber industries. It also contained an admirable exposition of the objectives of the rubber regulation scheme, which Mr Welch defined as being (1) the reduction of the world's stock to a normal figure, (2) the adjustment in an orderly manner of supplies to demand, and (3) the maintenance of an equitable price level reasonably remunerative to efficient producers. The first of these aims, Mr. Welch believes, is being rapidly achieved. Visible and invisible stocks, outside the regulated countries, have been reduced by something over 250,000 tons since the scheme came into force. Objective number (2) is, in fact, closely related to number (3), and on that subject Mr Welch spoke bluntly and courageously. In his opinion, producers should be satisfied with the prices they are now obtaining under the scheme. This is wise advice. The fact that in the past ten years the world's absorption of rubber has nearly doubled, suggests that the industry has most to gain from moderate results and quick returns.

Roan Antelope Results.—Investors can follow the progress of this undertaking from the detailed quarterly profits' statements, and the full accounts contain few surprises. Nevertheless, the first full year of restriction coupled with the substantial rise in copper prices which has occurred during the last fifteen months, has resulted in an impressive report. Total sales, after adjustments for opening and closing stocks, were somewhat lower than last year at £1,752,289, for increased prices did not fully offset decreased production. Operating expenses have been kept at the remarkably low level, in the circumstances, of £19 19s. 7d. per ton, which was only 7s. 10d. per ton higher than in the previous year, when production amounted to 67,316 long

tons, compared with 50,672 long tons for the past year. The operating surplus has accordingly been increased from £590,522 to £771,402, and the earnings for the ordinary shares are equivalent to 32.1 per cent., compared with the 30 per cent. dividend paid. The following table sets out the principal features of the revenue accounts:—

	Years to June 30th		
	1934	1935	1936
Copper sales, after stock adjustments	1,800,901	1,879,903	1,752,289
Operating surplus	659,650	590,522	771,402
<i>Earned for Dividend</i>	307,064	236,420	381,087
<i>Paid</i>	Nil	241,481	356,466
<i>Earned (%)</i>	25.4	19.6	32.1
<i>Paid (%)</i>	Nil	20	30
General reserve	—	—	200,000
Carried forward	327,885	322,824	147,445

The accounts, satisfactory though they are, are dwarfed by the profits expectations of the current year. Since the date of the accounts, two additional quota releases have been announced, and at the current quota rate production for 1936-37 will amount to 56,400 tons—an increase of over 11 per cent. on last year's output. In addition, the average price of copper since June has steadily advanced to over £5 per ton over last year's average of £34.581. If it is assumed that an average price of £39 per ton is maintained during the current year, that no further quota releases are made, and that operating costs remain unchanged, it would appear that earnings during the current year may reach 55 per cent., On the current price of 45s. for the 5s. shares, this would represent a yield of 6 per cent., compared with the current dividend yield of 3½ per cent.

Other Company Results.—Our weekly table, on page 92, sets out the results of 28 companies, in addition to those discussed in earlier Notes. The best report in the heavy industry group is from *Ransome and Marles Bearing*, whose profits have jumped from £72,985 to £116,809. The 15 per cent. dividend is thus covered with a substantial margin retained in the business. *Kayser Ellison* profits are higher, and *Parsons Marine Steam Turbine* shows a satisfactory improvement. Several appreciable recoveries are shown by the miscellaneous industrial companies. Such concerns as *Clyde Paper*, *Gratton Warehouses*, *Burt Boulton and Haywood* and *Associated Piano Company* have shown a sharp increase in earnings, usually accompanied by increased dividends. In the Finance group, *Argentine Land and Investment* has achieved an increase in profits from £37,053 to £47,203, and maintains the 2½ per cent. dividend. The full report of *Atkinson-Oates Motors* reveals a highly satisfactory advance from £313,063 to £433,826. As already announced, the dividend has been raised from 4½ to 60 per cent. A substantial improvement is also revealed by *Goode Durrant and Murray*, whose profits for the latest year amount to £24,410, compared with a mere £1,878 for the previous year. Among this week's dividend announcements, *United Dairies* has maintained a total distribution of 12½ per cent., while *Tube Investments* is to pay a final dividend of 12½ per cent., making 17½ per cent. for the year.

Company Meetings of the Week.—On later pages of this issue will be found the reports of the following company meetings:—The Financial News, Gold Mines of Kalgoorlie, Kirklees, Malayalam Plantations, Bajoe Kidoel Rubber and Produce, and Broome Rubber Plantations. Mr Brendan Bracken's remarks at the Financial News meeting are discussed on page 75. Mr William Tong referred to the introduction of a continuous shift system by Kirklees, Ltd., whereby working hours of an average of 42 hours a week, against 56, resulted in no reduction of earnings. At the Gold Mines of Kalgoorlie meeting, Mr Marmion said that during the past year work had been largely concentrated upon the Iron Duke and Oroya South group of leases. Mr Eric Miller, at the Bajoe Kidoel meeting, referred to the new coffee subsidy in the Nether-

lands East Indies; the proceeds of a duty on imported coffee are to be used to assist producers and to provide funds for improvement and for propaganda. The Malayalam meeting is referred to in a Note on page 76. At the Broome Rubber meeting, Sir Lionel Smith-Gordon disclosed that the acquisition of the Eldred Estate had doubled the planted area.

THE WEEK IN THE MARKETS THE STOCK EXCHANGE

SETTLING DAYS
TICKET OCTOBER 20 | ACCOUNT OCTOBER 22

FROM the commencement of business on Monday, markets have been in a state of "near boom." The week-end post brought ample buying orders for home industrials, and demand was again maintained on Tuesday. But the degree of optimism which the Chancellor of the Exchequer permitted himself at the Bankers' Dinner that evening was an open invitation for mass buying of industrials. If the market is assured that domestic policy—cheap money and free sterling—will be maintained, and can yet indulge in wishful thinking regarding the classical benefits of stable currencies and reduced trade barriers without having to assess the factors on the debit side of the account, it is undoubtedly in a position to capitalise all the diverse elements in the present economic situation.

This it did to some purpose on Wednesday. Bidding with a bullishness unknown since 1929, professional operators and investors together produced sharp rises in every branch of the industrial market, where floating supplies were already small. The effect upon prices is vividly shown in our table of Active Security Prices on pages 80 and 81. On Thursday, considerable profit-taking ensued and the market was affected by the Soviet statement regarding non-intervention in Spain.

It has, therefore, been a gala week for equities. For a time, it seemed possible that gilt-edged might fall into line, but in fact the raising of the 2½ per cent. Funding tap price on Tuesday failed to stimulate the market, owing to the resumption of trustee borrowing and the competing attractions of the speculative markets. The market, however, was more impressed by Mr Chamberlain's remarks on cheap money than by his remarks on the budget position.

Support in the foreign bond market fluctuated, but Brazil, Chinese, German and Peruvian bonds attracted attention in their turn. The whole list thus had a more consistent appearance than for many weeks past.

Steady business was at first reported in the home rail market, but the stocks displayed real firmness in mid-week, on some impressive traffics. Great Western and Southern issues received the best support. The recent boomlet in Argentine rail stocks was pricked by this week's dividend announcements. The extent of the sharp mid-week fall is shown on page 75.

No section of the industrial market was friendless this week. From the depressed industries, like textiles and shipping, to the highly prosperous steel, motor and aviation groups, impressive rises were scored all round. Vickers were among the strongest in Wednesday's market, but innumerable shares, including R. A. Lister (with a 7s. jump on Wednesday), John Brown (on the Cunard 552 contract) and Babcock and Wilcox responded to buoyant trade and rearmament expectations.

Motors, too, provided brilliant features. Triplex again jumped spectacularly before profit-taking checked the rise, and Standard were active, although fluctuating considerably. Leyland similarly lost part of a handsome rise. Electrical equipment issues were well supported, General Electric providing the main feature. The aircraft group, perhaps, was least excited, but Rolls-Royce were a strong feature. Buying of depressed cotton equities continued (Lancashire Cotton debentures touching 90), while Courtaulds and woollen textile issues also advanced.

Chain store shares remained very firm, and the brewery list showed fractional improvements. Tobacco shares—apart from British American—did not move decisively until mid-week, when Imperial Tobacco jumped on bonus hopes. In the shipping group, Furness Withy continued to rise. Hudsons Bay issues further appreciated. The leading miscellaneous issues showed themselves as responsive as ever to good buying, and all the "million pound" companies' shares rose as sharply as the "narrow market" specialities. British Oxygen, for example, rose 6s. on Wednesday, exceeding the rise in Carrier Engineering. Most of the leaders, however, proved themselves susceptible to Thursday's profit-taking.

In the oil share market the uncertainty which existed prior

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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 not redeemable at a certain date the yield 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 Oct. 7, inclusive				Name of Security	Price, Sept. 30, 1936	Price, Oct. 7, 1936	Rise or Fall	Yield Oct. 7, 1936	Prices, Year 1936 Jan. 1 to Oct. 7, inclusive				Name of Security	Price, Sept. 30, 1936	Price, Oct. 7, 1936	Rise or Fall	Yield Oct. 7, 1936
High	Low	High	Low	High	Low	High	Low														
British Funds																					
94 1/2	80	87 1/2	83 1/2	Consols 2 1/2%	85	85 1/2	+ 1/2	4 5/8	45 1/2	35 1/2	Bank of N. Zealand £1	35 1/2	36 3/4	+ 1/4	4 1/2						
118 1/2	109 1/2	116 1/2	113 1/2	Do. 4% Red. at par on or after Feb. 1937 (m)	115	115 1/2	+ 1/2	2 1/8	38 3/4	37 1/2	Bank of England Stk.	37 1/2	38 1/2	+ 1/2	3 3/4						
103 1/2	97 1/2	102 1/2	100 1/2	Conservn. 2 1/2% 1944-49	101	101 1/2	+ 1/2	2 1/8	48 1/2	43 1/2	Barcl. (Dom. &c.) A £1	79 1/2	80 1/2	+ 1/2	3 7/8						
107 1/2	100 1/2	105 1/2	103 1/2	Do. 3%, 1948-53	104	104 1/2	+ 1/2	2 1/8	43 1/2	43 1/2	Bk. of Australasia (£5)	47 1/2	47 1/2	+ 6d	2 5/8						
112 1/2	104 1/2	108 1/2	106 1/2	Do. 3 1/2% after 1961 (s)	107 1/2	108 1/2	+ 1/2	2 1/8	43 1/2	43 1/2	Bk. of Montreal (\$100)	26 1/2	27 1/2	+ 1/2	4 2/8						
114 1/2	106 1/2	110 1/2	108 1/2	Do. 4 1/2% 1940-44	109 1/2	110 1/2	+ 1/2	2 1/8	43 1/2	43 1/2	Bk. of N.S. Wales (£20)	26 1/2	27 1/2	+ 1/2	3 1/8						
124 1/2	115 1/2	121 1/2	117 1/2	Do. 5% 1944-64	117 1/2	118 1/2	+ 1/2	2 1/8	43 1/2	43 1/2	British Overseas A £5	82 1/2	83 1/2	+ 1/2	3 1/8						
106 1/2	98 1/2	104 1/2	101 1/2	Funding 2 1/2% 1936-61	102 1/2	103 1/2	+ 1/2	2 1/8	43 1/2	43 1/2	Chd. of India (£5)	15 1/2	15 1/2	+ 1/2	3 1/8						
112 1/2	104 1/2	108 1/2	106 1/2	Funding 3% 1939-60	105 1/2	106 1/2	+ 1/2	2 1/8	43 1/2	43 1/2	Comel. Bk. of Aus. 10/-	15 1/2	15 1/2	+ 1/2	3 1/8						
114 1/2	106 1/2	110 1/2	108 1/2	Funding 4% 1930-90	108 1/2	109 1/2	+ 1/2	2 1/8	43 1/2	43 1/2	Do. B. £1, fully pd.	90 1/2	91 1/2	+ 1/2	3 1/8						
116 1/2	108 1/2	112 1/2	110 1/2	Victory Bonds 4%	115 1/2	116 1/2	+ 1/2	2 1/8	43 1/2	43 1/2	Eng. Scot. & Aus. £5 (3pd)	56 1/2	56 1/2	+ 1/2	3 1/8						
110 1/2	101 1/2	106 1/2	104 1/2	War Loan 3 1/2% after 1952 (p)	107 1/2	108 1/2	+ 1/2	2 1/8	43 1/2	43 1/2	Hambros £10, £2 1/2 pd	110 1/2	111 1/2	+ 1/2	3 1/8						
98 1/2	89 1/2	95 1/2	92 1/2	Austria 3% 1933-53	102 1/2	103 1/2	+ 1/2	2 1/8	43 1/2	43 1/2	Hong & S. (£12 1/2)	110 1/2	111 1/2	+ 1/2	3 1/8						
104 1/2	96 1/2	102 1/2	100 1/2	India 2 1/2%	102 1/2	103 1/2	+ 1/2	2 1/8	43 1/2	43 1/2	Lloyds & S. with £1 pd.	62 1/2	63 1/2	+ 1/2	3 1/8						
86 1/2	78 1/2	84 1/2	81 1/2	Do. 3%	87 1/2	88 1/2	+ 1/2	2 1/8	43 1/2	43 1/2	Martins £20, £2 pd.	92 1/2	93 1/2	+ 1/2	3 1/8						
100 1/2	92 1/2	98 1/2	95 1/2	Do. 3 1/2%	99 1/2	100 1/2	+ 1/2	2 1/8	43 1/2	43 1/2	Midland £1, fully pd.	95 1/2	95 1/2	+ 1/2	3 1/8						
114 1/2	106 1/2	110 1/2	108 1/2	Do. 4 1/2% 1938-68	114 1/2	115 1/2	+ 1/2	2 1/8	43 1/2	43 1/2	Nat. of Egypt £10	40 1/2	40 1/2	+ 1/2	3 1/8						
108 1/2	100 1/2	106 1/2	104 1/2	U.K. & Arg. 4% A (1947)	105 1/2	106 1/2	+ 1/2	2 1/8	43 1/2	43 1/2	Nat. of India £5 (12 1/2)	40 1/2	40 1/2	+ 1/2	3 1/8						
113 1/2	105 1/2	111 1/2	109 1/2	Dom. & Colonial Govts.	112 1/2	113 1/2	+ 1/2	2 1/8	43 1/2	43 1/2	Nat. Prov. £20, £4 pd.	40 1/2	41 1/2	+ 1/2	3 1/8						
108 1/2	100 1/2	106 1/2	104 1/2	Australia 5% 1945-75	105 1/2	106 1/2	+ 1/2	2 1/8	43 1/2	43 1/2	Royal Bk. of Scotland	50 1/2	50 1/2	+ 3	3 1/8						
112 1/2	104 1/2	108 1/2	106 1/2	Canada 4% 1940-60	108 1/2	109 1/2	+ 1/2	2 1/8	43 1/2	43 1/2	S. of S. Af. £20, £5 pd.	15 1/2	15 1/2	+ 1/2	3 1/8						
116 1/2	108 1/2	112 1/2	110 1/2	Gold Coast 4 1/2% 1958	118 1/2	119 1/2	+ 1/2	2 1/8	43 1/2	43 1/2	Westminster £4, £1 pd.	95 1/2	97 1/2	+ 2 1/2	3 1/8						
118 1/2	110 1/2	114 1/2	112 1/2	Nigeria 5% 1950-60	119 1/2	120 1/2	+ 1/2	2 1/8	43 1/2	43 1/2	Discount Cos.	92 1/2	93 1/2	+ 1/2	3 1/8						
115 1/2	107 1/2	111 1/2	109 1/2	N. Zealand 5% 1946	112 1/2	113 1/2	+ 1/2	2 1/8	43 1/2	43 1/2	Anglo-American Deb.	270	270	0	3 1/4						
110 1/2	103 1/2	109 1/2	106 1/2	Queensland 5% 1940-60	107 1/2	108 1/2	+ 1/2	2 1/8	43 1/2	43 1/2	Anglo-Celtic Ord.	67 1/2	67 1/2	0	3 1/4						
118 1/2	110 1/2	114 1/2	112 1/2	S. Africa 5% 1945-75	116 1/2	117 1/2	+ 1/2	2 1/8	43 1/2	43 1/2	Atlas Electric, etc. £1	6 1/2	6 1/2	+ 1/9	3 1/4						
Foreign Governments																					
101 1/2	98 1/2	103 1/2	100 1/2	Argentina 4% Resc. 1952	101 1/2	101	0	3 1/8	43 1/2	43 1/2	Brit. Assets Trust 5/-	16 1/2	17 1/2	+ 1/9	3 1/8						
101 1/2	98 1/2	103 1/2	100 1/2	Austria 7% 1957	97 1/2	97	0	3 1/8	43 1/2	43 1/2	Debenet Corp. Stk. £1	246 1/2	246 1/2	0	4 1/8						
101 1/2	98 1/2	103 1/2	100 1/2	Do. 4 1/2% 1934-59	88 1/2	88	+ 1	3 1/8	43 1/2	43 1/2	For. Amer. Invest. £1	78 1/2	79 1/2	+ 1/2	3 1/8						
63 1/2	57 1/2	62 1/2	57 1/2	B. Aires (Prov.) 3 1/2%	67 1/2	67	0	3 1/8	43 1/2	43 1/2	Guardian Investment	147 1/2	147 1/2	0	4 1/4						
112 1/2	104 1/2	108 1/2	106 1/2	Belgium 7% red by 1956	108 1/2	108	0	3 1/8	43 1/2	43 1/2	Indus. and Gen. Ord.	273 1/2	273 1/2	+ 5	3 1/8						
20 1/2	14 1/2	18 1/2	16 1/2	Bulgaria 7 1/2% Loan	18 1/2	18	0	3 1/8	43 1/2	43 1/2	Lake View Invest. 10/-	18 1/2	18 1/2	+ 3d	4 1/8						
84 1/2	77 1/2	81 1/2	79 1/2	Brazil 5% Fund. 1914	77 1/2	78	+ 2 1/2	3 1/8	43 1/2	43 1/2	Mercantile Investment	278 1/2	278 1/2	0	3 1/8						
23 1/2	13 1/2	17 1/2	15 1/2	Chili 6% (1929)	17 1/2	19	+ 1 1/2	3 1/8	43 1/2	43 1/2	Merchants Trust Ord.	175 1/2	175 1/2	0	3 1/8						
91 1/2	84 1/2	88 1/2	86 1/2	China 5% (1912)	79 1/2	79	0	3 1/8	43 1/2	43 1/2	Metropolitan Trust	280 1/2	280 1/2	0	3 1/8						
100 1/2	92 1/2	98 1/2	95 1/2	Do. 5% (1913)	90 1/2	90	0	3 1/8	43 1/2	43 1/2	Scottish Investment (S)	8 1/2	9 1/2	+ 1/3	3 1/8						
113 1/2	105 1/2	109 1/2	107 1/2	Czechoslovakia 8%	102 1/2	102 1/2	+ 1 1/2	3 1/8	43 1/2	43 1/2	Scottish Mortgage	222 1/2	222 1/2	0	3 1/8						
89 1/2	82 1/2	86 1/2	84 1/2	Danish 3% 1908	105 1/2	105 1/2	+ 1 1/2	3 1/8	43 1/2	43 1/2	Trustees Corp. Ord.	224 1/2	224 1/2	0	3 1/8						
109 1/2	101 1/2	105 1/2	103 1/2	Danzig 6 1/2%	106 1/2	106 1/2	+ 1 1/2	3 1/8	43 1/2	43 1/2	United States Debenture	225 1/2	225 1/2	0	3 1/8						
30 1/2	22 1/2	26 1/2	24 1/2	Egypt Unified 4%	104 1/2	104	0	3 1/8	43 1/2	43 1/2	Argentine Land, etc. £1	18 1/2	19 1/2	+ 1/9	3 1/8						
78 1/2	70 1/2	74 1/2	72 1/2	French 4% (British)	68 1/2	68	+ 1/2	3 1/8	43 1/2	43 1/2	Australian Estates, etc.	27 1/2	27 1/2	0	3 1/8						
58 1/2	50 1/2	54 1/2	52 1/2	German 7% Dawes Ln.	49 1/2	49	+ 1/2	3 1/8	43 1/2	43 1/2	Brit. S. Africa 15/- fy. pd.	28 1/2	29 1/2	+ 1/2	3 1/8						
45 1/2	38 1/2	42 1/2	40 1/2	Do. 5 1/2% (Young Ln.)	34 1/2	34	0	3 1/8	43 1/2	43 1/2	Charthouse Inv. £1	33 1/2	34 1/2	+ 1/2	3 1/8						
51 1/2	44 1/2	48 1/2	46 1/2	Greek 8% Stab. Ln.	44 1/2	44	0	3 1/8	43 1/2	43 1/2	C. of London R. Pty. £1	18 1/2	19 1/2	+ 1/2	3 1/8						
91 1/2	84 1/2	88 1/2	86 1/2	Hungary 7%	84 1/2	84	- 1/2	3 1/8	43 1/2	43 1/2	Daily Mail & General £1	51 1/2	51 1/2	0	3 1/8						
97 1/2	89 1/2	93 1/2	91 1/2	Japanese 5% 1936-65	84 1/2	84	0	3 1/8	43 1/2	43 1/2	Dalgety £20 £5 pd.	25 1/2	26 1/2	+ 1/2	3 1/8						
144 1/2	136 1/2	140 1/2	138 1/2	Do. 6% (1924) red 1959	84 1/2	84	0	3 1/8	43 1/2	43 1/2	Forestal Land £1	25 1/2	26 1/2	+ 1/2	3 1/8						
50 1/2	42 1/2	46 1/2	44 1/2	Norwegian 4% 1911	110 1/2	110	0	3 1/8	43 1/2	43 1/2	Hudson's Bay Co. £1	28 1/2	29 1/2	+ 1/2	3 1/8						
100 1/2	92 1/2	98 1/2	95 1/2	Peru 7 1/2% 1922	47 1/2	47 1/2	0	3 1/8	43 1/2	43 1/2	Java Invest, etc. £1	28 1/2	29 1/2	+ 1/2	3 1/8						
144 1/2	136 1/2	140 1/2	138 1/2	Poland 7%	74 1/2	74	+ 4	3 1/8	43 1/2	43 1/2	Peruvian Govt. £1	28 1/2	29 1/2	+ 1/2	3 1/8						
144 1/2	136 1/2	140 1/2	138 1/2	Roumania 4% Con. 1922	101 1/2	101	+ 1 1/2	3 1/8	43 1/2	43 1/2	Primative Corp. Pref. Stk.	12 1/2	13 1/2	+ 1/2	3 1/8						
113 1/2	105 1/2	109 1/2	107 1/2	Swedish 3 1/2% 1908	115 1/2	115	0	3 1/8	43 1/2	43 1/2	Staveley Trust £1	25 1/2	26 1/2	+ 1/3	3 1/8						
84 1/2	77 1/2	81 1/2	79 1/2	U.K. & Argentine 1933	87 1/2	87	0	3 1/8	43 1/2	43 1/2	Sudan Plantations £1	44 1/2	47 1/2	+ 3 1/2	3 1/8						
37 1/2	29 1/2	33 1/2	31 1/2	5 1/2% B. Certs. (1951)	115 1/2	115 1/2	0	3 1/8	43 1/2	43 1/2	Barclay Perkins £1	38 1/2	38 1/2	0	3 1/8						
122 1/2	114 1/2	118 1/2	116 1/2	Do. C. Certs. (3% Max.)	87 1/2	87	0	3 1/8	43 1/2	43 1/2	Bass Ratcliff Ord. £1	144 1/2	145 1/2	+ 1/2	3 1/8						
108 1/2	100 1/2	106 1/2	104 1/2	Corporation Stocks	116 1/2	116 1/2	0	3 1/8	43 1/2	43 1/2	Banksia Watford £1	95 1/2	95 1/2	0	3 1/8						
104 1/2	96 1/2	102 1/2	100 1/2	Berlin 6% 1932-57	26 1/2	26	0	3 1/8	43 1/2	43 1/2	Charrington & Co. £1	80 1/2	81 1/2	+ 1/2	3 1/8						
122 1/2	114 1/2	11																			

(Continued from page 79)

BY OFFER FOR SALE

Anti-Attrition Metal Company.—Offer for sale of 450,000 2s. ordinary shares at 3s. Anti-attrition bearings specialists; own one subsidiary. Net assets, £63,563, purchased for £62,200 cash. Combined profits, before depreciation and bank interest, years to July 31: 1934, £10,180; 1935, £11,679; 1936, £19,662. Whitehead Industrial Trust take issue at par and expenses (2s. 7.47d. in all).

King's Motors (Oxford).—Offer for sale of 60,000 6 per cent. cumulative participating £1 preferred shares at 21s. and 90,000 2s. ordinary shares at 4s. Motor cycle agents and distributors. Profits, after depreciation, years to March 31: 1934, £10,041; 1935, £15,011; 1936, £19,035. Net assets, £55,109, purchased for £85,000 (goodwill, £29,891) in 50,000 preferred and 350,000 ordinary shares. Cost to Cheviot Trust, with expenses, about 21s. per preferred and 3s. 0½d. per ordinary share.

Wallpapers (Consolidated).—Offer for sale of 584,000 2s. ordinary shares at 2s. 6d. Acquires four wallpaper making and distributing businesses, and 95 per cent. of capital of Wm. Pinchin, paint makers. Combined profits, before fees, depreciation and leasehold amortisation (normally £3,950), 1933, £7,791; 1934, £9,210; 1935, £15,139. Total assets, £71,032. Acquired for £70,000, in 2s. shares. British Public Securities take issue for 1s. 10.6d. per share (with expenses 2s. 4.19d.). Lists closed at 9.10 a.m. on October 7th owing to heavy over-application.

BY STOCK EXCHANGE INTRODUCTION

Popular Footwear, Ltd.—Issued capital 700,000 2s. ordinary shares. Acquires Rose Brothers and Fashion Shoes. Net assets, £71,730, purchased for £66,000 in 660,000 2s. shares. Combined profits, before depreciation, lease amortisation, etc. (£2,100 latest year), years ending December 31, 1933, and June 30, 1934, £8,615; 1934-5, £9,193; 1935-6, £9,945. Directors take 40,000 shares at par.

Ransomes and Rapier, Ltd.—Particulars of issue of £100,000 4 per cent. debenture stock to repay £38,100 5 per cent. debentures at par and £50,000 7 per cent. second mortgage debentures at 102. Redeemable at par between 1937 and 1970, beginning 1937, or from 1947, at 101 on six months' notice. Grace Brothers take issue at 99½, also 150,000 10s. ordinary shares at 13s. and expenses.

ISSUES TO SHAREHOLDERS ONLY

Alvis Car and Engineering.—It is stated that 800,000 ordinary shares of 5s. each are being offered for subscription on October 13th, at 9s. 3d. per share.

British Power and Light Corporation.—Issue of 339,384 new ordinary £1 shares to existing shareholders in proportion of one share for each £5 of ordinary stock held at 25s. each.

Cawnpore Electric Supply.—Issue of £300,000 4½ per cent. first mortgage debenture stock at 102 to pay off existing 5 per cent. (tax free) debentures at 102 per cent. on June 2, 1937.

East African Goldfields.—Issue of £75,000 debenture stock at par on proportion one for each 25 ordinary shares held on October 1st. Redeemable at 130 on September 30, 1941.

Gas Consolidation.—Dealings are expected to take place shortly in £250,000 of 3½ per cent. debenture stock of Gas Consolidation, which is being privately placed at 98½. The stock has a life of 25 years. Proceeds of the placing will be used to finance acquisitions.

Hants and Dorset Motor Services.—Issue of 80,000 £1 ordinary shares at par in proportion of one new share for each four ordinary shares held on September 19th.

North British Rayon.—Issue of 50,000 6 per cent. cumulative preference shares 10s. each at par.

O.K. Bazaars (1929), Ltd. (Incorporated in Union of South Africa).—The directors propose offering to existing shareholders on December 14, 1936 (on the basis of the register as at November 30, 1936) one new "B" share to every holder of five "A," "B," or ordinary shares at 41s. per share, the new shares to rank only for any final dividend declared on account of the year to June 30, 1937, and thereafter *pari passu* with the existing "B" shares.

Thomas De La Rue and Company.—Thomas De La Rue and Company is issuing 60,985 £1 ordinary shares to shareholders at 23s. per share in the proportion of one new share for every four held.

Vitamins, Ltd.—Issue of 512,000 additional ordinary shares of 1s. each at 2s. each in proportion of one new for each two held to shareholders registered September 16th. Shareholders to participate fully in any dividends for year to March 31, 1937, and thereafter.

CONVERSIONS AND REPAYMENTS

Bukit Tupah Rubber.—The whole of the issue of 8 per cent. debentures have been repaid.

Canada Cement.—This company will redeem on November 1, 1936, all its outstanding first mortgage sinking fund gold bonds, 5½ per cent. Series "A," at 104 per cent., together with accrued interest (in London).

Ruston & Hornsby.—This company will, on April 1, 1937, redeem the whole of the 5½ per cent. debenture stock outstanding at 110 per cent.

OFFERS ABROAD

Province of Quebec.—Issue of Bonds \$51,000,000 consisting of \$12,000,000 1 per cent. bonds maturing October 1, 1938, at par; \$12,000,000 1½ per cent. bonds maturing October 1, 1940, at 99; \$12,000,000 2½ per cent. bonds maturing November 1, 1944, at par, and \$15,000,000 3 per cent. bonds maturing November 1, 1951, at 99. Proceeds to retire \$10,000,000 of 5 per cent. bonds maturing November 1, 1936, and for funding \$26,000,000 Treasury bills; the balance to provide for payment of Treasury warrants and outstanding accounts.

LONDON NEW ISSUE PRICES

Stock or Share	Issue price	Paid	Sept. 30, 1936	Oct. 7, 1936
Burco (5/- Ord.)	10/-	10/-	...	11/6-12/-
Goodman Bros. and Stockman (2/-)	2/9	2/9	2/2-2/6	2/9-3/-
Kenya 3%	100	50	4-1 pm	4-1 pm
London County Council 3% 1856-61	99	5	14-14 pm	14-14 pm
Lane, Fox and Co. (4/-)	4/-	4/-	3/7-3/10	3/9-4/-
McCarthy Rodway Ord. £1	...	...	44-45/3	2 1/2-2 1/2
New London Properties 6% Pref. £1	20/-	10/-	...	14d. dis-4d.
R.F.D. (2/-)	3/-	3/-	4/-4/6	4/1-4/7 1/2
Stanley Motors Ord. 4/-	4/6	2/6	...	10 1/2-11 1/4 pm
Do. 5 1/2d. Pref. 20/-	20/6	10/6	...	1/3-2d. dis
Sydney C.C. 4%	99	59	2 1/2-2 1/2	2 1/2-2 1/2

REPORTS AND NOTICES

Mr Hartley Withers, chairman of Allied Investors Fixed Trusts, Ltd., has now been appointed managing director, and in future will carry out the duties attaching to both offices. Allied Investors Fixed Trusts, Ltd. are responsible for the conduct of the four British Industries Fixed Trusts and the Electrical Industries Trust.

The Anglo-Portuguese Colonial and Overseas Bank, Ltd., announces that the Rt. Hon. Sir Francis Lindley, G.C.M.G., C.B., C.B.E., a former Ambassador to Portugal, has been appointed to a seat on the board to fill the vacancy caused by the retirement of Sir Basil E. Mayhew, K.B.E., from all City engagements.

It is officially announced that Sir F. Victor Schuster, Bart., has been appointed a director of the National Provincial Bank, Ltd. Sir Victor has relinquished his seat on the London local board.

Joseph E. Pogue, of New York City, has been appointed a vice-president of the Chase National Bank at its head office in 14th Street, New York City.

Mr Stuyvesant Henry Le Roy-Lewis has been appointed a director of the Trustees Corporation, Ltd., to fill the vacancy caused by the death of the Right Hon. Lord Wargrave, P.S.

Mr Harry Dansie Hall, one of the founders of Hall and Company, Ltd., retired on September 30, 1936. Mr Reginald Gordon Golding Cromwell and Mr Harry Valentine Hall have been appointed joint managing directors with Mr Joseph Hall as from September 30, 1936.

The Right Hon. the Earl of Dartmouth has been appointed a director on the London board of the Royal Insurance Company, Ltd.

The directors of the Standard Bank of South Africa, Ltd., announce that Mr Bertram Lowndes has been appointed to a seat on the board on his retirement on November 5th from the London management. Mr Ralph Gibson has been appointed to succeed Mr Lowndes as London manager. It is also announced that Mr T. D. Williams, the bank's secretary, retires on October 12th, and will be succeeded by Mr H. Dales.

BANKS

MIDLAND BANK, LTD.—The Midland Bank announces that Mr Harold Lindsay Rouse, formerly controller, has been appointed a joint general manager, and that Mr Walter James, principal of the bank's legal department, has been appointed to succeed the late Mr F. O. Free as secretary.

CHASE NATIONAL BANK.—Statement dated September 30, 1936, shows deposits \$2,290,889,000 compared with \$2,083,328,000 on June 30, 1936, and \$1,951,532,000 on September 30, 1935. Total resources, \$2,568,430,000, compared with \$2,356,357,000 on June 30, 1936, and \$2,220,541,000 on September 30, 1935. On September 30, 1936, the capital of the bank was \$100,270,000, and the surplus was also \$100,270,000. Undivided profits amounted to \$20,963,000, compared with \$18,947,000 a year ago.

BROWN BROTHERS, HARRIMAN AND COMPANY.—The financial statement dated September 30, 1936, shows total deposits of \$59,528,203, representing an increase of 14 per cent. compared with \$52,157,918 on June 30, 1936, and a gain of 44 per cent. over deposits of \$41,228,461, September 30, 1935. Total assets have increased to \$87,460,863 from \$79,757,095 on June 30, 1936, and \$66,900,488 on September 30, 1935. Capital and surplus of \$12,001,413 compare with \$11,609,786 three months ago and \$10,839,076 a year ago.

(Continued on page 93)

COMPANY MEETINGS, &c.

THE FINANCIAL NEWS LIMITED

INCREASED REVENUE FROM PUBLICATIONS

DISTRIBUTION OF 15 PER CENT

Its present annual earnings would provide a not unsatisfactory dividend on the ordinary share capital of the Financial News Limited.

The record of that subsidiary may stir us to consider further investments in properties of companies unconnected with the financial Press. We believe that the well-worn saw about not keeping all one's eggs in one basket has not lost its merit. Controlling, as we do, the largest group of financial newspapers in the world, we are in a good position to profit from active financial

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SECRETARIAT LIBRARY.

Please pass on this periodical as soon as possible to the officer next in the list.

ECONOMIST No. 4859, dated 10.10.1936.

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H.M. C-4

" C-3

" M-1

FINANCE DEPARTMENT

DEVELOPMENT DEPARTMENT.

P.W. & L. DEPARTMENT

LIBRARY.

Secretary

Deputy Secretary

Assistant Secretary I

Assistant Secretary II

Assistant Secretary III

Under Secretary

Assistant Secretary

Under Secretary

Librarian

2.11.36

us from the effects of depressions in the City.

OTHER INTERESTS

For a number of years your directors have been pondering the problem of how to create alternative sources of revenue when the City enters into hard times. That problem shows signs of slowly yielding to treatment. The proof that we have made some progress in dealing with it is to be found in the accounts you are now considering. Our subsidiary companies have contributed a goodly sum to our published profits. The progress of one—a company with no connection with the financial Press—is hopeful.

the company's bank account at a small rate of interest.

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.

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SECURITY FIRST

TOTAL FUNDS EXCEED
£47,000,000

CLAIMS PAID, OVER
£200,000,000

Head Offices:

LIVERPOOL LONDON
North John St. Lombard St.

GOLD MINES OF KALGOORLIE, LIMITED

ENCOURAGING DEVELOPMENT RESULTS

The second ordinary general meeting of Gold Mines of Kalgoorlie, Limited, was held, on the 5th instant, at the Chartered Insurance Institute, 20 Aldermanbury, London.

Mr P. E. Marmion (the Chairman), in the course of his speech, said that notwithstanding the large amount of development work undertaken during the year the balance sheet again showed a position of great strength and liquidity. The total of debtors, less creditors' short-dated Government securities, and cash represented the substantial sum of £312,135, and owing to the recent very favourable returns from the small associated mill this position had been fully maintained, the corresponding figure at August 31st, after providing for all outgoings in the meanwhile, being £312,874. There was an operating profit of over £10,000 from the treatment of 9,742 tons of ore in the small associated mill during the six months it was working, a result which he hoped would be regarded with satisfaction.

IRON DUKE RESULTS

During the year work was again largely concentrated on the Iron Duke and Oroya South group of leases, and some of the results had been most encouraging. In the Iron Duke their main objective had been the full exploration of the well-known Hinchcliffe shoot, and they had every reason to be well satisfied with the results so far attained. At the last meeting he was able to state that they had indications that the continuation of this rich shoot had been located at No. 7 and No. 11 levels. The development work done in the last twelve months on No. 12 level had located the shoot at that level, and diamond drill hole No. 37 had intersected ore assaying 12.8 dwts. per ton over a true width of 20 feet at a depth of 100 feet below No. 12 level. There was a further interesting development below No. 12 level. Diamond drill hole No. 22 from the North Kalgurli No. 14 level had intersected very high-grade ore—35.9 dwts. for a length of 8 feet—25 feet inside their boundary and approximately 200 feet below their No. 12 level. Further exploration work was necessary before any reliable opinion could be offered on the significance of this exceptional result. They had every reason to be pleased with the result of the year's work in the Iron Duke lease.

Development work in the Oroya South group of leases had been carried on from the Oroya South shaft, which had been unwatered and retimbered where necessary to within 400 feet of the fifteenth level, and good progress towards that objective was being made.

AUSTRALIA EAST LEASE

In the Australia East the ore occurrences were irregular and somewhat complicated, but there were numerous places with interesting possibilities which they were now in a position to explore. The ore from No. 4 lens had been consistently rich, the average value for considerable tonnages frequently being over one ounce to the ton, and considering its proximity to the surface in an area that was intensively prospected by the original owners he thought they were particularly fortunate in discovering it so opportunely. The result of the year's work on the Australia East lease in the circumstances had been quite satisfactory, and they looked forward with confidence to the maintenance of similar results from the enlarged programme of development and preparation for stoping on which they were now in a position to embark.

It was estimated by their technical advisers that the proved and probable ore at March 31st last amounted to 210,000 tons of an average grade of 7.4 dwts. per ton, representing an addition of 100,000 to the previous year's estimate. The further examinations carried out by their geologists during the year had thrown a great deal more light on the potentialities of their properties, and they saw no reason to modify the opinion expressed last year that while the known ore bodies might yield as much as 400,000 tons their expectations envisaged possibilities of an ultimate tonnage appreciably in excess of that figure.

When they last met he informed them that the reconditioning of the old Associated Mill had just been completed, and that the mill had started operating. Since that date it had been in continuous operation, and up to the end of September had treated 19,634 tons for a yield of 13,081 oz. of fine gold, equivalent to an average of 13.3 dwts. per ton. The yield up to the end of March, the period covered in the accounts under review, averaged 10.5 dwt. It was reasonably efficient on the class of ore it was treating, recoveries averaged about 91 per cent., and there remained considerable remnants that it could handle usefully.

The report and accounts were unanimously adopted.

MALAYALAM PLANTATIONS, LIMITED

POSITION OF TEA AND RUBBER INDUSTRIES

The fifteenth ordinary general meeting of Malayalam Plantations, Limited, was held, on the 6th instant, at 19 Fenchurch Street, London, Mr H. J. Welch (the chairman) presiding.

The Chairman, in the course of his speech, said: The total net cost of the properties appears in the balance sheet at £1,658,961, and the buildings and machinery at £1. After paying the final dividend, making other appropriations, including £20,000 to reserve account and £35,500 to taxation reserve, the net surplus assets stood at £270,000, or £6 14s. 9d. per planted acre. The net cost of the planted areas, buildings, etc., was less than £39 per acre; £26,973 has been written off buildings account, and the balance of profit transferred was £174,689. The final dividend proposed was 5½ per cent., making 8 per cent. for the year.

The company owns 32 square miles of planted tea and 28 square miles of planted rubber, nearly all of which is in bearing. The restricted tea crop amounted to 9,621,542 lb., only 60.2 per cent. of the basic assessment being permitted for export. The rubber crop was 5,714,932 lb. The average net price obtained for tea was 9.87d. per pound, and although it was ½d. better than last year it compared unfavourably with the average of 13.44d. for the eight years 1922 to 1929. Including that sold for local consumption at low prices, the rubber was produced at an increased cost of about one-third pence per pound, and realised 5.63d. per pound net, or 6.32d. London equivalent.

CURRENT YEAR'S PROSPECTS

The company has erected a modern factory on its Lockhart estate, which produces high-grown tea. The cost is being written off out of revenue. Capital expenditure for the current year is estimated at £8,000, and crops at 9,500,000 lb. of tea and 5,726,000 lb. of rubber, both at slightly higher cost. Prices realised to date for the crops are better than last year. Each penny per pound profit on the tea would equal nearly £40,000, or 2.18 per cent. upon the capital, and each penny per pound on rubber nearly £24,000, or 1.32 per cent.

TEA INDUSTRY

Except in the case of Ceylon, the average prices for tea this year have been higher than last, but prices generally are at a very low level and medium, good medium and fine teas realise a much smaller premium over common teas than generally prevailed before the depression. Between the commencement of the Regulation Scheme and July last, stocks of tea in bond in the United Kingdom had been reduced by 48½ million pounds, and they are expected to fall to normal by next July.

He went on to say that the Preferential Tea Duty in this country continued, in his opinion, to be injurious to the interests of Empire producers. Not only were India and Ceylon teas being displaced in out-markets by non-Empire teas, but this brought relatively larger supplies of Empire teas to the British market, and consequently depressed their price. There was a danger of the displacement of Empire teas in foreign markets becoming permanent.

It might reasonably be expected that tea prices would be at least maintained at their present levels during the Regulation of Exports Scheme, which, it was thought, would be renewed upon its expiration in 1938, and it was to be hoped that producing countries outside the scheme might be induced to join, as while they were out they constituted a continuous and probably increasing danger. Meanwhile, the campaign for increased consumption was being continued.

RUBBER INDUSTRY

The remarkable increase in the world's absorption of rubber temporarily interrupted between 1929 and 1932 was continuing and surplus stocks were being rapidly reduced. The depreciation of gold currencies should prove favourable to the industry.

Between 1925 and 1935 the world absorption of crude rubber was nearly doubled. The United States absorption increased 30 per cent. and that of other countries 200 per cent. Countries in the Far East were taking much more and should continue to provide an expanding market. In the light of the present known facts there seemed reasonable ground for hope that the industry would emerge successfully from its difficulties in the next few years.

The report and accounts were unanimously adopted.

KIRKLEES, LIMITED

TRADING PROFITS INCREASED

The eighth ordinary general meeting of Kirklees, Limited, was held, on October 6th, in London.

Mr William Tong, M.C. (chairman and managing director), said that trading profit again showed a marked increase, having risen from £61,228 to £78,125. Expenditure on maintenance of machinery and plant showed an increase of nearly £10,000, but he was hopeful that as the result of improvements effected in design and construction some gradual reduction would be forthcoming in the future. On the accounts submitted shareholders might have hoped for a larger dividend than the 4 per cent. recommended, but with their intimate knowledge of conditions in the trade the directors believed it was essential to retain as strong a position as possible, and that by so doing they would give themselves the best prospects of steady improvement. The board would give consideration to the payment of an interim dividend in future.

He wished to assure shareholders that, so far as their company was concerned, every possible precaution had been taken to keep the premises and plant in a first-class state of repair and efficiency and their process and manufacturing organisation well in line with modern standards. He believed that their manufacturing costs would bear comparison with any in this country. He placed his reliance in the future of the company in this belief, and they would never relax their efforts to maintain that and continuously to improve their efficiency. With steady trade and healthy competition he was confident they would be able to earn satisfactory profits.

An active recreation and welfare committee, to which every department of the factory elected its own representatives, had been set up, and through this organisation a sickness and benevolent fund had been established, with weekly subscriptions ranging from 1½d. to 4d., and benefits varying between 6s. and 22s. 6d. per week.

In the company's main department, where continuous shift working was essential, a system had been adopted whereby shift workers worked an average 42 hours per week instead of 56 hours, without any reduction in their total earnings.

The report and accounts were unanimously adopted.

BAJOE KIDOEL RUBBER AND PRODUCE COMPANY, LIMITED

BETTER PROSPECTS

The twenty-fifth ordinary general meeting of the Bajoe Kidol Rubber and Produce Co., Limited, was held, on the 6th instant, in the Council Chamber of the Rubber Growers' Association, London.

Mr H. Eric Miller (Chairman of the company), who presided, in the course of his speech, said: Dealing first with rubber, we had available for the year under review export licences for 1,426,664 lbs., but the N.E.I. Government, in order to keep within their export quota, requested European producers to sell them part of their export licences. We returned export licences for 210,742 lbs., for which we received 25,422.70 florins.

A crop so much below the potential yield of the estates meant a relatively high cost of production and left only a small margin of profit, under the handicap of a currency on a gold basis. Our average rate of exchange for the year was 7.22 florins, against a par rate of 12.10 florins. The management of the guilder exchange in Holland should have no difficulty in maintaining an exchange value in line with realities. The rate now was about 9 guilders against 7.22 guilders.

Coffee producers in the Netherlands E. Indies are to be helped by a subsidy. The Netherlands Government has, from April 16, imposed a duty varying from 10 to 12 guilders per 100 Kg., on all coffee imported into the Netherlands, and it is their intention to allocate the proceeds of this duty to assist producers of coffee in the Netherlands E. Indies and to provide funds for improving the native coffee and for propaganda. The Netherlands East Indies Government are not yet able to announce the value of the subsidy or how it will be made available to producers.

The English company's profit and loss account shows a small credit balance made up of the dividend from the Celebes Company and of interest. The modest dividend which we recommend will come in part out of accumulated profits of former years, but its payment is justified by the strong financial position of the company. We hope that the accounts a year hence may make a better showing.

The report was adopted.

GOVERNMENT RETURNS, &c.

TREASURY BILLS BY PUBLIC TENDER

Tenders for £50,000,000 Treasury bills were opened on October 2, 1936. The amount applied for was £77,980,000. Tenders were accepted for Treasury bills at three months dated Monday to Friday, at £99 17s. 4d., about 96 per cent. and above in full; Saturday at £99 17s. 5d. and above in full. The average rate per cent. was 10s. 6.07d. The amount allotted was £50,000,000.

Date	Amount Offered £	Total Applications £	Amount Allotted £	Average Rate % £ s. d.
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	49,580,000	27,500,000	0 8 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
September 25, 1936	50,000,000	75,110,000	50,000,000	0 10 3.52
October 2, 1936	50,000,000	77,980,000	50,000,000	0 10 6.07

NATIONAL SAVINGS CERTIFICATES

Total Sales of Savings Certificates	No. of Certificates	Value
Week ended September 19, 1936	598,664	£ 448,998
Week ended September 26, 1936	584,840	£ 438,630
February, 1916, to September 26, 1936	1,271,728,312	£ 1,090,234,072

At the end of August, 1936, the amount remaining to the credit of investors in Savings Certificates, excluding interest, was £390,435,277.

THE BANKERS' GAZETTE

BANK OF ENGLAND

Return for Week ended Wednesday, October 7, 1936

ISSUE DEPARTMENT

£	£
Notes Issued:—	Government Debt..... 11,015,100
In Circulation	Other Government Securities .. 248,387,815
In Banking Department..... 57,818,251	Other Securities
	Silver Coin
	Amount of Fiduciary Issue .. 260,000,000
	Gold Coin and Bullion
	508,660,346

BANKING DEPARTMENT

£	£
Proprietors' Capital	14,553,000
Reserve	3,083,750
Public Deposits*	24,751,671
Other Deposits:—	
Bankers	£84,192,276
Other Accounts	£40,941,591
	125,133,867
	167,522,288
	167,522,288

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

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 ORDERS

Both Departments	Amount, Oct. 7, 1936	Inc. or Dec. on Last Week	Inc. or Dec. on Last Year
Note circulation.....	450,842,095	+ 1,446,126	+ 48,726,288
Public deposits.....	24,751,671	+ 24,962,653	+ 11,238,990
Other deposits.....	84,192,276	+ 23,473,737	+ 9,114,001
Total outside liabilities.....	40,941,591	+ 7,369	+ 2,345,628
Capital and reserves.....	600,727,633	+ 50,139	+ 48,946,927
Government debt and securities.....	17,636,750	+ 654,008	+ 8,644
Discounts and advances.....	339,156,252	+ 550,225	+ 3,718,147
Other securities.....	9,290,887	+ 702,460	+ 8,328,060
Silver coin in issue department.....	19,901,108	+ 801,073	+ 9,114,001
Coin and bullion (bank's reserves).....	265,023	+ 51,723	+ 1,274,444
Reserves of notes and coin in banking department.....	249,751,113	+ 3,586	+ 55,287,331
Proportion of reserve to outside liabilities—	58,909,018	+ 1,449,712	+ 6,561,043
(a) Banking Department only			
(i) "proportion".....	39.3%	+ 0.6%	+ 4.4%
(b) Gold stocks to deposits and notes ("reserve ratio").....	41.6%	No change	+ 6.4%

(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							
Sept. 16	506,843	444,862	14,842	102,183	38,659	319 in	2 1/2
" 23	507,601	445,104	10,442	107,982	38,795	758 in	2 1/2
" 30	508,650	449,396	49,714	60,719	40,949	1,049 in	2
Oct. 7	508,660	450,842	24,752	84,192	40,942	11 in	2

(000's omitted)

Date	Issue Department		Both Depts. Gold Coin and Bullion and Reserve Ratio	Banking Department					
	Govt. Debt and Securities	Other Securities		Govt. Securities	Dis- counts & Advances	Other Securities	Reserve and the "Pro- portion"		
1896									
Sep. 16	250,709	303	247,941	41 1/2	81,598	9,184	20,069	63,078	40 1/2
" 23	250,188	467	248,706	41 1/2	83,663	7,841	21,317	63,002	40 1/2
" 30	250,383	300	249,755	41 1/2	80,323	8,588	20,402	60,359	39 1/2
Oct. 7	250,403	332	249,751	41 1/2	79,753	9,291	19,569	58,909	39 1/2

BANKERS' CLEARING RETURNS

LONDON

(000's omitted)

	Town	Metropolitan	Country	Total
1936				
January 1 to September 23	24,385,284	1,483,742	2,537,836	28,396,862
Week ended September 30	840,673	35,484	60,663	936,820
Week ended October 7	721,305	50,189	90,243	861,737
Total to date, 1936	25,947,262	1,549,415	2,688,742	30,185,419
Total to date, 1935	24,990,792	1,453,812	2,484,741	28,929,345
Increase or decrease in 1936	+ 956,470	+ 95,603	+ 204,001	+ 1,256,074
.....	= 3.8%	= 6.6%	= 8.2%	= 4.3%
Total for year 1935	32,443,575	1,867,112	3,229,064	37,539,751
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 October 3		Month of September			Aggregate Totals January 1 to October 3	
	1935	1936	1935	1936	Inc. or Dec.	1935	1936
No. of working days :			25	26			
BIRMINGHAM	£ 3,022	£ 3,343	8,333	10,426	+ 25.1	83,231	101,904
BRADFORD	1,211	1,422	3,734	3,890	+ 4.1	34,993	37,934
BRISTOL	1,444	1,487	4,689	5,498	+ 17.2	46,713	49,795
DUBLIN	5,986	6,352				209,806	221,072
HULL	834	963	3,007	3,452	+ 14.7	28,921	32,163
LEEDS	1,016	1,712	3,631	3,648	+ 0.4	34,919	36,580
LIVERPOOL	909	973	2,549	2,575	+ 16.7	26,017	28,566
MANCHESTER	7,246	9,104	21,014	24,795	+ 22.7	226,195	239,847
NEWCASTLE	13,671	14,723	38,233	42,473	+ 11.0	383,951	395,992
NOTTINGHAM	1,460	1,670	4,798	5,222	+ 13.0	52,478	51,295
SHEFFIELD	883	852	1,737	1,933	+ 11.8	18,665	19,848
	1,319	1,665	3,549	4,000	+ 13.8	33,730	39,506
	38,801	44,266	95,274	109,564	+ 14.9	1,189,619	1,254,482

* 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. Estonia in September 19. New Zealand in September 26. Canada, Egypt, Norway, South Africa, and Sweden in October 3.

BANK FOR INTERNATIONAL SETTLEMENTS
(In Millions of Swiss Francs)

Assets	Sept. 30, 1935	June 30, 1936	July 31, 1936	Aug. 31, 1936	Sept. 30, 1936
Gold in bars.....	25.4	37.3	29.9	35.9	35.3
Cash.....	2.6	8.6	13.1	16.4	5.8
Sight funds.....	17.0	16.9	21.9	13.1	14.8
Bills and acceptances:—					
Commercial bills.....	124.7	151.9	121.5	112.3	110.9
Treasury bills.....	217.4	180.9	203.0	217.6	211.8
Time funds.....					
Not exceeding 3 months.....	42.6	40.0	38.7	43.6	55.5
Sundry bills and investments.....	220.2	217.7	219.5	225.6	224.9
Other assets.....	10.9	8.2	8.0	7.9	9.4
LIABILITIES					
Capital paid up.....	125.0	125.0	125.0	125.0	125.0
Special deposits.....	20.9	22.1	22.1	22.1	22.1
Annuity trust account.....	154.8	154.1	154.5	154.8	153.1
German Government deposit fund.....	77.4	77.0	77.3	77.4	76.6
French Government guarantee fund.....	61.9	61.9	61.9	61.9	61.9
French Government deposit.....	2.0	2.0	2.0	2.0	2.0
Time deposits of Central Banks:—					
Not exceeding 3 months:—					
For their own account.....	104.5	117.5	117.1	126.5	124.9
For account of others.....	3.0	...	...	...	...
Sight deposits of Central Banks:—					
For their own account.....	32.6	22.5	25.6	28.6	21.8
For account of others.....	10.4	10.0	0.7	0.9	6.3
Other deposits.....	3.1	0.3	0.0	0.0	0.8
Sight deposits—gold.....	21.7	25.5	24.0	29.0	27.4
Miscellaneous items.....	43.6	35.0	37.1	38.8	46.0
Profits for distribution on July 1.....	...	8.0	...	...	...

* Values expressed as before in Swiss francs of old gold content of 0.2932258 grammes fine; other currencies similarly expressed on basis of market quotations on Sept. 30th, except French francs, which are converted at old parity with Swiss franc. Assets and liabilities of currencies devalued in last week of September are roughly equal.

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

U.S.F.R. BANKS	Oct. 10, 1935	Sept. 17, 1936	Sept. 24, 1936	Oct. 1, 1936	Oct. 8, 1936
RESOURCES					
Gold Certificates on hand and due from the Treasury.....	6,725,680	8,398,076	8,394,680	8,394,680	8,527,880
Total reserves.....	6,952,160	8,661,700	8,658,580	8,658,580	8,792,370
Total cash reserves.....	207,250	263,530	267,060	261,440	252,250
Total bills discounted.....	9,590	8,010	7,030	9,450	7,540
U.S. Govt. securities.....	14,270	28,520	28,520	28,520	31,000
U.S. Govt. securities.....	2,430,210	2,430,210	2,430,210	2,430,210	2,430,210
Total U.S. Govt. securities.....	2,430,210	2,430,210	2,430,210	2,430,210	2,430,210
Total bills and securities.....	2,430,210	2,430,210	2,430,210	2,430,210	2,430,210
Total resources.....	10,022,010	12,025,010	11,826,010	11,826,010	11,961,820
LIABILITIES					
Federal Reserve notes in circulation.....	3,498,790	4,045,480	4,033,850	4,049,140	4,077,720
Aggregate of excess mem-ber bank reserves over requirements.....	2,720,000	1,710,000	1,740,000	1,840,000	1,950,000
Deposits—Member bank—reserve account.....	5,329,810	6,205,730	6,224,640	6,356,950	6,478,950
Government deposits.....	60,330	417,920	388,350	252,740	195,790
Total deposits.....	5,703,020	6,874,360	6,868,120	6,843,510	6,946,150
Capital paid in and surplus.....	298,870	302,770	302,750	302,750	302,770
Total liabilities.....	10,022,010	12,025,010	11,826,010	11,826,010	11,961,820
Ratio of total reserves to deposits and F.R. note liabilities combined.....	75.6%	79.3%	79.5%	79.5%	79.8%
U.S.F.R. BANKS AND TREASURY COMBINED					
RESOURCES					
Monetary Gold Stock.....	9,463,000	10,762,000	10,786,000	10,845,000	10,971,000
Treasury and National Bank Currency.....	2,396,000	2,507,000	2,509,000	2,511,000	2,509,000
LIABILITIES					
Money in Circulation.....	5,698,000	6,255,000	6,239,000	6,266,000	6,305,000
Treasury Cash and Deposits with Federal Reserve Banks.....	2,747,000	2,769,000	2,787,000	2,711,000	2,636,000

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

	Oct. 10, 1935	Sept. 17, 1936	Sept. 24, 1936	Oct. 1, 1936	Oct. 8, 1936
Total gold reserves.....	2,829,490	3,230,420	3,216,170	3,182,910	3,292,800
Total bills discounted.....	7,210	5,130	4,670	7,600	5,600
Bills bought in open market.....	1,100	1,100	1,100	1,100	1,100
Total U.S. Govt. securities.....	744,320	690,560	690,560	690,560	645,240
Total bills and securities.....	761,630	673,660	673,400	673,400	656,580
Deposits—Member bank—reserve account.....	2,574,190	2,692,860	2,702,780	2,752,380	2,832,930
Ratio of total res. to dep. and Federal Res. note liabilities combined.....	80.4%	84.3%	84.2%	84.1%	85.0%

FEDERAL RESERVE REPORTING MEMBER BANKS

	Sept. 25, 1935	Aug. 26, 1936	Sept. 9, 1936	Sept. 16, 1936	Sept. 23, 1936
Loans.....	7,985	8,425	8,454	8,659	8,648
Investments.....	12,471	13,839	13,800	13,955	13,962
Reserve with Federal Reserve Bank.....	4,264	4,978	5,082	5,109	4,891
Due from banks.....	2,202	2,276	2,272	2,275	2,342
Demand deposits.....	13,438	14,911	14,867	14,918	14,996
Time deposits.....	4,993	5,028	5,032	5,031	5,018
Government deposits.....	730	820	800	821	849
Due to banks.....	5,241	6,138	6,267	6,307	6,263

* 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)

Assets	Oct. 7, 1935	Sept. 7, 1936	Sept. 14, 1936	Sept. 21, 1936	Sept. 28, 1936
Gold and English sterling.....	15,994	16,004	16,012	16,012	16,002
Other coin, bullion and cash.....	6,202	6,783	6,559	6,509	6,215
Money at short call—London.....	14,943	18,713	19,528	21,405	21,629
Short-term loans.....	9,277	6,167	6,321	6,826	7,020
Securities.....	70,388	75,154	75,296	75,296	75,295
Discounts and advances.....	6,955	8,496	8,439	8,443	8,544
LIABILITIES					
Notes issued.....	47,044	47,038	47,038	47,038	47,038
Reserve premium on gold.....	3,880	7,783	7,783	7,783	7,783
Deposits.....	68,618	69,684	70,484	71,331	71,186

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

Assets	Oct. 4, 1935	Sept. 18, 1936	Sept. 25, 1936	Oct. 2, 1936
Gold coin and bullion.....	44,42,17	44,42,17	44,42,17	44,42,17
Rupee coin.....	57,85,89	67,75,89	68,14,68	67,67,99
Balances abroad.....	14,21,59	5,71,78	5,71,78	5,71,78
Sterling securities.....	66,18,83	67,31,71	67,31,71	67,31,71
Indian Government securities.....	25,51,32	23,41,70	23,41,66	23,41,70
Investments.....	5,43,29	5,56,50	5,57,57	5,59,38
LIABILITIES				
Note circulation.....	1,60,64,80	1,65,31,89	1,64,45,94	1,67,01,18
Deposits:—				
Government.....	10,47,57	10,04,19	12,72,43	12,43,50
Other.....	31,79,08	28,01,78	27,87,54	24,73,59
Ratio of gold and sterling to liabilities.....	57.0	55.1	55.0	55.1

* Held against notes.

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

Assets	Oct. 4, 1935	Sept. 11, 1936	Sept. 18, 1936	Sept. 25, 1936	Oct. 2, 1936
Gold.....	72,093,149	53,532,188	52,691,762	50,111,284	57,358,742
Advances on Gold Coin.....	1,200,682	1,200,682	1,200,682	1,200,682	1,200,682
Commercial Bills.....	7,878,487	6,521,388	6,804,772	7,222,232	7,932,756

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 Latest Year	Previous Year
RAILWAYS					
Buenos Ayres Great Southern 5%	...	Nov. 5	...	5	5
1st non-cum. pref. stk.	...	Nov. 5	...	Nil	3
Do., 2%, non-cum. 2nd pref. stk.	...	Nov. 5	...	5	5
Buenos Ayres Western 5% non-cum. pref. stk.	...	Nov. 5	...	5	5
Do., 4%, non-cum. pref. stk.	...	Nov. 5	...	5	5
Darjeeling Himalayan Railway	...	...	...	4	4
London Transport C. Stock	2½%	Oct. 9	Same	4	4
INSURANCE					
Atlas Assurance	13/6 p.s.*	Oct. 31	Same	...	...
Liverpool & London & Globe Insurance	13/6 p.s.*	Nov. 16	Same	...	...
Royal Exchange Assurance	11½%	Nov. 6	Same	...	...
Royal Insurance	3/3 p.s.	Nov. 16	Same	...	...
TEA AND RUBBER					
Ayer Panas Rubber	4½%	Oct. 16	2½%	4	4
Batak Rubber	2½%	Nov. 2	Same	3½	5
Batu Matang Rubber	2½%	Oct. 21	Nil*	3	5
Batu Tiga Rubber	...	...	...	3	5
Caledonian (Ceylon) Tea & Rubber	...	...	...	2½	Nil
Central Sumatra Rubber	...	...	...	5	2½
Ceylon Land and Produce	...	...	...	8	7½
Elmhurst Tea and Rubber	...	...	...	4	2½
Hosco Rubber	...	...	...	3½	3
Jong Lander Rubber	...	Nov. 4	...	5	3½
Kulm Rubber	...	Oct. 17	...	5	3½
Lanka Plantations	...	...	...	5	3½
Ledang Bahra Rubber	...	Nov. 5	...	5	3½
Mayfield (Dimbula) Tea of Ceylon	2½%	Oct. 31	Same	5	5
North Plantations	...	Oct. 27	...	7	2½
Natunakula Tea	4½%	Nov. 10	...	2½	Nil
Naraguta Extended	...	Nov. 4	...	3	3½
New Haeoep Rubber	...	Nov. 10	...	3	3½
Rubana Rubber	5½%	Oct. 31	Same	7½	7½
Standard Tea of Ceylon	...	...	...	12½	Nil
Strathisla (Perak) Rubber	...	Oct. 17	...	7	7
Sungai Tukong Rubber	...	Oct. 26	...	3	3
Sungai Para Plantations	...	...	...	2	2
Tali Ayer Rubber	...	...	...	2	2
Tangod Rubber	...	...	...	2	2
MINING					
Anglo-Burma Tin	15½%	Nov. 18	10½%	25	35
Pahang Consolidated Ord.	20½%	Nov. 18	10½%	40	15
Do. 7% Pref.	11½%	Nov. 18	8½%	15	12
Siam Tin (F.M.S.)	...	...	...	7½	2½
Tenzon Tin	2/- p.s.*	Oct. 23	...	3/8 p.s.	2/6 p.s.
OTHER COMPANIES					
Alcedale Collieries	3½%	Dec. 1	2½%	9	7½
Acme Tea Chest (Ord. & Ptg. Pref.)	5½%	Nov. 2	Same	7½	7½
African City Properties Trust	4½%	Nov. 2	Same	7½	7½
Anglo-Continental Guano Works	...	Oct. 30	...	2½	2½
Argentine Land and Investment	...	Oct. 30	...	2½	2½
Beer (I.) and Sons	3½%	Oct. 31	Same	...	...
Bristol Evening Post	5½%	Oct. 7	Same	...	...
British Piston Ring	(d) 15½%	...	17½%	(d) 22½	25
Brooks Wharf and Bull Wharf	...	...	...	2½	Nil
Bryant and May	10½%	Oct. 31	Same	...	...
Burberys (7½% Pref.)	2½%	...	...	...	...
Calcutta Electric	15½%	Nov. 7	...	4	2
Cargo Fleet Inc.	...	Oct. 31	Same	10	10
Castle Brothers (Furniture)	7½%	Oct. 31	Same	10	10
Clyde Paper	...	...	...	10	10
Colonial Wharves	7½%	Oct. 17	Same	10	10
Cook (James), W. and Company	2½%	Oct. 17	Same	10	10
Dunlop and Heame Bros.	6½%	...	...	10	10
Dick (R. & I.)	5½%	Oct. 20	Nil*	10	10
Dumpton (Thames) Greyhound	6½%	Oct. 20	Same	10	10
Erinoid	...	...	...	10	10
Foreign American and General Investment (Def.)	1½%	Oct. 20	Same	...	...
Freehold Properties of South Africa	5½%	Oct. 29	Same	...	...
Fullers	5½%	Oct. 29	Same	...	...
Gallagher, Ltd.	5½%	Oct. 29	Same	...	...
Goodyear Tyre and Rubber (Grea Britain)	15½%	Oct. 31	Same	...	...
Grew (I.) and Company	8½%	Oct. 31	Same	...	...
Hall (L.) Edmonton	7½%	Oct. 31	Same	...	...
Hallard Company	5½%	Oct. 31	Same	...	...
Hetty (Wholesale Gowns)	10½%	Oct. 31	First	...	...
Hickson, Lloyd and King	...	Oct. 15	14½%	2½	2½
Hoffmann Manufacturing	16½%	Oct. 15	14½%	7½	5
Houghton Main Colliery	2½%	Oct. 17	...	5	5
Hulton (John)	...	...	...	5	5
Kayan (F.M.S.) Coconut	...	...	...	5	5
London and Strathclyde Trust 5% Cum. Pref. (half-year to Aug., 1935)	2½%	Oct. 22	...	...	...
Do. (half-year to Feb., 1936)	1½%	Oct. 22	...	15	15
Midland Tar Distillers	11½%	Oct. 15	10½%	17½	15
Morris (Herbert)	11½%	Oct. 15	2½%	17½	15
Newton Chambers and Company	5½%	Oct. 15	...	11	11
Novello and Company	35½%	Oct. 31	Same	55	50
O.K. Bazaars	5½%	Oct. 31	Same	5	5
Odham's Press	6½%	...	Same	15	10
Picard's Tobacco	...	...	Same	15	10
Press Cape	...	...	Same	15	10
Ransome and Marles Bearing	4½%	Nov. 2	Same	7	6
Ribble Motor Services	3½%	Nov. 2	Same	7	6
River Plate Electricity	4½%	...	Same	...	...
Robinson and Cleaver	5½%	...	Same	...	...
Robinson (E.) and Sons	12½%	...	Years 1933 and 1934	7½	7½
Roseo (E. Pref.)	...	...	...	10	10
Staveley Trust	5 p.s.*	Nov. 2	4 p.s.*	10	10
Stock Exchange	...	Oct. 22	...	10	10
The "Times" Publishing Co.	4½%	Oct. 22	...	10	10
Trent Motor Traction	12½%	...	Same	17½	10(c)
Tube Investments	7½%	...	Same	12½	12½
United Dairies	...	...	...	12½	12½
United Exploration	...	...	...	12½	10
Vestfold Whaling	6½%	Nov. 28	First period	15	15
Wiking Whaling	10½%	Nov. 28	6½%	15	10
Wearmouth Coal	2½%	...	Nil*	...	...
Wickhams (C. Barker)	4½%	Oct. 31	First	...	...

(d) Paid on a larger capital. † Free of Income Tax. (c) Also Scrip bonus 10 per cent.

ELECTRIC AND MUSICAL INDUSTRIES, LTD.—The profit of Electric and Musical Industries for the year to September 30, 1936, amounts to £266,789. The directors intend to recommend a dividend of 10 per cent. For the previous year the ordinary dividend was 10 per cent. with the addition of a bonus of 2½ per cent. For that period there was a profit, before providing £108,000 for income tax, of £451,002, to which was added £114,544 from the sale of investments, making £565,546.

THE SMITHFIELD AND ARGENTINE MEAT COMPANY, LTD.—In view of the present uncertainty regarding future trading relations with Argentina the Board deem it advisable to defer consideration of the payment of an Interim Dividend on the Ordinary Stock, until they have the final accounts for the year before them.

PATERSON, LAING AND BRUCE, LTD.—The trading results reported from Australia, though showing improvement, do not permit of the payment of dividends on the 6 per cent. cumulative preference shares and 6 per cent. cumulative "B" preference shares on October 1st.

AMALGAMATED FIXED TRUST.—Williams Deacon's Bank announces that the fifth income distribution on Amalgamated Fixed Trust Certificates will be paid to certificate holders registered as at September 15th, at the rate of 5-3286d. net per sub-unit, on due date October 15th. This covers the period from March 16, 1936, to September 15th. Payment compares with a distribution of 4-4375d. for the period September 15, 1935, to March 15, 1936.

THE BURMAH OIL COMPANY, LTD.—Interim ordinary dividend for year to December 31, 1936, at the rate of 5 per cent. per annum (1s. per £1 unit) less 3s. 7d. tax in the £ payable November 6th, to holders registered September 29th. The directors state that the increased interim dividend is not an indication of an increased total dividend which depends on the full year's results.

CENTURY FIXED TRUST.—Midland Bank Executor and Trustee Company announces that the second income distribution upon Century Fixed Trust certificates—representing the period from March 16th to September 15th last—will be paid to certificate holders registered as at September 15th at the rate of 6-3827d. net per sub-unit, payable November 2nd.

BORAX CONSOLIDATED, LTD.—The directors considered the matter of an interim dividend on the preferred ordinary shares and in accordance with their practice of recent years it was resolved to postpone the consideration of a dividend until after the completion of the accounts for the past financial year.

DUNLOP RUBBER COMPANY, LTD.—Mr John Lyon Collyer has been appointed a director of the Dunlop Rubber Company, Ltd. The directors announce that the trading results to date so far as ascertained compare favourably with those of last year. The dividend on the company's preference shares will be paid on October 31st as usual.

PROVIDENT INVESTORS TRUST.—A distribution, amounting to 5d. per sub-unit after deduction of income tax, is announced on sub-units of Provident Investors Trust. This distribution, the second to be made, is in respect of all dividends and other income received by the trust from March 18, 1936, to September 17, 1936. It is payable on October 15, 1936, on all sub-units issued up to and including September 18, 1936.

ARGENTINE LAND AND INVESTMENT COMPANY, LTD.—Dividend 2½ per cent payable (less income tax) on October 30, 1936, to proprietors registered on October 5, 1936. At a board meeting held October 1st, the directors resolved to recommend to shareholders a reduction of the capital of the company by making a return of 2s. in cash per £1 share and a reorganisation of the balance of 18s. by the issue of 8s. in redeemable income stock and one share of 10s.

MORRIS (HERBERT), LTD.—Profits to July 31, 1936, amounted to £119,505. Final dividend 12½ per cent. free of tax, absorbing £50,000. The sum of £10,000 goes to reserve. Carry forward £39,313, compared with £27,506 brought in. Total dividend for year, 17½ per cent. free of tax, also capital bonus of 33½ per cent. Dividend for 1934-35, 18 per cent. less tax.

GALLAGHER, LTD.—Interim dividend on ordinary shares 5½ per cent. less tax in respect of year 1936. This rate is the same rate as a year ago when it was followed by a final dividend of 17 per cent. and a bonus of 2½ per cent., making 25 per cent. for 1935, compared with 18 per cent. for 1934.

PAHANG CONSOLIDATED, LTD.—Final dividend on ordinary shares 20 per cent. less tax, making 40 per cent. less tax for year to July 31, 1936. This compares with a final dividend of 10 per cent., making 15 per cent. for year to July 31, 1935. It is the largest dividend since the company was formed in 1906. The 7 per cent. £1 preference shares receive 15 per cent. against 12 per cent. for 1935. Both dividends are payable on November 18th, less tax, to members registered on 6th October.

KREUGER AND TOLL 5 PER CENT. DEBENTURES.—Payment will be made on October 15th next of £22.50 on account on each £1,000 of the 5 per cent. secured sinking fund gold debenture of Kreuger and Toll, and £11.25 on each £500. The payment will be made at the office of the trustee, Marine Midland Trust Company, successor trustee, of New York, Room 201, 120 Broadway, New York, or, at the option of the Debentureholder, at the office of the Guaranty Trust Company, of New York, 32, Lombard Street E.C.

THE BUENOS AYRES GREAT SOUTHERN RAILWAY COMPANY, LTD.—The Directors announce that payment of a dividend of one per cent. for the year ended June 30, 1936, upon the Company's 5 per cent. preference stock will be made on November 5th. The Board are of opinion that no further distribution on the 5 per cent. preference stock or any payment on the 6 per cent. preference stock would be justified, having regard to the earnings of the past year. The annual general meeting will be held at River Plate House, Finsbury Circus, London, E.C.2, on October 28th, at 12.15 p.m.

BUENOS AYRES WESTERN RAILWAY, LTD.—The Directors announce that payment of a dividend of 5 per cent. for the year ended June 30, 1936, upon the Company's 5 per cent. preference stock will be made on November 5th. On the same date a dividend of 1 per cent. on the Company's 4½ per cent. preference stock will be paid in respect of the same period, the Board being of the opinion that no higher distribution would be justified having regard to the earnings of the past year. The annual general meeting will be held at River Plate House, Finsbury Circus, London, E.C.2, on November 4th, at 12.15 p.m.

LONDON PASSENGER TRANSPORT BOARD.—Final dividend payable October 29th on "C" stock 2½ per cent. for year to June 30, 1936. To be paid to holders registered October 5th less income tax at 4s. 9d. This final dividend will make total payment 4 per cent. for year as before. The report will be available on October 29th. Price is it can be obtained from offices of the Board, 55 Broadway, London, S.W.1.

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.,"

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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.....

A QUARTER'S NEW CAPITAL

(See Leading Article on page 51).

NATURE OF NEW ISSUES

(£'000)

	Bonds, etc.*	Issues by Companies			Total by Companies	Total all Issues
		Debenture	Preference	Ordinary		
Old Basis						
Year 1933	205,014	17,050	12,734	9,983	39,767	244,781
Year 1934	88,987	13,782	21,462	44,878	80,122	169,109
Year 1935	142,387	24,799	31,697	37,265	93,761	236,148
Third quarter 1935	33,858	8,641	6,963	14,742	30,346	64,204
Third quarter 1936	9,763	3,280	5,656	14,491	23,427	33,190
Nine months 1935	52,073	20,545	26,842	30,042	77,429	129,502
Nine months 1936	58,050	10,661	15,345	48,406	74,412	132,462
New Basis						
Third quarter 1935	36,351	13,323	11,899	23,962	49,184	85,535
Third quarter 1936	13,900	7,100	9,162	43,666	55,928	73,828
Nine months 1935	56,019	40,093	41,287	88,832	176,212	226,231
Nine months 1936	64,600	21,675	30,294	131,291	183,260	247,760

* Including debentures issued by official "companies" e.g., Railway Finance Company and Beet Sugar Corporation, but guaranteed by the British Treasury.

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)	Third quarter, 1935	36,776,179
Whole year, 1934	241,871,600(c)	First quarter, 1936	44,170,503
Whole year, 1935	312,203,758(d)	Second quarter, 1936	37,815,538
		Third quarter, 1936	99,198,046

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

(b) Includes British Government Conversions of £50,750,000.

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

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

PRINCIPAL ISSUES DURING THE PAST QUARTER

Month Issued	Description of Issue	Nominal Amount	Issue Price	Price, Oct. 6, 1936
July	PUBLIC OFFERS			
July	Ayr County Council, 3% Stk. Red. 1956	1,500,000	99	1½-1½ pm
July	Sydney (New South Wales) County Council 4% Debs. 1956	2,000,000	99	2½-2½ pm
July	Denmark (Associated Municipalities of) 4% Loan 1936	1,900,000*	99	2½-3 pm
July	Bowaters Paper 7½% Cum. Pref. £1	750,000	30/-	2/6-3/8 pm
July	South Durham Steel 4% Deb. Stk.	750,000	par	10½
Sept.	London County Council 3% 1956-61	10,000,000	99	1½-1½ pm
July	BY STOCK EXCHANGE INTRODUCTION			
July	Marks and Spencer 3½% Deb. Stk.	2,500,000	98½	103½
July	South Metropolitan Electric 3½% Deb.	500,000	98½	102
July	British Sugar Corporation £1 Ord.	5,000,000	21/3½	20/6
August	BY PERMISSION TO DEAL			
Sept.	Metal Industries "B" Ord. £1	1,130,000	42/-	55/6
Sept.	Anglo-American Investment Ord. £1	2,500,000	38/-	40/-

* All for conversion purposes. † Price at which dealings started.

WEEKLY TRAFFIC RETURNS
RAILWAYS OF GREAT BRITAIN AND IRELAND

		Gross Receipts, week ended Oct. 4, 1936 (£'000)					Aggregate Gross Receipts 1936 compared with 1935 (40 weeks) (£'000)								
		Miles Open		Passen- ger, &c.	Merchan- dise, &c.	Coal and Coke	Total Goods	Total Receipts			Passen- ger, &c.	Merchan- dise, &c.	Coal and Coke	Total Goods	Total Receipts
(b) Week ended Oct. 2, 1936.															
(c) Week ended Oct. 3, 1936.															
Great Western	1936	3,746	204	208	98	307	511	8,618	7,549	3,974	11,523	20,141			
	1935	3,748	189	195	98	293	482	8,505	7,231	3,900	11,131	19,636			
(c) L. & N.	1936	6,332	325	351	235	586	911	13,259	12,800	9,174	21,974	33,253			
Eastern	1936	6,336	306	337	224	561	867	13,010	12,309	8,733	21,042	34,023			
L. M. & Scottish	1936	6,917	511	518	242	760	1,271	20,420	18,886	9,496	28,372	48,765			
	1935	6,923	480	490	233	723	400	19,392	17,938	9,052	27,390	46,885			
Southern	1936	2,155	301	69	30	99	400	12,612	2,496	224	3,720	16,332			
	1935	2,171	278	63	30	93	371	12,420	2,456	1,170	3,626	16,046			
Total	1936	19,149	1,341	1,147	605	1,752	3,093	54,909	41,731	23,858	65,589	120,498			
	1935	19,181	1,243	1,085	585	1,670	2,913	53,927	39,834	22,558	62,692	116,619			
(b) Belfast & Co. Down	1936	80	2-4	...	0-6	3-0	108-4	...	...	...	21-9	129-7			
	1935	80	...	...	0-4	...	106-6	...	...	...	19-9	126-5			
(b) Great Northern	1936	543	13-0	...	11-1	24-1	441-5	...	...	...	372-5	814-0			
	1935	543	10-0	...	12-0	22-6	423-3	...	...	...	367-0	790-3			
(b) Great Western	1936	2,076	41-8	...	48-2	90-0	1,464-0	...	...	...	1,602-8	3,066-8			
	1935	2,124	35-4	...	48-9	84-3	1,424-6	...	...	...	1,498-0	2,922-6			

MONTHLY TRAFFICS

Company	Month Ending	Description	Receipts for Month		Receipts to Date	
			1936	+ or -	1936	+ or -
Bolivar	9 Sept. 30	Gross	£5,200	+ 200	£57,700	+ 2,400
La Guaira and Caracas...	9 Sept. 30	Gross	£4,350	+ 790	£41,545	+ 6,580
La Plata Electric Trams	1 Sept. 30	Gross	£9,186	+ 230	...	...
Midland of W. Australia	2 Aug. 31	Gross	£11,651	- 393	£21,865	- 1,187
Peruvian Corporation ...	3 Sept. 30	Gross	£85,485	+ 16,210	£257,046	+ 39,274
Samana and Santiago ...	9 Sept. 30	Gross	£1,090	- 104	£14,900	- 8,299
Singapore Traction	12 Sept. 30	Gross	£183,000	...	£2,235,000	+ 197,000
State of Bahia S. Western	5 Sept. 30	Gross	£4,470	+ 658	£16,839	+ 1,773

AMERICAN RAILROADS

Company	Month of Aug., 1936	Compared with Aug., 1935	8 Months 1936	Compared with 8 Months 1935
Baltimore and Ohio...	\$ 14,362,000	+ 2,435,000	\$ 108,363,000	+ 16,684,000
Great Northern.....	\$ 9,493,000	+ 1,045,000	\$ 55,420,000	+ 7,823,000
New York Central	\$ 29,938,000	+ 5,018,000	\$ 230,971,000	+ 31,752,000
Pennsylvania Railrd...	\$ 37,807,000	+ 7,711,000	\$ 280,523,000	+ 42,144,000
Southern Pacific	\$ 17,435,000	+ 2,727,000	\$ 50,675,000	+ 7,368,000
Union Pacific	\$ 14,361,000	+ 1,663,000	\$ 93,873,000	+ 13,350,000
	\$ 2,481,000	- 21,000	\$ 9,642,000	+ 2,221,000

† Net operating income.

OIL OUTPUTS

BRITISH CONTROLLED OILFIELDS, LTD.—Production for week ended September 19th: Venezuela, 16,154 barrels; Trinidad, 28,902 barrels; total, 45,056 barrels. Production for week ended September 26: Venezuela, 15,659 barrels; Trinidad, 28,427 barrels; total, 44,086 barrels.

THE MEXICAN EAGLE OIL COMPANY, LTD.—Production for the week ended September 12, 1936, was 464,000 barrels. Production for the week ended September 19, 1936, was 497,000 barrels. Production for the week ended September 26, 1936, was 519,000 barrels.

TRINIDAD CONSOLIDATED OILFIELDS COMPANY, LTD.—Cabled advice received states: Well No. 15 is now in commercial production. Production for September was 26,000 barrels, an increase of 2,251 barrels on production for August.

THE VENEZUELAN OIL CONCESSIONS, LTD.—Production for the week ended September 19th was: Bolivar district, 776,639 barrels; Maracaibo district, 26,254 barrels; total, 802,893 barrels. Production for the week ended September 26, 1936, was: Bolivar district, 818,983 barrels; Maracaibo district, 25,361 barrels; total, 844,344 barrels.

THE KERN RIVER OILFIELDS OF CALIFORNIA, LTD.—The total production during the month of September amounted to 145,390 barrels, or approximately 20,770 tons.

TAMPICO OIL, LTD.—The total production from the company's properties in Mexico during September was 10,216 barrels, in respect of which the royalty due to Tampico Oil, Ltd., amounted to 766 barrels.

THE ATTOCK OIL COMPANY, LTD.—Production for September, 8,003 barrels.

TRINIDAD LEASEHOLDS, LTD.—Oil produced during September, 45,294 tons; oil purchased during September from other companies, 68,196 tons.

PHENIX OIL AND TRANSPORT COMPANY, LTD.—The gross production of crude oil of the Phenix Group for September was 77,864 tons.

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			
Breweries										
Dublin Distillers Company	June 30	Dr. £ 33,597	Dr. £ 12,990	Dr. £ 46,587	£ ...	£ 3,750	25†	Dr. £ 8,806	Dr. £ 15,238	% Nil
Longmorn-Glenlivet Distill.	July 31	17,666	8,299	25,965	750	3,750		2,000	19,465	10†
Financial Land, etc.										
Argentine Land & Investmt.	June 30	34,134	47,203	81,337	...	25,672	2½	15,500	40,165	2½
Gas										
Deal and Walmer Gas	June 30	1,745	7,497	9,242	1,573	5,802	7½	...	1,867	7½
Iron, Coal and Steel										
Kayser Ellison and Co.....	June 30	14,064	56,474	70,538	6,000	31,250	12½	18,403	14,885	40,967
Parsons Marine Steam	June 30	32,676	16,113	48,789	...	15,846	7½	...	32,943	12,271
Turbine	June 30	26,239	116,809	143,048	...	57,188	15	50,000	35,860	72,985
Motor and Cycle										
Ransome & Marles Bearing	June 30	87,255	433,826	521,081	24,000	238,688	60	(h) 200,282	58,111	313,063
Atkinson-Oates Motors ...	June 30	370,842	718,573	1,089,415	73,453	114,375	20(c)	290,320	373,955	773,823
Austin Motor Company ...	July 31	74,377	318,142	392,519	10,647	237,312	50(d)	90,000	67,628	263,667
Lucas (Joseph), Ltd.	Aug. 7	3,171	3,841	7,012	...	3,600	2	...	3,412	5,692
Rubber, etc.										
Beaufort Borneo	April 30	2,888	3,360	6,248	...	3,487	4	...	2,761	2,872
Beranang (Selangor)	June 30	Dr. 5,006	Dr. 26,73	...	...	...	...	Dr. 5,273	Dr. 275	Nil
British Borneo Para	April 30	26,991	22,539	49,530	...	20,100	10	...	29,430	19,600
Kamuning (Perak)	June 30	7,586	3,310	10,896	...	2,288	5	...	8,608	1,378
Kayan (F.M.S.) Coconut ...	June 30	1,784	9,889	11,673	1,680	7,000	5	1,099	1,894	8,752
Kulim	June 30	4,403	7,324	11,727	...	6,900	7½	659	4,168	9,301
Patani Para	June 30	Dr. 23,482	Dr. 1,123	Dr. 24,605	...	...	...	Dr. 24,605	2,235	Nil
Sablas North Borneo	April 30	1,361	4,163	5,524	...	3,850	3½	500	1,174	1,795
Sungei Tukong	June 30	1,759	1,312	3,071	...	1,532	2	...	1,539	7
Tangoel	June 30	4,723	4,512	9,235	...	2,817	8	1,173	5,245	3,255
Tea										
Elmhurst (Ceylon) Tea, etc.	June 30	2,699	29,766	32,465	...	20,157	7½	10,000	2,308	20,412
Trusts										
Staveley Trust	July 31	...	16,229	16,229	2,288	...	...	2,316	11,625	771
Other Companies										
Associated Piano Company	Mar. 31	13,117	13,958	27,075	8,899	2,781	2½	2,500	12,895	13,572
Brooks Wharf and Bull	June 30	4,291	71,056	75,341	8,072	20,445	5	41,341	5,483	42,084
Wharf	June 30	10,051	112,440	122,491	16,875	30,000	10	66,533	9,083	79,884
Burt, Boulton and Haywood	June 30	1,878	24,410	26,288	...	...	...	...	26,288	1,878
Clyde Paper Company	June 30	6,163	114,177	120,340	7,187	38,359	20	48,000	26,794	57,806
Goode Durrant and Murray	July 20	77,730	271,162	348,892	3,500	105,511	25	206,519	33,362	231,681
Grattan Warehouses.....	June 30	131,942	133,322	265,264	22,680	64,500	10	40,000	138,084	132,855
Murex, Ltd.	June 30	...	...	...	...	...	...	...	...	...
The Times Publishing Co....	June 30	...	...	...	...	...	...	...	...	...
Thomas Smith's Stamping	Aug. 1	£2,515	19,530	32,045	...	14,296	7½	...	17,749	13,830
Works	Aug. 1	...	...	...	...	...	...	...	...	6

† Free of income tax. (c) Paid on preferred ordinary shares. (d) Paid on ordinary and "A" ordinary shares.
(e) Interim dividend 20 per cent., free of tax, paid on capital £45,502. Final 11 per cent., free of tax, paid on capital £250,000.
(h) Includes £39,782 put to reserve to provide capital bonus of one share for every 10 ordinary 5s shares.

(Continued from page 82)

GUARANTY TRUST COMPANY OF NEW YORK.—The statement of condition, as of September 30, 1936, shows: Deposits, \$1,619,256,428, as compared with \$1,462,789,373 at the corresponding quarter a year ago. The company's total resources are \$1,953,014,382, as compared with \$1,779,579,553 a year ago. Capital and surplus remain unchanged at \$90,000,000 and \$170,000,000, respectively; and undivided profits are \$3,070,734, as compared with \$7,649,439 at the close of the last quarter (June 30, 1936) and \$6,598,517 a year ago.

MISCELLANEOUS

ALLIED IRONFOUNDERS, LTD.—Mr John A. Brown and Mr George Muir have been appointed directors of Allied Ironfounders, Ltd. Mr Brown is a director of Forth and Clyde and Sunnyside Iron Cos., Ltd., Falkirk, and of Dobbie, Forbes and Company, Ltd., Larbert. Mr Muir is secretary of the company, and will continue to hold that office.

ASSOCIATED PROVINCIAL PICTURE HOUSES.—The report to March 31, 1936, shows a net profit of £115,236—an increase of £12,360 on the previous year. The ordinary dividend for the year is 6 per cent., less tax as before, leaving £69,214 to be carried forward. During the year the company purchased freehold reversions in the Regent, Portsmouth, and the Plaza, Southsea.

WEST HARTLEPOOL STEAM NAVIGATION.—The report for the year ended March 31, 1936, shows that profits have risen from £41,319 to £65,125. A sum of £10,000, against £4,970, has been allowed for depreciation. Preferred ordinary dividend 20 per cent. tax free. Deferred ordinary dividend 20 per cent. tax free. Carry-forward £23,089.

COMMERCE AND TRADE

SURVEY OF COMMODITY MARKETS

In contrast to the hectic activity on the Stock Exchange, business in commodities was generally quiet this week. In Liverpool wheat prices continued their upward trend, for it is now improbable that Argentina and Australia will harvest large crops. Raw sugar, on the other hand, has been marked down and the market in tea was irregular. There was a decline in meat prices at Smithfield market, but quotations for bacon remained unchanged. Australasian butter was cheaper. A feature was the sharp rise in the price of English eggs on a shortage of supplies.

Textile raw materials are scarcely changed in price on the week. The latest cables from Australia indicate firm wool markets. Quotations for raw jute were marked down a little. Meantime, in Bengal, instructions have been issued to Government officers to do their best to ensure that individual cultivators should sow three-sixteenths less in 1937-38 than in the standard year 1934-35. Among non-ferrous metals, copper and lead were slightly dearer, and spelter and tin somewhat cheaper, than a week ago. The market in rubber was steady, but quotations for linseed oil continued to sag.

In the United States the general trend of the prices of primary products was slightly downwards. Moody's index of staple commodity prices declined from 183.8 (December 31, 1931 = 100) on September 30th to 183.0 on October 7th, compared with 185.7 a month ago and 175.3 last year.

COAL

SHEFFIELD.—Demand for industrial fuel continues very strong. Inland requirements are on such a scale that only a limited tonnage of washed doubles, singles and smalls is available for export. Supplies this month will be further restricted by the all-round reduction of quotas. Furnace and foundry coke continues strong with little available outside contract. Sheffield district coke makers have advanced prices by 1s. 6d. per ton, raising large coke for industrial purposes to 25s. per ton at ovens and graded coke to 26s. at ovens. Blast furnace coke is in short supply and prices are firm. On the export market there is little change, supplies being rather scarce and enquiries quiet. Household coal has been advanced 1s. 8d. per ton at pits.

NEWCASTLE-ON-TYNE.—Despite the standstill in trade with Italy and Spain, North-East collieries are working regularly and have little free coal for the coming winter. Steam coals of all grades and classes are very firm and prices tend to advance. Gas coals are much better placed, whilst coking coal is becoming scarce under active home trade and a much better demand from Belgium. Patent oven coke has a good sale in both the home and export markets.

GLASGOW.—The market remains steady in tone. The recent currency developments have unsettled the export market to some extent, but generally there is still a very good flow of inquiry, and it is not expected that these developments will have any detrimental effect. Supplies are more plentiful than a week or two ago in most districts, but, as collieries have good orders in hand, there has been no question of cutting prices to any notable extent.

CARDIFF.—There has been no improvement during the past week on the Cardiff coal market. Inland trade is fairly active and coastwise shipments are expanding, but exports are practically limited to contract commitments. Large coals are weakest and washed small and sized grades firmest. Throughs are in moderate request, but cobbles lack support. Coke is strong, and there is a fair inquiry for patent fuel; pitwood quotations show no change. The Jamaica Railways have placed an order for 6,000-7,000 tons, while the Greek State Railways are inquiring for 10,000 tons and the Bona Electricity Works for 5,000 tons.

The outstanding event of the week has been the decision of the Executive Board of the Coal Marketing Scheme to relieve the Control Board of the restraints of a rigid minimum price schedule. The new scheme for the centralised control of the sale of coal empowers the Control Board to

THE TIMES PUBLISHING COMPANY, LTD.—The twenty-ninth annual report to June 30, 1936, reveals a profit of £133,323, comparing with £132,855 for year to June 30, 1935, and £74,741 for year to June 30, 1934. The sum of £30,000 is put to reserve for contingencies and rebuilding as last year, while £10,000 is again allocated to reserve for supplementary pensions and grants. Preference dividend of 5 per cent. absorbs £16,000, and preference shareholders receive £6,880 against £7,027 as a further dividend (5 per cent. share of surplus profits). The ordinary shareholders receive a 10 per cent. dividend, less income tax, as before. This dividend will absorb £64,500. The amount to carry forward is £138,085, against £131,942 brought in. It is with deep regret that the board record the death of Sir John Pybus, Bt., who had been a director for 13 years. Brigadier-General Sir Harold Hartley, C.B.E., M.C., F.R.S., has been appointed a director.

EASTENS, LTD.—Trading profits for year to August 31, 1936 amounted to £50,399, against £41,047 for preceding year. Ordinary dividend 15 per cent. and a 5 per cent. capital bonus, against 12½ per cent. for previous year. Carry-forward £5,185. Meeting, October 20th, at Winchester House, London, at 11.30 a.m.

ELECTROLYTIC ZINC COMPANY OF AUSTRALASIA.—The directors state that the net profit for year to June 30, 1936, after providing £145,000 for amortisation and depreciation and £75,403 for taxation, amounts to £322,863. This compares with net earnings of £256,020 for the previous year, when a similar sum was deducted for amortisation and depreciation and £55,923 for tax requirements. For 1935-36 the dividend on the ordinary shares was doubled at 10 per cent., with an interim of 4 per cent. and a final of 6 per cent., and an extra payment of 2 per cent. was distributed on the participating preference shares, making 10 per cent. for the year.

authorise sales at "approved" prices, and in the determination of these the Board may now depart from the schedule when satisfied that a reduction may be necessary in the interests of the district. At the same time, it must continue to have regard to existing relative prices and to the channels through which trade is at present flowing. There is a provision in some existing contracts conceding to the buyer the advantage of any reduction in prices, but under the new instructions of the Executive Board the colliery companies are prohibited from making any reduction in prices in respect of existing sales or contracts.

IRON AND STEEL

LONDON.—The weekly report of the London Iron and Steel Exchange indicates that there has been no relief from the stringency in the iron and steel markets, although practically all departments of the trade are operating at capacity. Few producers are seeking fresh business and it is becoming increasingly difficult to place orders for completion within normal periods.

In the pig iron market new business has been rather quiet, mainly because makers have sufficient orders on their books to absorb the greater part of their production for several months to come and are reluctant to enter into additional forward commitments. The system of rationing customers is extending and it is claimed that by this method consumers are kept supplied with sufficient material for immediate needs. The quantities available, however, do not enable them to accumulate reserves against possible emergencies.

In the semi-finished steel department consumers are pressing to obtain deliveries against contracts and many works have sold their output for the remainder of this year.

Requirements of finished steel show no diminution, and the productive capacity of the works is being taxed to the utmost. In spite of record outputs the home market absorbs a very large proportion of production, and in some departments consumers complain of the stringent conditions which are developing. Little surplus remains for export, but business with overseas markets shows signs of improving and recently there has been a good volume of inquiry.

MIDDLESBROUGH.—Shipments of pig iron from the Tees during September amounted to 6,900 tons, of which 2,892 tons went coastwise, chiefly to Scotland; 1,300 tons went to Australia, 243 tons to South Africa and about 1,400 tons to Denmark. Manufactured steel shipments amounted to 36,800 tons. The market in pig iron continues strong. Buyers are willing to place orders running into next year, but makers are not prepared to go too far ahead. Producers are using large quantities of pig iron in their own foundries and steelworks; sales to other home users are good, and they could easily dispose of larger quantities. Prices are unchanged. It is expected that imports of semi-manufactured steel which have declined recently will again increase under the new arrangement with the Cartel for the importation of a further quantity.

Manufactured steel is in strong demand; the export price for black sheets has been increased, and quotations (24-gauge) are now £12 for home use, and £10 10s. f.o.b. Whilst there is a heavy demand for steel scrap, works are adhering to their price of 57s. 6d. per ton delivered, although the quantity of imported scrap from America is likely to be reduced owing to the higher price and to the increased sterling value of the dollar. Further orders are being placed in this district for new vessels. Good Durham blast furnace coke is maintained at 24s. 6d. per ton delivered to the furnaces. Prices of foreign ore are not mentioned owing to the difficulties of the freight position.

SHEFFIELD.—The strength of the iron and steel market is fully maintained. Supply is no more than equal to demand. Although consumers of pig iron are well contracted over the next few months, they instantly take up any limited parcels which come on the market. Producers, however, have but little to offer, and so heavy are contract specifications that their stocks are rapidly disappearing; there seems little likelihood of making replacements at any early date. Further expansion in the output of Derbyshire iron is reported, but even this will not fully meet consumers' needs. There appears to be some shortage of foundry material and forge iron is not so easily obtainable as three months ago. Lincolnshire makers have been out of the market here for some time. The whole output is going into consumption at source. More business in hematite is offering than can be accepted and although deliveries under contract are on a heavy scale, current needs are barely met.

In finished iron good business is being done in common and marked bars and there is some slight improvement in the call for crown iron. Production of basic steel billets reaches record proportions, but is falling short of requirements. Acid steel billets are in good demand. Wire rods,

steel strip and stainless steel sheets are in heavy request. There are no price changes.

GLASGOW.—Steelmakers in this district are endeavouring to increase output, but are unable to meet the calls made upon them. There is an urgent demand for plates and certain semis, but users are unable to place orders except for delivery many weeks ahead. Quite a large amount of important new work has been placed recently in the Glasgow area including—in addition to shipbuilding work—orders for heavy castings, machinery for both home and export trade and engineering work of many descriptions. Makers of steel structures in the West of Scotland are almost without exception exceedingly busy at present, and there is a steady flow of new business. Sheetmakers are keeping a very large proportion of plant in operation and output is being speedily taken up.

CARDIFF.—Shipments of tinplates at Swansea last week were not so heavy as in the previous week, but the works were fully employed up to their recently increased output quotas. If the recent improvement in demand continues, quotas may be further increased. Galvanised sheets are quiet, but the pressure for pig iron, steel ingots and bars is undiminished. Prices are unaltered and ruling at 18s. 9d. f.o.b. per basis box for tinplates, up to £12 10s. per ton for corrugated sheets in bundles, and £8 per ton, delivered, for steel sheet and tinplate bars.

OTHER METALS

COPPER.—The London market has shown no new features. After a lull at the end of last week, buying interest was resumed and, with sellers reluctant to make concessions, prices recorded a further moderate advance. In the United States an easier tendency has been apparent.

Sales on the London Metal Exchange: 1,600 tons on Monday, against 2,100 tons last week; 1,800 tons on Tuesday, against 1,400 tons last week; 1,700 tons on Wednesday, against 1,350 tons last week. Domestic spot was quoted at 9-50 cents per lb. in New York on Wednesday, against 9-55 cents a week ago and 9-55 cents a month ago. Wednesday's official closing price for standard cash in London was £39 15s. to £39 16s. 3d., compared with £39 2s. 6d. to £39 3s. 9d. a week ago. Stocks of refined copper in British official warehouses at the end of last week, at 49,127 tons, show an increase of 297 tons, while stocks of rough copper, at 1,992 tons, show an increase of 300 tons.

LEAD AND SELLER.—A revival of demand and reports of a strike at Broken Hill carried lead prices to a higher level at the end of last week. But quotations subsequently eased under moderate selling pressure and most of the gain was lost. Selter advanced irregularly and closed on Wednesday with a gain of 3s. 9d. on the week.

Sales of lead on the London Metal Exchange: 700 tons on Monday, against 1,400 tons last week; 550 tons on Tuesday, against 700 tons last week; 700 tons on Wednesday, against 1,100 tons last week. The New York quotation on Wednesday was 4-80 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 1s. 3d. per ton, compared with £18 a week ago.

Sales of spelter on the London Metal Exchange: 600 tons on Monday against 425 tons last week; 1,100 tons on Tuesday, against 800 tons last week; 1,650 tons on Wednesday, against 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 4-85 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 13s. 9d. last week.

TIN.—Following last week's improvement, the markets in both this country and the United States have suffered a reaction. Prices have fluctuated in a downward direction and business has been limited.

Sales of tin on the London Metal Exchange: 225 tons on Monday, against 550 tons last week; 190 tons on Tuesday, against 600 tons last week; 320 tons on Wednesday, against 100 tons last week. The New York quotation on Wednesday was 45-00 cents per lb., against 46-00 cents a week ago and 52-50 cents a month ago. Wednesday's official closing quotation in London for standard cash was £202 to £202 5s. per ton, compared with £203 10s. to £204 a week ago. Stocks of tin in London and Liverpool at the end of last week totalled 722 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 £13 5s. to £13 5s. 6d. per flask of 76 lbs., the same as last week. Chinese antimony was quoted at £56 per ton ex warehouse, the same as last week. Chinese wolfram for "October-November" shipment was quoted at 28s. to 29s. per unit c.i.f., against 28s. 6d. to 29s. 6d. a week ago. Refined platinum was quoted at £12 per ounce, as against £13 last week.

TEXTILES

COTTON.—Manchester traders have been rather slow in settling down after the disturbance caused by devaluation on the Continent, and there is some confusion concerning the effect upon export trade. On the whole, however, the business outlook in Lancashire is more promising, though the labour situation causes some anxiety. It is probable that the operatives in the spinning branch will press their claim for an advance in wages.

COTTON PRICES

	1936				Corresponding Date	
	Sept. 16	Sept. 23	Sept. 30	Oct. 7	1934	1935
Raw Cotton—Mid. American..... per lb.	d. 6-96	d. 6-83	d. 6-96	d. 6-86	d. 6-74	d. 6-51
Sakellaridis Fully Good Fair						
Egyptian	10 28	10 15	10 33	10 57	7-87	8 64
Yarns—32's twist	11	11	11	11	10 1	10 1
" 40's twist	11	10 1	11	11	10 1	10 1
" 60's twist (Egyptian)	16 1	16 1	16 1	16 1	16	16
32-in. Printers, 116 yds., 16 by 16, 32's and 40's	s. d. 18 1 1/2	s. d. 18 0	s. d. 18 1 1/2	s. d. 18 3	s. d. 19 0	s. d. 17 3
36-in. Shirtings, 75 yds., 19 by 19, 32's and 40's	25 4 1/2	25 3	25 4 1/2	25 6	24 0	24 3
38-in. ditto, 38 yds., 18 by 18, 10 lb.	10 3	10 2	10 3	10 3	11 0	10 3
38-in. ditto, 37 1/2 yds., 16 by 15, 8 1/2 lb.	9 2	9 1	9 2	9 2	9 11	9 2

Interest has been centred on the American Government crop estimate, due to be published after the dispatch of this report. It was anticipated that the forecast would be rather larger than a month ago, when the figure

was 11,121,000 bales. Trade demand continues fairly active, but on any advance in prices there is still some hedge selling. Manufacturers of piece-goods have been firmer in quotation. At the end of last week freer buying took place for India, and general advices from that quarter are rather more cheerful. A fair business has been done for Egypt, chiefly in bleaching descriptions. Demand from Java has fallen off, owing to the Dutch devaluation. Some useful lines have been put through for the outlets of Central and South America. Home trade buyers have purchased rather more freely.

Yarn quotations have tended to stiffen. A steady business has been done in American qualities, chiefly in coarse and medium counts. Buying in Egyptian spinings has been irregular.

JUTE.—Dundee.—With the exception of prices of Calcutta goods quotations in the jute industry are being very well maintained. The raw material may show slight signs of weakness occasionally, but in Calcutta sellers are very reserved, and the prices paid by the Indian Mills have remained unchanged for some time past. Arrivals of jute into Calcutta from up-country markets are being well absorbed, due to the increased consumption of the mills in India. Production of hessians would now appear to be above demand, as stocks increased by 22 1/2 million yards during September, but stocks of sackings were reduced by 35 million yards during that month owing to seasonal trade.

The price war in Calcutta between the Associated Mills and the "outside" mills continues. Prices have been depressed to very low levels, but there is no sign of any agreement being reached on the question of working hours. The "outside" mills are working 108 hours per week, compared with 54 hours per week worked by the majority of the Association Mills. The price of 10 oz. 40 in. hessians has been reduced to 16s. 3d. and 8 oz. to 12s. 10 1/2d., October, and to 16s. 2d. and 12s. 11d., November/March.

Sellers of Daisce-2/3 are offering the full group at £16 12s. 6d., and four at £15 13s. 9d., October/November, while Tossa-2/3 is named at £17 15s. at £16 15s., same shipment. Good First Marks are obtainable at £19 12s. 6d., and good Lightnings at £18 2s. 6d., with Hearts at £17 10s. for best qualities, October/November. Jute yarns have been in good demand and prices have advanced all round. Common 8 lb. cops are not obtainable at less than 2s. 0d. or 8 lb. spools at under 2s. 1d., while twist is raised to 3 1/2d. for 3-ply 8 lb., and sackings are firmer at 2 1/2d. for 24 lb. warp, and 3 1/2d. for 8 lb. chains. Rove is now generally named at £19 10s. for 48 lb., and £15 15s. for 200 lb., and the finer yarns are very firm at 2s. 2d. lowest for fourth-grade Rio 8 lb. warp. Carpet yarns are firm at 3 1/2d. paid for 14 lb. warp.

A good inquiry prevails for jute cloth and manufacturers are fairly comfortably placed with orders. A few substantial quantities are being bought each week, and delivery extends in some cases into next year. Prices are very firm at 2 1/2d. lowest for 10 oz. 40 in. and 2d. for 8 oz., with quotations as a rule 1/2d. more. Linoleum hessians are in some demand and prices are firm, while a fairly steady trade is being done in heavy goods.

GRAIN MARKETS

WHEAT.—Prices in Liverpool, London and Chicago are higher, following a somewhat uneventful week. Until Wednesday, quotations in this country were very firm, but an easier tone then developed in consequence of reports of moderate rainfall in Southern Hemisphere producing areas. Meanwhile, present indications point to a moderate outturn in Argentina and Australia. The world outlook is discussed in a Leading Article this week.

On Wednesday last, "December" futures were quoted in Chicago at 113 cents per bushel, against 112 1/2 cents the week before and 110 1/2 cents a month ago. Quotations in London, Wednesday: No. 1 Northern Manitoba, ex ship, 43s. 9d. per 496 lbs., against 42s. 9d. a week ago; No. 2 Northern Manitoba, ex ship, 43s. 3d., against 42s. 3d. a week ago. According to the *Corn Trade News*, total shipments of wheat and flour last week totalled 1,439,000 quarters, against 3,361,000 in the previous week and 1,507,000 quarters in the corresponding week a year ago.

FLOUR.—The market is steady, with prices showing little change compared with last week. Wednesday's London quotations (excluding quota payments) were: Straight run, delivered Home Counties, 36s. per 280 lbs., against 36s. a week ago; delivered inner London, 35s. 6d., as compared with 35s. 6d. a week ago. Manitoba patents, ex store, 33s. to 34s. 6d., against 33s. to 34s. 6d. a week ago. Australian, ex store, 29s. 6d. to 30s., against 29s. a week ago.

BARLEY.—Imported feeding descriptions remain a firm market. Good qualities of English malting barley are in demand, but are difficult to secure. "October" futures were quoted at 60 1/2 cents per bushel in Winnipeg on Wednesday, against 60 1/2 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, 46s. 6d. to 58s., against 46s. 6d. to 58s. last week; Chilean, brewing, ex ship, 35s. 6d. to 39s., against 35s. 6d. to 39s. a week ago.

OATS.—On Wednesday, "December" futures were quoted at 41 1/2 cents a bushel in Chicago, against 41 1/2 cents a week ago and 42 1/2 cents last month. Quotations in London, Wednesday: "English Black" (new), at farm, 19s. to 20s. per 336 lbs., against 19s. to 20s. a week ago; "English White" (new), at farm, 19s. to 20s., against 19s. to 20s. a week earlier; mixed Canadian feed (Vancouver), landed, 21s. per 320 lbs., compared with 21s. last week.

MAIZE.—The markets in this country have again been rather easy, but quotations in Chicago show a gain on the week. "December" futures were quoted on Wednesday at 94 1/2 cents per bushel in Chicago, against 93 1/2 cents a week ago and 94 1/2 cents last month. Quotations in London, Wednesday: "Plate," landed, 24s. 3d. per 480 lbs., compared with 25s. a week ago; "Plate," ex ship, 23s. 3d., as against 24s. a week ago; "Plate," "September," 23s. 3d., as against 23s. 6d. a week ago; yellow maize meal, ex wharf, was quoted at £6 5s. to £6 10s. per ton, as against £6 8s. 9d. to £6 12s. 6d. 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	Oct. 9, 1935	Dec. 31, 1935	Sept. 30, 1936	Oct. 7, 1936
Winnipeg (No. 1, Manitoba)	65 1/2	82 1/2	92 1/2	84 1/2	106 1/2	108 1/2
Chicago (No. 2 Winter)	84 1/2	98 1/2	104 1/2	75 1/2	112 1/2	113
Cents per 60 lb.						

The visible supply of wheat in Canada amounts to 86,244,000 bushels, against 83,660,000 bushels last week, and 138,987,000 bushels in the corresponding week last year.

THE CHASE NATIONAL BANK

OF THE CITY OF NEW YORK

Statement of Condition, September 30, 1936

RESOURCES

CASH AND DUE FROM BANKS	\$ 761,871,603.45
U.S. GOVERNMENT OBLIGATIONS, DIRECT AND FULLY GUARANTEED ..	765,601,423.48
STATE AND MUNICIPAL SECURITIES	92,284,190.54
OTHER BONDS AND SECURITIES	182,358,460.75
LOANS, DISCOUNTS AND BANKERS' ACCEPTANCES	661,968,786.91
BANKING HOUSES	37,796,134.61
OTHER REAL ESTATE	4,184,996.72
MORTGAGES	9,310,861.59
CUSTOMERS' ACCEPTANCE LIABILITY	14,835,804.61
OTHER ASSETS	38,218,048.83
	<u>\$2,568,430,311.49</u>

LIABILITIES

CAPITAL FUNDS:	
COMMON STOCK	\$ 100,270,000.00
SURPLUS	100,270,000.00
UNDIVIDED PROFITS	20,963,373.00
	<u>\$ 221,503,373.00</u>
RESERVE FOR CONTINGENCIES	12,544,319.82
RESERVE FOR TAXES, INTEREST, ETC.	1,060,559.34
DEPOSITS	2,290,888,855.27
ACCEPTANCES OUTSTANDING	16,825,585.31
LIABILITY AS ENDORSER ON ACCEPTANCES AND FOREIGN BILLS ..	6,981,785.49
OTHER LIABILITIES	18,625,833.26
	<u>\$2,568,430,311.49</u>

United States Government and other securities carried at \$97,141,921.44 are pledged to secure public and trust deposits and for other purposes as required or permitted by law.

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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 October 3	450,482	547,666	506,203	308,451
5 weeks to October 3	1,999,700	2,801,732	2,419,036	1,367,391
Average price of English wheat per cwt.	s. d. 4 11	s. d. 5 1	s. d. 5 8	s. d. 7 11

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
October 1, 1932	Cwts. 290,494	Cwts. 324,483	Cwts. 70,817	s. d. 5 7	s. d. 9 1	s. d. 6 5
September 30, 1933	450,482	424,149	82,056	4 11	10 6	5 5
October 6, 1934	547,666	423,192	66,973	5 1	9 9	6 7
October 5, 1935	506,203	400,823	63,717	5 8	9 7	6 3
September 26, 1936	309,972	338,738	56,314	7 7	10 3	6 8
October 3, 1936	308,451	359,188	61,691	7 11	10 3	6 10

OTHER FOODS

BACON.—The market has been generally firm 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, 88s. to 94s.; Canadian, 87s.; Danish, 100s.; as against 88s. to 94s.; 87s. and 100s., last week. Arrivals in London last week included Danish, 12,155 bales; Canadian, 4,578; Dutch, 2,232; Lithuanian, 1,541; and Polish, 3,131; as against 12,264, 4,457, 2,119, 1,908 and 1,952 bales, respectively, in the previous week.

BASIC PIG PRICE.—The Pigs Marketing Board announced last week that in accordance with the provisions of the present contract, the ascertained price of green Wiltshire style bacon is 97s. 7d. per cwt. and the ascertained value of offals is 8s. 5d. The ascertained cost of feeding stuffs, as certified by the Ministry of Agriculture and Fisheries, is 8s. 5½d. per cwt. In accordance with the price schedule embodied in the contract, the price of the Class 1, grade C pig for the month of October is 12s. per score, against 11s. 1½d. in September and 10s. 2d. 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.—The market in Colonial descriptions was quiet and easier, but Danish remained firm in price. Quotations (per cwt.) on the London Provision Exchange on Wednesday were: New Zealand, finest salted, 101s. to 102s.; Australian, choicest salted, 102s.; Danish, 126s., compared with 100s., 106s. and 125s., respectively, a week ago.

CHEESE.—Quotations for English have been advanced, but the market in other descriptions has been quiet at about late rates. Quotations (per cwt.) on the London Provision Exchange on Wednesday were as follows: English, finest farmers, 80s. to 84s.; Canadian, finest coloured, 69s. to 70s.; and New Zealand, finest coloured, 68s. to 69s. 6d., against 78s. to 80s., 67s. to 71s. and 67s. to 68s., respectively, a week ago.

COCOA.—The spot quotation in New York on Wednesday was 8 cents per lb., as against 7½ cents per lb. last week. In London, on Wednesday last, good fermented new crop, "November-January," was quoted 35s. 6d. per 250 kilos., c.i.f. Continent, against 34s. 6d. a week ago. Last week's movements of cocoa in London were as follows: Landed, 4,192 bags; delivered, for home consumption, 10,062 bags; exported, 8,608 bags; stocks, 157,519 bags, against 135,574 bags a year ago.

COFFEE.—The markets have been quietly steady. 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 8 cents per lb. a month ago. Movements of coffee in London last week were as follows: Brazilian, landed, 401 cwt.; delivered, for home consumption, 215 cwt.; exports, 2 cwt.; stocks, 10,036 cwt., against 13,204 a year ago. Central and South American, landed, 553 cwt.; delivered, for home consumption, 2,318 cwt.; exported, 1,659 cwt.; stocks, 75,761 cwt., against 114,978 last year. Other kinds: landed, 651 cwt.; delivered, for home consumption, 2,975 cwt.; exported, 1,521 cwt.; stocks, 111,492 cwt., against 132,450 last year.

EGGS.—Owing to short supplies, English eggs rose sharply in price; imported selections were steady to firm. At Smithfield on Wednesday, English (ordinary packing, Grade I, about 15-15½ lb.) realised 17s. 6d. to 18s. 6d. per 120, as against 15s. 9d. to 16s. 3d. last week, while Danish (15½ lb.) made 13s. 6d. to 14s. per 120, as against 13s. 3d. to 13s. 9d. last week.

FRUIT.—Although business at Covent Garden has not been quite so brisk, prices are generally steadier, states *The Fruitgrower's* report. There are still substantial supplies of inferior cooking apples on the market, but these are being cleared and prices for dessert sorts are improving. Supplies of English pears are not so heavy and, with a steady demand, prices are a point firmer. The rush of plums is now over, and supplies are more limited; prices remain moderate. Cultivated blackberries are in rather shorter supply, but cobnut prices show no change. Hothouse grapes encounter a fair inquiry at steady prices, but peaches are limited and dear. Oranges continue a good trade, but supplies have increased and prices are accordingly lower. Lemons are a shade easier, and grapefruit encounter a slow trade.

MEAT.—Business at Smithfield has been rather slow, and prices in some cases have weakened. On Wednesday last, Argentine chilled hindquarters were quoted at 3s. 9d. 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. 2d. to 3s. 10d. a week ago. According to the Smithfield Market official report, supplies during last week amounted to 9,716 tons, a decrease of 288 tons on the corresponding week last year. Beef and veal accounted for 5,087 tons, mutton and lamb 2,448 tons, and pork and bacon 1,291 tons, as compared with 4,959, 2,798 and 1,376 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, 19 tons; delivered, 12 tons; stocks, 1,784 tons, against 1,545 tons a year ago. White, landed, 16 tons; delivered, 51 tons; stocks, 11,988 tons, against 16,382 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. "October-November" in singles to Continent and U.K. was quoted at 8s. per cwt., against 8s. 1½d. last week. Movements in London during the past week were as follows: Landed, 525 tons; delivered, 27 tons; stocks, 1,835 tons, against 8,238 tons a year ago.

SUGAR.—The markets in London and New York have been quietly steady. The spot price in New York on Wednesday was 3-40 cents per lb., as compared with 3-40 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. 3½d., against 4s. 4d. a week ago. The movements of raw sugar at public warehouses in London and Liverpool last week were as follows: Imports, 35,824 tons, against 17,743 tons last week and 23,605 tons in the same week of last year; deliveries, 26,070 tons, against 17,805 tons last week and 12,883 tons last year; stocks 114,875 tons, against 105,121 tons last week and 166,257 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
Oct. 3, 1935	d. 16-20	d. 12-53	d. 15-82	d. 12-60	d. 10-17	d. 11-70	d. 15-20
Aug. 27, 1936	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	11-76	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
Sept. 24, "	13-86	12-04	13-29	10-75	9-95	11-46	13-29
Oct. 1, "	13-39	11-95	13-41	10-91	9-90	11-55	13-09

The quantities catalogued for the public auctions in Mincing Lane this week comprised 52,523 packages of Indian and 23,143 packages of Ceylon tea. Demand for Indian turned rather quiet on Wednesday, prices of common sorts and medium kinds being easier; best qualities ruled about steady. The market in Ceylon teas showed little change, except for finest teas, which sold at higher prices owing to an improvement in quality.

VEGETABLES.—Tomatoes are in decreasing supply at Covent Garden, according to *The Fruitgrower's* report, and although demand is not brisk, prices show some improvement. Cucumbers remain a slow trade, but mushrooms are short and dear. Celery of good quality sells well. Abundant supplies of cabbage sell at low rates, but sprouts, Brussels tops and cauliflower show a hardening tendency. Washed carrots, turnips and parsnips are also firmer in price. Meanwhile, supplies of potatoes at London markets have shown a reduction and, with an improved demand, prices show a hardening tendency. Thus, at the London Borough market on Tuesday, best siltland King Edward made from 8s. to 8s. 6d., against 6s. 6d. to 7s. 6d. a week earlier.

MISCELLANEOUS COMMODITIES

VEGETABLE OILS AND OILSEEDS.—Business is still hampered by the dislocation of the exchanges. Linseed oil has been affected by the revised franc and guilder rates, and the prospect of supplies of cheap oil from abroad. After some recovery, raw oil again relapsed to the lowest level of the year. The current price, ex Hull mill, for October-December delivery is around £24 per ton, naked, with January-April at a small premium. Shipments of linseed are rather heavier. As the result of a special inquiry by the Argentine Government, the recent estimate of the exportable surplus has been raised by 23,000 tons in addition to the 48,000 tons "discovered" in August. The estimated old crop exportable surplus, including a small quantity from Uruguay, is put at 302,000 tons and that from India at 64,000 tons, making together 366,000 tons, compared with 453,000 tons actually shipped in the remainder of 1935. In view of the poor demand, prices have further eased.

Cottonseed is easier on the official report of a larger area in Egypt, and cotton oil is quiet and lower. Egyptian crude, ex Hull, is offered at £25 10s., and common edible at £28 10s. per ton, prompt. Generally, vegetable oils have an easy tone. Oilcakes are in fair demand and prices remain steady.

TIMBER.—The spot market is being relieved by larger imports of European and Canadian joinery woods, but supplies during the present year have been well below those of the corresponding period of 1934—when record imports caused a slump in prices. Stocks are smaller than in that year, while consumption is well ahead. In view of these factors, prices are on the up-grade, and further increases are anticipated. On the other hand, Canadian shipments are increasing and it is not unlikely that the American Pacific slope will also send additional supplies to this country in the near future.

Larger supplies of mahogany logs and sawn wood from British Empire sources and teak have been received; prices of the latter are tending to harden. Imports of oak timber (sawn wood) were lower last month, but receipts during the first eight months of the year were larger than in 1935. Demand shows a seasonal expansion at this period of the year. Meanwhile, stocks of the popular hardwoods are ample for demand. The outlook for timber prices is discussed in a Note of the Week.

POTASH.—The gross yield of Germany's potash exports during the present year is expected to amount to £4,250,180, according to information received by Messrs. J. Henry Schröder and Company, the receiving bank for the German potash loans; this compares with actual gross proceeds totalling £3,810,258 in 1935. About the middle of this year the 1936 proceeds were estimated at only £4,238,000 by the German potash syndicate. The slight increase in the new estimate is probably due to the fact that German exports have shown an increase in consequence of the Spanish civil war, which has hampered the shipment of potash from the latter country. The world market is, however, not likely to suffer from this contraction of Spanish supplies, for there are indications that exports from Spain will shortly be resumed and, moreover, the Franco-German cartel has sufficient reserves to cover any demand which may develop on the April, 1935, so that the level of world prices has not been much affected by the interruption of Spanish supplies.

NITRATE.—Italy has recently considerably extended the capacity of her synthetic nitrogen industry. The Italian output of synthetic nitrogen products last year totalled 2.9 million metric quintals, against a domestic consumption of 3.4 millions. By the end of this year the capacity of the industry will be rather more than 6 million quintals; but

since consumption in Italy is increasing only gradually, output is likely to outrun domestic consumption fairly considerably in the near future. Since Italy is a party to the international agreements concluded last September no immediate repercussions on world markets are probable. But the extension of Italian production may well give rise to difficulties when the agreements come up for renewal in 1938. Meanwhile, import requirements in other countries are on the increase. Germany has recently increased the quota for duty-free imports of Chilean nitrate from 80,000 tons to just under 100,000 tons. In the United States from domestic producers raised prices for the various products as from September 30th. Chile, which exerts a most important influence on the United States market, is expected to follow the lead of the American industry.

RUBBER.—Although demand has been somewhat less active this week, the market remains fully steady. The duty on exports of rubber from the Dutch East Indies has been further advanced to counteract the effects of the depreciation of the guilder. Meanwhile, United Kingdom stocks continue to decline. 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 last week. In forward positions, business has been done at 7½d. for "November" shipment, as against 7½d. to 7½d. a week ago. Stocks in London and Liverpool at the end of last week totalled 103,015 tons, against 103,784 tons a week earlier. A year ago stocks amounted to 177,381 tons.

WHOLESALE COMMODITY PRICES

UNITED KINGDOM

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

LONDON, October 7th		GRAIN, ETC.		POTATOES—		WOOL—	
CEREALS AND MEAT		English King Edward		per cwt.		English Southdown, greasy, per lb.	
Wheat—	s. d. s. d.	8 0	8 6	English King Edward	s. d. s. d.	14	0 4 0 5½
No. 2, N. Man. 496 lb.	43 3			Black Lampong	0 2½	27	0 6½ 0 7½
Eng. Gaz. av., per cwt.	7 11			White Muntok	0 4½	15½	0 5½ 0 6½
Barley, Eng. Gaz. av.	10 3			Cinnamom—1st sort, per lb.	0 8½	13½	0 5½ 0 6½
Oats, La Plata, landed	6 10			Chives—Zanzibar, per lb.	0 8	13½	0 5½ 0 6½
480 lb.	24 3			Ginger—per cwt.	67 6	33	0 5½ 0 9½
Flour, Lon. stan. ex mill,	34 3			African, ord. to good	62 6 80 0	31½	
280 lb.	8 0			Mace—per lb.	2 0 2 8	15½	
Rice, No. 2 Burma, per cwt.	8 0			Nutmegs, 65's	0 11	15	
MEAT—				SUGAR—			
Beef, per 8 lbs.	3 6 4 4			Centrifugals, 96's, prpt.	4 4½		
English long sides	3 9 4 2			abimp. c.i.f. U.K./Cont.	16 6 18 9		
Argentine chilled hinds	5 4 6 4			B.W.I., crystallised	16 6 18 9		
Mutton, per 8 lbs.	3 0 3 8			Java, white, c. & f. India	Nominal.		
English wethers	4 6 5 4			Oct-Dec—London—			
N.Z. frozen	5 10 6 4			Yellow Crystals	17 4½		
Pork, English, per 8 lbs.	5 10 6 4			Cubes	21 7½ 22 1½		
				Crushed	19 10½		
				Granulated	17 9 18 7		
				Home Grown	17 6 17 10½		
				TEA—			
				Indian—per lb.—			
				Pekoe	0 11½ 1 3½		
				Broken Pekoe	0 11½ 1 4½		
				Orange Pekoe	0 11½ 1 10½		
				Broken Orange Pekoe	0 11½ 2 7		
				Ceylon—per lb.—			
				Pekoe	0 11½ 2 4		
				Broken Pekoe	0 11½ 1 5		
				Orange Pekoe	1 0 2 1½		
				Broken Orange	0 11½ 2 7½		
				TOBACCO—			
				(Duty, 9/6-10/6) 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 4½		
				strips	0 9 1 6		
				East Indian leaf	0 5 1 4		
				strips	0 6 1 6		
				TEXTILES			
				COTTON—			
				Mid-American, per lb.	6-88		
				Sakellariadis, f.i.f.	10-57		
				Yarns, 32's twist	11		
				60's twist	16½		
				FLAX—			
				Livonian 2K	58 10 59 10		
				Pernau HD	nominal		
				Slanetz Medium 1st sort	71 0 72 0		
				HEMP—			
				Italian P.C.	per ton nominal		
				Manilla, P.C. "J2"	29 15		
				Sisal, African	24 10 26 10		
				JUTE—			
				Native 1st mks.	per ton		
				c.i.f. H.A.R.B.	£17/3/9		
				Oct-Nov.			
				Daisee 2/3 c.i.f. Dundee	£18/12/6		
				Oct-Nov.			
				SILK—			
				Canton	s. d. s. d.		
				Tussah	4 3 8 9		
				Japan	3 8 4 6		
				Iranian—raw, fr.	7 6 11 0		
				LARD—			
				Irish bladders	62 0 70 0		
				U.S.	62 0 63 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.

UNITED STATES

(New York quotations unless otherwise stated)

	Oct. 9, 1935 Cents	Sept. 9, 1936 Cents	Sept. 30, 1936 Cents	Oct. 7, 1936 Cents		Oct. 9, 1935 Cents	Sept. 9, 1936 Cents	Sept. 30, 1936 Cents	Oct. 7, 1936 Cents
Wheat, No. 2, Winter, nearest future, Chicago, per bushel ...	104½(b)	111½(c)	112½(b)	113(b)	Sugar, Cuban Centrifugals, 96 deg., spot, per lb.	3-68	3-65	3-40	3-40
Maize, nearest future, Chicago, per bushel	61½(b)	110½(c)	93½(b)	94½(b)	Cotton, middling, spot, per lb.	11-30	12-50	12-63	12-36
Oats, nearest future, Chicago, per bushel	28½(b)	41½(c)	41½(b)	41½(b)	Rubber, smoked sheet, spot, per lb.	12½	16⅞	16⅞	16⅞
Rye, nearest future, Chicago, per bushel	53½(b)	82(c)	80½(b)	81½(b)	Petroleum, Mid-Continent crude 33 deg., to 33-90, at well, per barrel	94	104	104	104
Barley, nearest future, Chicago, per bushel	(a)	81(c)	79(b)	80½(b)	Copper, "Electrolytic," Domestic, spot, per lb.	8-72½	9-55	9-55	9-50
Coffee, Rio No. 7, cash, per lb....	6½	8	7½	7½	Copper, "Electrolytic," Export prompt, per lb.	8-95	9-77½	9-77½	9-72½
" Santos No. 4, cash, per lb.	9	9½	9½	9½	Spelter, East St. Louis, spot, per lb.	4-85	4-85	4-85	4-85
Cocoa, Accra, nearest future, per lb.	4-78	6-75	7-24	7-48	Lead, spot, per lb.	4-60	4-60	4-60	4-60
	(a) Nominal.		(b) December futures.		Tin, " Straits," spot, per lb.	51-25	52-50	46-00	45-00
					(c) September futures.				

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THE FINANCIAL NEWS

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

MONDAY, OCTOBER 12—BETTER DAYS FOR CHINESE
BONDHOLDERS.—The resumption of payment on certain of
the Chinese Railway Bonds, followed more recently by a
resumption of payments on the Marconi and Vickers Notes, is
an indicator (perhaps not so widely recognised, so far, as it
might have been) of the much more promising and stable
financial conditions developing in China. This article surveys
the further outlook for China from every essential angle.

TUESDAY, OCTOBER 13—LAKE VIEW AND STAR. Our
Special Mining Correspondent, MINOTAUR, in his weekly
article, this week sheds his spotlight on this old and famous
Australian mine which has mystified its followers so often with
alternate high hopes and depressing disappointments.

WEDNESDAY, OCTOBER 14—THE WHALING IN-
DUSTRY. The hardening tendency of whale oil prices and
the recent conclusion of a new agreement with the Norwegian
Whaling Industry draws attention to the prospects of a section
of the market of which the average investor has but little
knowledge. These prospects will be dealt with in this article.

THURSDAY, OCTOBER 15—THE MOTOR TRADE'S NEW
YEAR. In this article, on the day of the opening of the
Olympia Motor Show, a special Motor Trade Correspondent
examines the general prospects for the industry and discusses
the position of the principal manufacturing companies of
interest to the investor in the light of their new season's
programmes.

FRIDAY, OCTOBER 16—HIGHWAY CONSTRUCTION
AND THE INVESTOR. In this article a Special Correspondent
analyses the present position of road construction in
Great Britain in the light of the Government's main road co-
ordination plan and discusses the prospects of the companies
engaged in road construction and in the supply of road-
making materials.

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(With this issue appears our Autumn Banking Supplement.)

UNLAWFUL ASSEMBLY

THE attention of the British public has been directed in the last few weeks to a subject which, happily enough, rarely concerns them—the problem of preserving order in the streets of the capital. London is ordinarily, both as the centre of Government and as a great metropolis, an uncommonly law-abiding city. Even now nothing has occurred which, if it be regarded in isolation, need occasion serious misgivings. But there has been in recent weeks an undoubted tendency for organised hooliganism in the East End of London to increase, and it is this waxing tendency, rather than the dimensions to which it has yet attained, which gives rise to anxiety.

The attitude of the ordinary man, whether he be the man in the East End street on Sunday, or the man who stays by his own fireside, is perfectly clear. Irrespective of the merits of Fascism and Communism, without prejudice to the undoubted right of either party to propagate its beliefs by all peaceful means, the ordinary man is determined that the bitter hatreds of civil strife shall not be permitted to emerge in Great Britain. If our democracy is lenient towards those who, from either extreme, preach against its principles, it must also be severe in compelling them to confine their warfare to words. If a body which preaches anti-Semitism and Fascism proposes to march, in military formation and in uniform, through a quarter of London which is notoriously Jewish in race and Left Wing in politics, the ordinary man will regard that as patent provocation. If disorder ensues, he will blame the provokers. But the chief anxiety of the ordinary man is not to allocate blame between the provokers and those who are only too ready to be provoked, or to see that justice is meted out to those responsible. His chief anxiety is to see that scenes such as those which have disgraced the East End on the last two Sundays are not repeated.

The English law of public assembly is little understood. Unlike other democratic nations, we have no formal guarantee, enshrined in a written constitution or in some great fundamental charter, of the right of public meeting.

Such right as there is arises out of the common law right of every citizen to go where he likes, so long as he commits no trespass, and to say what he likes, so long as he says nothing that is seditious.

This does not mean, of course, that there is no such thing as unlawful assembly. The assembly of persons for the purpose of committing a crime by open force is obviously illegal. But the law goes further than that: any assembly of persons, gathered together even for a perfectly lawful purpose, becomes unlawful if it gives "firm and courageous persons" in the neighbourhood reasonable grounds to apprehend a breach of the peace. The peaceful intentions of the persons who compose the assembly are no criterion of its lawfulness or unlawfulness. The results which can reasonably be apprehended to flow from it are the sole test.

This is a valuable principle. But it is somewhat difficult to apply in practice. Were there reasonable grounds, two Sundays ago, for firm and courageous persons in the East End to apprehend a breach of the peace? And if so, did their apprehension attach to the assembly of Sir Oswald Mosley and his followers, or to the assembly of his opponents who erected barricades and endeavoured to prevent his march? If the Communists of the East End had chosen to remain indoors, would not the provocation have fallen on deaf ears? Could even the least firm and courageous then have apprehended a breach of the peace? These are questions which passion and prejudice will answer easily, but which reason and the law cannot lightly prejudice.

The leading cases on the subject are not of great assistance. The older of the two chief cases, which dates from 1882, laid it down that the magistrates might not prohibit a meeting of the Salvation Army, even though there was reason to apprehend, and the convenors of the meeting knew there was reason to apprehend, that hooligans would endeavour to break up the meeting and cause a breach of the peace. But the later of the cases, dating from 1902,

determined, in substance, that magistrates were within their powers in prohibiting a "protestant crusader" from continuing to hold meetings in the Catholic quarter of Liverpool which he knew would end in a riot. The question seems, therefore, to turn upon provocation, and neither the layman nor the police can safely forecast which side the Courts will ultimately decide to have been foremost in provocation. Moreover, the meeting has to be held before the question of its legality can arise. No proclamation, by the Secretary of State or anybody else, can in advance render unlawful a meeting otherwise lawful.

There is another power residing in the authorities. The police are empowered to prevent meetings if the police officer in charge reasonably apprehends that a breach of the peace will result; and if the convenors of the meeting persist in the face of this decision they can be prosecuted for wilfully obstructing the police in the execution of their duty. This power of the police was emphatically confirmed as recently as last year by authority as high as the Lord Chief Justice and two brother judges, and it is the power by virtue of which Sir Philip Game prohibited the Fascist march a fortnight ago. But, even here, in the present state of the law, before the police can take action, the meeting must either have begun or be about to begin.

Does the law, as thus briefly outlined, provide sufficient protection to the peaceable public against the extremists of the Right or of the Left? There has been a certain amount of somewhat hasty clamour for investing the Home Secretary with power to prohibit in advance meetings which seem to him likely to result in a breach of the peace. But the dangers of such a course need no emphasis: one needs only to consider how an extremist Secretary of State would use such powers.

Must we, then, be content with the law as it is? In broadest outline the answer must be that the priceless value of freedom of speech outweighs all those disadvantages which are inseparable from it. But it may be permissible to make three suggestions for possible amendment of the present law, which will make the path of provocation more difficult while leaving real freedom of speech undiminished.

First, there might well be the power not to prohibit a meeting in advance, but to prohibit its being held at a certain place or at a certain time. Even this power, however, is somewhat dangerous to place in the hands of the Secretary of State, to be used at his unfettered discretion. To confine meetings of one's political opponents to Dartmoor at 3 a.m. would be a serious infringement of the freedom of speech. This power should therefore be exercised only by Judges of the High Court, acting on the application of the police.

Secondly, a distinction can usefully be drawn between meetings and processions, marches or demonstrations, which may be as disturbing to traffic as they are dangerous to the King's peace. There might well be power to prohibit these entirely, if the police can satisfy a Judge of the High Court that they will either intolerably obstruct traffic or seriously threaten a breach of the peace.

Finally, we believe the time has come to prohibit entirely, on all occasions, the enlistment of private armies and the wearing of uniforms for political purposes. There are, of course, practical difficulties in drawing a clear line of distinction between Fascists and Boy Scouts, by which the one can be prohibited from wearing uniform without interfering with the legitimate pleasures of the other. But other countries—Sweden conspicuously—have discovered effective means of surmounting these practical difficulties, and the English law has successfully coped with many much more puzzling cases of definition in the past. The ordinary man can clearly distinguish the legitimate and harmless use of uniform from the obnoxious and dangerous; and where the ordinary man can draw a clear line, the law can do as much.

These suggestions will not save us from internecine strife if the people of Great Britain become infected with the hatreds that are poisoning the Continent. But so long as the vast majority prefer reason to violence and argument to force, they will assist in protecting that internal order of which all Englishmen are justly proud against the deliberate provocation, the violent intolerance, of raucous minorities.

THE CENTRAL EUROPEAN SCENE

IN the last few weeks something like a reshuffle of the political pack of cards has taken place in Central Europe, and though it would be premature to talk yet of a "new deal" in that vexed area of Europe, the chances of a re-alignment between the parties have sensibly improved. For many years past the Central European States have been sharply divided into Austria and Hungary (with Italy as protector) on the one hand, and the three Little Entente States (with France as ally) on the other. The depression accentuated both political tension and economic separatism. In recent years Nazi Germany has been actively bidding against Italy for the political allegiance of Austria and Hungary; while, with comprehensible foresight, the leaders of the Little Entente have closed their ranks and improved their relations with Russia and with the Balkan bloc. Now, in the last two weeks, three sets of events have given the Central European picture a new perspective.

First in chronological order is the course of events in Austria. The agreement between Signor Mussolini and Herr Hitler in July seemed to bring Italy and Germany almost into alliance over the dead body of Austria; but nothing has been more apparent in the last few weeks than that the Duce is neither prepared to make completely common cause with his brother dictator over Central Europe, nor to invite the active hostility of France and Great Britain by retiring from the League of Nations. Consequently, the July agreement to respect Austrian integrity and to refrain from intervention in Austrian domestic politics has, in effect, worked rather to the advantage of Austrian independence—and therefore of Italy—than to that of an expansionist-minded Germany.

Under this agreement, and with the Duce's unobtrusive acquiescence, the Austrian Chancellor, Dr. Schuschnigg, has been able to strengthen both his personal position as "constitutional dictator" and the grip of his Government over internal affairs in Austria. The final eclipse of Prince Starhemberg, founder of the notorious Heimwehr which became the tool of Signor Mussolini, was heralded months ago; and when the young Prince gracefully retreated from the Heimwehr and the political limelight a fortnight ago, many observers viewed with alarm the apparent victory of Major Fey, the leader of the Vienna Heimwehr. But the victory, thanks to Dr. Schuschnigg's preparations during the last few months, was Pyrrhic. For within a few days the Heimwehr was officially dissolved, and its members are now to be redistributed throughout the unitary organisation of the Governmental national militia. The Duce is firmly backing Dr. Schuschnigg; the passive acquiescence in the Schuschnigg regime by all non-Nazi elements in Austria leaves the Nazis at a disadvantage—even if their underground activities infringe the terms of the July agreement; and there is reason to believe that the commendable policy of gradual reconciliation with the Austrian workers, first broached by Dr. Dobretsberger when he was in the Cabinet, will not be abandoned.

Secondly, events in Hungary have taken a favourable turn—favourable alike to Hungarian internal and foreign policy. The late Prime Minister, General Gömbös, was not the first statesman in history to become the victim of a few political advisers. A small section of these had hoped for a dictatorship, buttressed by promises to those landless peasants and agricultural labourers whose lot in Hungary has long been, and still is, deplorable. But the sudden and premature death of General Gömbös last week presented the extremists of the Right in Hungary with a situation for which they were unprepared. All the responsible leaders of Hungarian political life, whether in the Government or the Opposition, were agreed that the new Prime Minister and Cabinet should be given the opportunity to pursue a policy of non-provocation and quiet consolidation, both in economic and political affairs, and both in internal and external matters. The new Prime Minister, Dr. Darányi, formerly Minister of Agriculture, is, by all accounts, a sound man: he has begun by removing Right-wing extremists from influence; he has a good team, well equipped for their places; he has the goodwill of the Opposition; and he has to prepare for

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the introduction of the secret ballot in country districts, a reform awaited ever since the War. It is well within the bounds of possibility that once this important reform is accomplished—whatever its electoral substance may prove to be—Hungary may face a General Election, with an extremely strong and able Coalition Government, more representative of national interests and better equipped to face European problems than any in recent years.

Hungary's debt position, though greatly improved by successive devaluations and by internal recovery, is not yet regulated; and the bulk of her foreign trade is rigidly canalised within the conduits of the 1934 Rome Protocols (with Austria and Italy) and of the clearing with Germany. Thus, Signor Mussolini's decision to devalue the lira—thereby expunging the letters he had graven on marble—has created for Hungary, as well as for Austria, a pretty problem which must shortly be debated at the meeting of the Protocol parties in Vienna: namely the future currency and trade relations of Austria-Hungary with Italy. The answer given to this problem will largely determine the extent to which, if at all, the schilling and the pengő may eventually be devalued; and also whether trade can be rendered freer between all three countries and the outside world. At the same time, the devaluation of the lira has convinced many Austrians and Hungarians that Italy has been compelled, for both diplomatic and economic reasons, to line up with France, the United States, and Britain. Accordingly, there is now evident, both in Vienna and Budapest, a faint but growing desire to make some breakaway from the too rigid confines of "canalised" trade. With their trading and currency situations in flux, it is to the advantage of Austria and Hungary to avoid internal dissensions and external complications. Thus, the strengthening of Dr. Schuschnigg's Government and the formation of the steady Darányi Government in Hungary have come at the right moment.

Finally, events in the Little Entente countries have been moving in a direction which brings all three of them—Czechoslovakia, Roumania, and Yugoslavia—slightly nearer in sympathy to Italy, Austria and Hungary. Old feuds and rabid economic nationalism have worked havoc throughout Central Europe; and he would be a constitutional optimist who hoped to-day for immediate economic co-operation and political reconciliation between the two sets of countries. But it is significant that the Little Entente States, after their recent important meeting at Bratislava, have set up a common "Economic Centre"; have arranged to improve trade and communications between Roumania and Yugoslavia; and have begun to explore—gingerly, so far—the possibilities of economic rapprochement between themselves and their three neighbours of the Rome Protocols. The Prime Minister of Czechoslovakia, M. Hodza, himself an agricultural economist of distinction, made an overture to Rome last spring in this sense; but at that time it was rejected by the Italians and Hungarians together. (At that time General Gömbös was still effectively in power in Hungary.) To-day, while one

must not hope too much, the recent devaluations, the rise in world (free) prices of agricultural products, and the consequent disposition in all Central European countries to sign for freer trade and more *Edelweissen*, have combined to bring the minds of statesmen, farmers, manufacturers and bankers nearer to some semblance of unity than at any time in the last five years. The possibility of a more fruitful, economic and political *modus vivendi* in Central Europe, blessed by Signor Mussolini, must to-day be reckoned more than a mere dream.

In these circumstances, the importance of the recent devaluations—and even more, their repercussions on finance and trade—can scarcely be exaggerated. Central Europeans have learned from bitter experience to be cynical about "new worlds for old," and the brave protestations of Anglo-Saxon and French democratic statesmen. They affect to-day a cold, deprecating realism. But they cannot altogether escape the impression that big economic and political influences are at work in Europe, after five years of frigid paralysis. They recognise the temporary alleviations which bilateral trade and clearings have afforded them; but they also recognise the high real costs of selling their exports for blocked currencies. Since these "proceeds" cannot be liquidated otherwise than gradually, and then only in imports which are either competitive with their domestic manufactures or else at higher prices than need have been paid in free markets, the discontent of farmers and business men in Central Europe is likely to take a constructive turn. For example, it is highly significant that in Yugoslavia—which has recently been treated as if it were completely dominated in economic affairs by Germany—the authorities are now to limit future exports to Germany and to press for the final liquidation of the 500 million dinars' worth of blocked Reichsmarks. The same tendency is observable in most Central European countries, and even more evident in the Balkans. Rising prices in the world's free markets, and an expansion in the volume of European trade between freer-trading countries as a result of the devaluations and the ensuing tariff reductions and quota increases, will powerfully reinforce a tendency which is just beginning to make itself felt.

Central European statesmen, like everybody else in Europe, have been badly frightened by the events of the past twelve months; but for reasons discussed elsewhere the German bogey does not loom quite so terrifying as it did in the summer. Indeed, the devaluations have tended to accentuate an impression of a Germany that is in danger of finding herself increasingly isolated. If the effort of the nations to establish an international order was badly rebuffed in Abyssinia it is apparently becoming evident to the slowest-witted that decent relations and freedom of commerce between civilised States is the only way to prosperity. If Germany is ready to act on this assumption the gleams of hope which can now be discerned in Central Europe may brighten the prospects before our troubled Continent.

BRITISH MONETARY POLICY—I

THE devaluation of the gold currencies, and the international currency agreement, have once more brought to the front the question of British monetary policy in all its aspects. Both internal British policy, owing to the adherence of more countries to sterling, and British exchange policy, owing to the currency agreement, have been rendered of even greater importance. It is impossible, however, to determine exchange policy until we are reasonably certain what internal policy is desirable; for an expansionist internal policy is bound to have a different effect on the exchanges from a contractionist one. As Sir Henry Strakosch remarked in his lecture to the Insurance Institute of London on Monday, "exchanges cannot be stabilised until internal economic equilibrium in the countries concerned is established on firm foundations." In this article, therefore, it is proposed to consider the problem of internal policy during the next few years.

In an article on British monetary policy on June 20th we argued that there was no technical reason (such as a lack of gold) why interest rates in this country should be allowed to rise; and we suggested that if there should be any sign of a rise in interest rates, combined with a rise in unemployment, credit should be expanded. The actual course of events, however, has turned out quite differently. Instead of the rise in interest rates, and possible rise in unemployment, that seemed likely in the summer, interest rates have remained steady and there has been a remarkable further fall in unemployment. Unemployment outside the distressed areas has fallen to the "normal minimum" of 4 to 5 per cent., which, in effect, if we allow for persons moving from one job to another, etc., represents the point at which a shortage of labour begins.

Moreover, the building figures (which we analysed in an article on September 26th) show that building activity as a whole is still increasing. For slum clearance and "overcrowding" replacement are offsetting the slight fall in private building; while commercial and re-armament construction are going rapidly ahead. There is also good reason to believe that the peak of both these forms of building will occur somewhere in the next eighteen months or two years. Private building will almost certainly have slackened by two years hence; slum-clearance, after a period of intense activity, is due to cease in 1938; a new building programme called for by the enforcement of the official standard of "overcrowding" will start soon, and though still proceeding two years hence may be insufficient to make up for the fall in other kinds of building; commercial construction, to judge by former experience of the trade cycle, should be at its height in the next two years; and re-armament construction, whose end cannot of course be predicted, is already under way. The outlook on the building front, therefore, suggests that the present level of building employment will at best be maintained, and at worst be unlikely to show more than a slight fall for, say, two years; and that after that time, if nothing else is done, it will begin to fall off. And such a falling off, unless it were compensated by increased activity in other industries, would in all probability spread a general deflationary influence; for we must emphatically dissent from Mr Chamberlain's view that, because the increase in building employment has only been 320,000 out of a total of 1,000,000 in the recovery period, it has not therefore been the most important single cause. He forgets the secondary effect of the expenditure of their wages by the newly employed 320,000 building workers.

Superimposed on the very high level of building activity likely in the next two years, an actual expansion of capacity in the iron and steel industry is now going on; and output in September was a record for all time with over 1,000,000 tons. The present expansion of activity is intended to supply an exceptional demand coming mainly from these sources: the ordinary strong demand for capital goods associated with the later stages of cyclical recovery; the building boom; and re-armament. Now the first two of these, at any rate, are likely to be slackening two years hence; so that over-expansion and unemployment in the

iron and steel trade may very well be added to unemployment in the building trade. Lastly, it should be observed that commodity prices are rising; and that a simultaneous rise in commodity prices and fall of unemployment to the "normal minimum" should ordinarily be the sign for the policy known as "putting on the brake."

The course of events over the next two years cannot, of course, be predicted with certainty. But in the light of these clear probabilities, what internal policy should now be pursued? For, without prejudice to the question whether depressions can or cannot be arrested by deliberate policy, it is at least expedient to inquire by what methods the intensity of fluctuations can be smoothed out. Supposing, in our present situation, there were no "special" unemployed in the distressed areas over and above the normal minimum elsewhere, there would certainly be a case for allowing interest rates to increase if the present rise in commodity prices were to continue.

To-day, however, the situation is different, since there are something like 900,000 "special" unemployed in the distressed areas who—unless and until special measures are taken to absorb them by reviving exports, etc.—can find employment only by a continuation of the slow process of transfer to the prosperous areas. And the condition of the continuance of this transfer is naturally the maintenance of a slight inflationary pressure, and consequent shortage of labour, in the prosperous areas. The existence of this "special" unemployment, therefore, justifies some modification of the policy of raising interest rates which would otherwise be appropriate. How far it should be modified cannot be determined by any absolute test; but it may be suggested that a working compromise would be neither to raise nor lower interest rates, but to keep them substantially where they are. This can easily be done, as we have several times pointed out, by means of small transfers of gold from the Exchange Account to the Bank, which would result in an expansion of credit. At any rate, it may be hoped that interest rate policy will be decided by reference to its economic effects and not according to the short-term needs of Treasury borrowing.

The real problem, in fact, is not to reduce the present volume of activity, but to prevent the growth of purely speculative developments and to prepare measures for maintaining business activity when a possible recession is threatened eighteen months or two years hence. There is consequently some case for going slow with public works now, provided that the schemes held up are not abandoned altogether, but are kept in readiness to be undertaken as soon as a recession threatens. No schemes already in execution should, of course, be abandoned; but big schemes which are under consideration—as, for instance, a second instalment of "overcrowding" work, the Charing Cross Bridge Scheme, further railway electrification and big road development plans—might well be prepared and held in reserve. In particular, the extension of the "overcrowding" programme to cover the 280,000 families found to be only just above the "minimum standard" seems an excellent opportunity for careful preparation in advance.

The most obvious way, however, to restrain inflationary tendencies during the next two years, and to release them afterwards, is to refrain from financing re-armament by borrowing. To finance re-armament out of a deficit at the present time would be gratuitously to administer a powerful inflationary stimulus at a moment when "boom" tendencies are already latent. To pay for re-armament as far as possible out of direct taxation, on the other hand, would be at once to put a healthy restraint on the abnormal profits that now seem probable, to assist the national finances, and to make it more possible later on to borrow for public works. Ideally, the Treasury ought to build up surpluses and pay off debt during a boom, and permit borrowing for public works purposes during a depression. But even if taxation high enough to produce a surplus is not now practically possible, we believe that income tax and surtax should be raised as near as possible to the point at which the prospective deficit would be covered. No increase in indirect taxation would be justified, in view of the increasingly "regressive" character of our tax system.

Further, it may be observed that any easing of import restrictions will help to moderate the inflationary tendencies of the next few years. Such an easing would tend to check

the rise in prices and the cost of living, and therefore of wages, and would prevent the appearance of actual shortages of labour and materials in certain particular trades. Moreover, any increase of imports would intensify the demand for our exports and gradually increase the volume of trade in both directions. This would be an insurance against the deflationary tendencies that may be expected two years hence.

Finally, the possibility of revaluing the Bank's gold "profit" is relevant to the problem of internal policy. It is shown in our Money article this week that the revaluation of the Bank's gold and the use of the profit by the State even to pay off debt would have a sharply inflationary effect on the credit structure unless the Fiduciary Issue were reduced. There is consequently a strong case for postponing revaluation for the next two years and keeping in reserve this potential inflationary instrument also.

In general, therefore, the safest line of policy in the next two years seems to be the maintenance of interest rates near their present levels, the preparation of a reserve of big public development schemes, an increase in direct taxation, and the easing of import restrictions. The implication of such a general internal programme for exchange policy will be considered in a second article.

PRIVATE CAR RECORDS

THE Motor Show which opened at Olympia on Thursday is chiefly remarkable for the absence of any noteworthy new developments in design, although many of the coming season's models show important improvements in detail. The more freakish streamlined bodies are giving place to more symmetrical shapes, and there is a movement away from the more unorthodox experiments. Such developments as independent front wheel springing, thermostats, fitted jacks and telescopic and sprung steering wheels are gaining ground; but patent gear changes and front wheel drive do not appear to be doing so.

The number of private cars in use in Great Britain is estimated to have reached the figure of 1,645,000 this year. This compares with 1,477,000 last year, 1,308,000 two years ago, and 981,000 in 1929. There has been an increase every year since the War, but the amount of the increase, which is now about 170,000 a year, compares with only 27,000 in 1931 and with roughly 100,000 both in 1928 and 1929, which were typical pre-depression years. The question how long the present rate of expansion can be expected to last is now one which concerns not only the manufacturer, but every highway authority in the country, since the problem of congestion on the roads is rapidly becoming more acute. It seems all but impossible to establish an even approximate relationship between incomes and the number of cars in use. There are now estimated to be rather more than 800,000 incomes of over £500 a year, and a further 1,500,000 between £250 and £500. Many other factors, however, must be taken into consideration, such as the use of private cars for business purposes by firms owning fleets for their travellers; in addition, there are many persons using their cars partly or entirely in connection with their business, while people in the higher income categories often run more than one car, either directly or by subsidising their use by dependents. Joint ownership by a family is also important.

The chief facts that emerge from a study of the problem of the limits of expansion of the private car market are, that there is a close connection between the increase in car-ownership and in house-building on estates at a distance from the places of work of their inhabitants; that, for many people living on these estates, a car has ceased to be a luxury or even an amenity, but has become a necessity owing to the impossibility of public transport coping with their transport requirements; and that experience in other countries, such as France, where there are more private cars registered than in Great Britain, would suggest that there is still plenty of room for expansion in the British market. With continued good trade there seems no reason why the 1936-37 season should end the car boom.

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With official figures of registrations available for ten months of the current motor year, which ends in September before the new models come in with the Motor Show, it is possible to make a fair estimate of the position for the whole year. Total private car production seems likely to reach 342,000, compared with 309,000 in 1934-35 and 255,000 in 1933-34. Although still increasing, the rate of expansion has fallen off a little compared with last year, while there appears to have been some growth in the proportion of replacements to additional cars sold, as the following table shows:—

PRIVATE CARS

Year	Production	Exports	Imports	New Home Registrations		
				Replacements	Additional Vehicles	Total New Registrations
1931-32	169,229	25,354	1,999	102,874	43,000	145,874
1932-33	219,624	41,358	3,780	106,046	76,000	182,046
1933-34	254,995	45,114	9,629	125,500	95,000	219,510
1934-35	309,336	51,159	13,459	102,636	169,000	271,636
1935-36*	342,000	57,000	11,000	128,000	168,000	296,000

* Estimate on basis of 10 months' figures.

The healthy state of demand has enabled the Motor Trade Association to keep a close control over the allowance made on old cars "traded in" in part payment for new purchases, which in the past has been the most usual method of undercutting the retail price of new cars; in this way, by maintaining the price of the new vehicle, it has been made possible for the motor trader to dispose of the old at a low figure. The effect has been, on the one hand, to give the trader a more rapid turnover of second-hand cars, while on the whole raising the level of his profits, but, on the other hand, to increase slightly the cost of depreciation, the heaviest item in keeping a car.

Exports show a fair increase, mainly to countries in the British Empire; but the decline in the average value of complete cars exported from £123 to £115, and of chassis from £94 to £82, serves to illustrate a new principle in export business. Certain firms deliberately increase their exports at seasons when the home trade is quiet, thereby keeping their works fully employed all the year round. In consequence, the export trade is becoming to a large extent a cut-price market, since manufacturers are coming to look at it as a means of getting something towards overheads and keeping their staff together in slack seasons, rather than as a profit-making section of the business worthy of development for its own sake. Imports have fallen from the peak level which they attained last year, owing to the manufacture of a larger proportion of the high-powered cars at factories in the United Kingdom.

The trend of home demand during the past season is interesting. More attention has been paid to the 11/14 h.p. category and less to the small car classes, especially the 8 h.p.; while the 15/19 h.p. category has continued to

* See "Britain's Economic Prospects" (*The Economist*, June 13).

decline. At the other end of the scale new registrations of large cars have again slightly increased their share of the market.

PERCENTAGE ALLOCATIONS OF NEW CAR REGISTRATIONS BY HORSE-POWER CATEGORIES

	1931-32	1932-33	1933-34	1934-35	1935-36
Not exceeding 10 h.p.	47.2	59.3	56.7	60.7	59.1
11-14 h.p.	31.0	22.9	24.8	21.5	24.6
15-19 h.p.	16.1	11.9	11.3	8.4	8.5
20 h.p. and over	5.7	5.9	7.2	9.4	9.8

It is not always safe to draw conclusions about changes in the public's taste from consideration of sales of horse-power classes. A really popular model of, say 10 h.p., will have the effect of drawing demand away from the 8 h.p., 9 h.p. and 12 h.p. classes, and some knowledge of the success of individual models is necessary to a proper understanding of the figures. Nevertheless, there does on balance seem to be a tendency for a somewhat larger type of vehicle to be purchased by the small car motorist than was the case a year ago. This is undoubtedly largely attributable to the narrowing margin in initial price between all vehicles of not more than 14 h.p. Demand seems to be concentrating on two classes of vehicle, those of between 8 h.p. and 14 h.p., and especially those of 10 h.p. and 12 h.p., on the one hand, and really large cars of 20 h.p. and upwards on the other.

The past year has been no exception to the rule in the matter of the severity of fluctuations in demand for the products of the different car manufacturers, which depends on the extent to which new models have caught the public's fancy. In general, those makers who had adopted the popular semi-streamlined bodies for their cars last season have fared best. The year has been, for instance, a better one for Morris than for Austin, to take the two largest manufacturers; and Austins are changing the lines of their new models for the coming season. In the same way Standards and Hillmans (Rootes) have both sold particularly well during the past year; Fords, although among the first to introduce to-day's popular body shape, have probably done less well with their small models. The 8 h.p. category, the one in which they are primarily interested, actually shows a small decrease in new registrations; but the new 22 h.p. V.8 appears to have accounted for most of the 3,400 new registrations in this class without prejudicing the sales of the 30 h.p. model. New registrations in the latter category, which are mainly big Ford V.8's, have been at the rate of 5,000 a year both last season and this season. Vauxhalls, the other really large manufacturer, would appear to have concentrated more especially on the commercial market, particularly that for 2-2½ ton lorries, a section which has been specially prosperous. The six largest manufacturers probably account for over 85 per cent. of total home registrations of private cars and for an appreciably higher proportion of exports.

Next season's policy for the motor industry, as disclosed by the pre-Motor Show announcements, appears to be based on the assumption of a continued expansion in demand. Thus, in spite of higher raw material costs, there is no general advance in prices; the prospect of larger sales, and the exceptional profits accruing to the maker of a best seller, are acting as a brake on the usual consequence of higher raw material prices. Similarly no important attempt has been made to reduce the number of different models sold, which, so far as the six main groups are concerned, will be 48 next season, compared with 45 last. There does, however, as indicated above in the case of Morris, appear to be a tendency to cry halt to changes in models made for the sake of change; and several manufacturers, who have been satisfied with last season's results, are selling substantially the same models in the coming year. A number of factories are already producing to capacity. If it were not for the notorious fickleness of the public's taste in cars and the consequent necessity for each manufacturer to keep his products in the limelight—since both success and failure in the motor industry are liable to be extreme—there would be a danger at the present time of spoiling the motor manufacturers by a too easy prosperity.

JEEVES AT THE TREASURY

After British declarations of commercial policy during the last momentous fortnight the reader is invited to assume that Mr P. G. Wodehouse's "gentleman's gentleman," Jeeves, has left the employ of B. Wooster and joined the staff of the Treasury.

CHIEF: I believe, Jeeves, that when you were with Mr Wooster you helped him occasionally in the preparation of speeches?

JEEVES: That is so, sir. Mr Wooster was kind enough to call me into consultation whenever he was required to deliver an oration at a school in which he took a personal interest. The occasion was commonly the annual distribution of prizes to those scholars who had gained distinction in the terminal examinations.

CHIEF: If you helped him, I suppose you might help me?

JEEVES: I will endeavour to justify your confidence, sir.

CHIEF: It's about France, you know, and devaluation and the lowering of quotas and tariffs, declaring the attitude of the British Government and saying how delighted we are that the policy which we have made our own, the policy of breaking down economic barriers and the encouragement of international trade, has been adopted by our French friends. Sort of welcoming the prodigal son, if you follow me.

JEEVES: Entirely, sir.

CHIEF: I've got something here that I've jotted down. It goes like this. The event must have come, I say, like the cracking of ice at the approach of a warmer season to the Polar explorer whose ship has been frozen for many months into immobility.

JEEVES: If it would not be taking a liberty to say so, sir, the metaphor, or to speak more correctly the simile, would appear to be strikingly felicitous. Mr Wooster at the height of his faculties as an orator could not unaided have expressed himself with such poetic feeling.

CHIEF: Glad you like it, Jeeves. I thought it wasn't bad myself. Can you think of anything to go with it?

JEEVES: If I might make a suggestion, sir, I would advocate following it up with an extract from the poets.

CHIEF: Got anything in mind?

JEEVES: Yes, sir. I would recommend, after your reference to the ice, that you commit yourself with some firmness to the statement that the hounds of spring are on winter's traces.

CHIEF: Rather neat that. Your own, Jeeves?

JEEVES: The poet Swinburne's, sir. *Floruit circa 1890.* In early life he embraced Republican principles which rendered him unpopular in the Highest Quarter; but subsequently he enjoyed a not inconsiderable vogue, and it would be safe to hazard an excerpt from his works.

CHIEF: Very well, I'll make a note of that. Hounds of spring—winter's traces. Good. But now I'm in a bit of a difficulty. It seems to me, and I should like your opinion on it, that there's just a danger of my being taken to mean our tariffs and quotas are going to be reduced. Some of these fellows may not appreciate the difference between a tariff or a quota that a British Government puts on, and the tariff or quota that a foreigner puts on. See what I mean?

JEEVES: Most clearly, sir.

CHIEF: We know, of course, that our quotas are not economic barriers at all, but would you say that some of these foreigners or some of the Opposition might twist my words into meaning that ours ought to come down as well as the foreigner's?

JEEVES: The contingency is, I fear, one to be contemplated as a possibility, sir.

CHIEF: Then perhaps I had better follow up the cracking ice and the hounds of spring with a declaration that we aren't going to reduce our tariffs. Let 'em know that if anything is to happen to British tariffs and quotas they are going up.

JEEVES: I would not advocate a procedure of such an uncompromising character, sir. Foreign gentlemen are sometimes of a sourer disposition than that to which we are accustomed, and if you were to declare your purpose

in what might seem, if I am not taking a liberty in applying the word, a provocative style, they might proclaim themselves suspicious of the *bona fides* of His Majesty's Government. Many of them, I understand, are somewhat ill-disposed to British statesmen as a class and have at times gone to the length of openly charging them with hypocrisy.

CHIEF: Well, what would you suggest?

JEEVES: I would recommend, sir, the employment of what might be termed the *oratio obliqua* rather than the *oratio recta*. Your purpose might be expressed in such a manner that immediate cause of offence would not be given, while on the other hand, at a later stage in any slight controversy which may be engendered, you would be in a favourable position to point out that you had from the first entered a *caveat*.

CHIEF: How would you work it exactly?

JEEVES: If I might make the suggestion, sir, it would be judicious to take advantage of the simile of the Polar explorer and the welcome approach of a more clement season, and make use of it as a *terminus a quo* for the latter part of the speech.

CHIEF: You mean a starting point, Jeeves?

NOTES OF THE WEEK

Cabinet and Parliament.—Rumours of Mr Baldwin's impending resignation will be laid for the time by his arrival in London on Tuesday after a prolonged holiday in the country. Mr Baldwin's return was followed by a Cabinet meeting, at which Palestine and the East-End disorders are understood to have been discussed. The issues raised by Sir Oswald Mosley's methods are discussed in an article on page 99, and the Government's decision on the matter will be awaited with keen interest. So far nothing has emerged from the Cabinet meeting but a rebuke to the Jarrow unemployed "marchers." Doubtless such "marches" are of questionable value; but if the Government were taking steps to revive the abandoned Jarrow steel project, the rebuke would be more justifiable. Simultaneously with Wednesday's Cabinet meeting came the news of the death in Zürich of Sir Godfrey Collins, Secretary of State for Scotland. Sir Godfrey Collins, who was little known to the public, joined the Cabinet as a Simonite Liberal in 1932. With this week's Cabinet meeting the political season, which began with the recent Party Conferences, has got into full swing; and Parliament is due to re-assemble in ten days' time. Its programme includes the insurance of black-coated workers; various agricultural Bills embracing provisions for the Government's long-term meat policy; the Coal Mines Bill abandoned last summer; an amendment of the National Health Insurance Act; some undisclosed advance towards a nutrition policy; and, it is hoped, measures for the preservation of order at political meetings and demonstrations. The programme is not a very ambitious one. Militarism on the Continent, it is only too clear, is interfering with social progress in Great Britain as well as on the Continent itself; and a great deal of Parliament's time will inevitably be taken up with the lowering international situation.

Housing Progress.—The latest housing figures confirm the conclusion, reached in the article on Housing and Building in our issue of September 26th, that no contraction is likely for some time in the volume of building activity. Quite apart from the increase in commercial building, which will probably in itself offset the slight fall in the building of houses by private enterprise, re-housing activity arising out of the slum-clearance and overcrowding campaigns is likely to remain high for another two years. Out of 300,000 houses actually to be built under the slum-clearance campaign, about 110,000 houses have been completed; and 57,302 were under construction at the end of August. Nearly 150,000 houses not yet begun will there-

JEEVES: Precisely, sir. Employing the cracking of the ice and the hounds of spring as a *terminus a quo*, or starting point, I would recommend your envisaging the explorer stationed on the deck of his vessel. . . .

CHIEF: Or bridge, Jeeves?

JEEVES: Certainly, sir, on the deck or bridge, whichever you prefer. He is concerned that the ice should crack in the right places. It would, in fact, be foreign to his policy to encourage any cracking of ice to his own detriment. The theme could also be further developed so as to explain, or at least indicate, that H.M.G. contemplated the removal not of all tariffs and quotas, but merely those of an excessive or unjustifiable character. It will, of course, be necessary to state very precisely that none of our tariffs and quotas fall into the latter category. But if any sour-minded foreigners make any ill-advised suggestion for the lowering of British duties, you can invoke your imagery of cracking ice and hounds of spring as equivalent to an emphatic *nolle prosequi*.

CHIEF: Thank you, Jeeves. Most helpful. It looks as though you are going to be invaluable here.

JEEVES: I endeavour to give satisfaction, sir.

He shimmers out of the room.

fore have to be built under the slum-clearance scheme by September, 1938. A further 200,000 houses at least have to be built under the "Overcrowding" Bill. The maintenance of the present rate of building of about 300,000 houses a year consequently seems likely (unless there is a catastrophic drop in private building) for eighteen months or two years. The significance of these facts, in the light of the general economic outlook, are considered in an article on Monetary Policy on page 102.

* * *

The End of the Palestine Strike.—The strike in Palestine has been called off; the violent resisters have been asked by their leaders to lay down arms; and an atmosphere of rejoicing reigns. For the present armistice in Palestine we have to thank the four Arab sovereigns, King Ibn Saud of the Nejd and Hedjaz, King Ghazi of Iraq, the Emir Abdullah of Transjordan, and the Imam Yahia of the Yemen. Appeals couched in almost identical terms for a cessation of the strike and the bloodshed in Palestine, from the first three of these four neighbouring Arab rulers, came under consideration by the Palestinian Higher Arab Committee on October 9th. On the strength of these appeals, the Committee nerved itself to take the difficult step of calling upon the community which it represents to cease resistance; and the Arab strike in Palestine was duly terminated last Monday. The Committee is also doing what it can to persuade the guerrillas in the hills to stop fighting. This far-reaching action on the Arab side has been taken without any conditions being asked of, or conceded by, the Mandatory Power. In calling upon the Palestinian Committee to "resolve for peace in order to save further shedding of blood," the Arab rulers declare in their letter that "in doing this we rely on the good intentions of Great Britain, who has declared that she will do justice," and at the same time they add: "You must be confident that we will continue our efforts to assist you." Thus the honour of these three Arab rulers is explicitly engaged to see that the Palestinian Arabs shall not suffer for having returned unconditionally to pacific methods of political action on the three rulers' explicit recommendation. Honour and interest alike should now counsel the Mandatory Power to arrange terms of settlement between Arabs and Jews that will commend themselves—not only to the Arab princes but to the public opinion of the world at large—as being really fair and statesmanlike. The Royal Commission ought now to go out to Palestine with all possible speed.

Where Stands Germany?—The Anglo-Franco-American currency agreement, the Italian and other re-alignments to which it gave rise, and the gradual movement towards an expansion of trade among the countries concerned have combined to emphasise Germany's political and economic isolation in Europe. Her economic isolation—the joint effect of the "New Plan," which bilaterally controls trade with each separate country, and of the consequently rigid exchange-control system—has already lasted a long time; and though she has been able to exact commercial credits for her imports by an astute "blocking" of the commercial debts thus incurred, the resultant "additional exports" have barely been more than tolerated with ill-grace by their foreign recipients. Rising world prices and expanding free markets outside Germany are already making the German import market less attractive. On the political side, the refusal of Signor Mussolini to quit the League after its acceptance of the Abyssinian delegate's credentials, and the devaluation of the lira, have raised the stock of Britain and France; while the anti-Russian fulminations and the continuance of Herr Greiser's attempts to put all Danzig under the heel of the Nazis—he is to visit Herr Hitler after this week's banning of the Social-Democratic Party in Danzig—have reinforced the tendency of Poland to organise defence of her interests, territory and neutrality. The Polish authorities' reaffirmation of the alliance with France even poses a strategical and economic problem for the Nazis; for ever since they came into power they have reckoned with the benevolent passivity, if not active assistance, of Poland in their Eastern and Central European policy. Consequently, after the 1934 ten-year pact, they never fortified the eastern marches of Germany. To-day, the rapid rearmament of the entire Rhineland zone may be slowed down by necessity to divert men and material to the East. Moreover, Germany this autumn has had a poor harvest and will need to import more foodstuffs from her neighbours at considerably higher prices than a year or two ago. This will *pro tanto* reduce her ability to accelerate—perhaps even to maintain—her imports of industrial raw and war materials. Such is the unexpected effect of the strait-jacket which the "New Plan" has clapped around Germany's trade.

* * *

Dr. Schacht's Problem.—In all these circumstances Dr. Schacht faces a grievous dilemma: devaluation can only bring advantages if trade and the exchanges are eventually freed; that means the end of the "New Plan" and the certainty of attempts to export capital; and there are no "free Reichsmarks" to devalue, owing to the complete interdependence of the exchange-control and the bilateral foreign-trade control in Germany, and to the subsidisation of exports by the array of already devalued "blocked" marks. Accordingly, the division of counsels between those who wish to retain the strategic "New Plan" at all costs and those who desire a gradual return to freer currency, industrial and trade conditions has lately been rendered more acute. It is scarcely surprising that the Nazi authorities should be holding conferences with the Führer, and that they should be vigorously protesting—in terms almost as provocative as the cause of their protestations—against the ill-chosen words of the French Communist leader in Alsace last week-end. It is difficult to-day for the Nazi authorities to dispel the feeling that their actions and policy in the last few months have helped to isolate Germany in Europe. Even so, such speeches as that of Herr Hess this week—in which he stoutly asserted that Germany would continue to make herself independent of other countries—can bring little comfort, either to Germans themselves or to the rest of us. Something more constructive than continual tirades, of the Nuremberg variety, against Russia and the Communist danger is now required from National-Socialism.

* * *

Storms Over Non-Intervention.—Two successive storms have been raised in the last few days in the International Committee in London which is superintending the execution of the agreement for non-intervention in Spain. According to an official *communiqué* published after the

critical meeting of the Committee on October 9th, the United Kingdom Government had taken, on the 6th, the step of communicating to the Committee certain documents, submitted by the Spanish Government, in which the Italian, German and Portuguese Governments were accused of serious infringements of the agreement in favour of the rebels. The chairman of the Committee also received two letters from the representative of the Soviet Union: one, dated the 6th, in which charges of violating the agreement were made against the Portuguese Government and a proposal was put forward that an international committee of investigation should be sent to the Portuguese-Spanish frontier; and another letter, dated the 7th, announcing that if violations of the agreement were not stopped immediately, the Soviet Government would consider itself free from the obligations arising out of the agreement. In taking these steps, which in themselves were just as legitimate as the British Government's action, the Russian Government put itself technically in the wrong by publishing the terms of its two letters before the London Committee had had an opportunity to consider them. This was apparently a breach of the Committee's agreed rules of procedure. The Russian contention would probably be that there is a virtual conspiracy in the Committee, between France and England on the one side and Italy, Germany and Portugal on the other, to use the Committee for a purpose which, whatever may be thought of it, is not that for which the Committee nominally exists. The second Russian Note, reinforced by the Russian Ambassador's visit to the Foreign Office on Wednesday, proposed Anglo-French naval supervision of Spanish water to secure non-intervention. While allegations of breaches of the non-intervention agreement are coming in thick and fast, the Committee dallies—and continues to dally in spite of the Russian attempt to speed up its operations. At the meeting on the 9th, all that happened was that the Portuguese representative withdrew and that there was a passage of arms between Signor Grandi and M. Kagan, the Russian representative. The charges were duly referred to the Governments against whom they were made, but (in the words of the *communiqué*) "no action could be taken on the statement made by the representative of the Soviet Union, in view of the fact that no concrete proposals were before the Committee on this occasion." The British Government's passivity may soon be held responsible for a situation most uncomfortable for the British Empire.

* * *

The Threat to Madrid.—The news from Spain this week is not so encouraging for the Spanish Government. While the Asturias miners are gradually winning Oviedo street by street, the three main forces of the rebel Generals—those centred on Toledo, the Sierra de Guadarrama to the north-west of the capital, and those under General Mola, due west—have been concentrated in a narrow semi-circle round Madrid. Rain has arrested the advance on the capital and permitted the Government forces to consolidate their strong defensive positions. But the discouraging feature is the growing number of aeroplanes, heavy guns and tanks which the rebel forces are now bringing into action; and though the Government's defensive positions are flung wider than the extreme ends of the rebels' forces, the threat of penetration of the Government's lines at the centre by the rebels' better-equipped armies seems quite as great as the Government's threat to outflank the rebels. However, despite aerial bombardments of Aranjuez, communications between Madrid and Valencia, its provisioning depot, are still open; nor have the rebel forces been able to advance from their positions down in the south-east, where Malaga and the whole littoral up to Barcelona and as far west as beyond Madrid still defy their efforts. It seems that, whatever happens round Madrid, the Government's forces are a very long way from crumbling. If the rebels were cut off from their suppliers of war material, or if both sides were allowed to obtain it freely, theirs would seem a hopeless enterprise. The effective ban on supplies to the Spanish Government which the so-called non-intervention pact constitutes is clearly at present the greatest asset of the rebels.

A King's Declaration.—On Wednesday King Leopold of Belgium presided over the first Council of Ministers since his accession, and his speech to the Council, convoked to discuss national defence, was published at the request of M. van Zeeland, the Prime Minister. The speech aroused wild alarm in Paris; but it scarcely constitutes a reversal of Belgian policy and obligations, as the French seem to think. The King emphasised the importance of Belgian neutrality and its defence; pointed out that in modern war the strategy of the surprise attack would not enable Belgium to rely on "friendly intervention" at the outset; that in consequence her defences must be such as would hold up any assailant; and that, as a result of the unilateral rupture of the Rhineland Locarno Pact by Germany last March, Belgium's position to-day was almost that which she occupied in Europe in 1914. The King urged that Belgium should eschew unilateral policy and anything approaching the taking of sides in policies of the Great Powers. (It is this that has apparently alarmed the French.) In this respect, King Leopold's declaration of Belgian policy approximates to the policy of Poland on the other side of Germany; namely, insistence on neutral rights and preparations to defend them with all the resources at her command. In view of the languishing state of the preparations for a Western European security agreement and for a general European settlement, the policy of Belgium and the new measures for lengthening military service are very important. It will be interesting to observe developments in Holland, Switzerland and the Scandinavian countries—the so-called neutral *bloc*—since in all these countries recent European events have necessitated increases and improvements in the defence forces. Their insistence on protecting their neutrals' rights may force Britain and France to consider European security as a whole.

* * *

Devaluation and Prices.—The natural readjustment of prices that was expected to follow devaluation is now taking place in France, Holland, Switzerland and elsewhere. Wholesale prices, that is to say, are rising moderately, and retail prices, owing to increased turnover and the easing of restrictions, are scarcely rising at all. The countries concerned are thus getting the best of both worlds, just as they got the worst of both when over-valuation caused low wholesale prices and trade restrictions prevented the cost of living from following. In France in the past fortnight the general level of wholesale prices, as our French correspondent shows in his letter this week (see also our note on prices on page 108), has risen less than 10 per cent., and retail prices have scarcely risen at all. In Holland and the Dutch East Indies the wholesale price of sugar has risen (our Amsterdam correspondent reports) by about 20 per cent., and the producers' profit margin has thus been restored. But the Government has prevented any rise in retail prices by reducing the Excise duty. The rise in the wholesale price of rubber has also restored profitable working to many companies operating in the Indies. The general business outlook in Holland is consequently greatly improved. In Switzerland some rise in retail prices is reported. But here again it is in the Government's power to restrain it by a removal of import restrictions. They have already reduced the sugar import duties, which, after the devaluation of the Czech crown and the record sugar crop in Czechoslovakia, will increase trade in Central Europe and keep retail prices down.

* * *

End of the Gas Dispute.—The suspension of the new gas tariff was announced by the South Metropolitan Gas Company on Wednesday. In future the old method of charge will apply, but there will be a slight increase, to be announced later, in the price of gas to all consumers. The company has thus wisely given way to the widespread campaign of protest that greeted the announcement of the new tariff last month. The effect of the tariff in discriminating against small, and therefore poor, consumers, was the chief subject of protest; and the new plan will avoid this discrimination, while enabling the company to increase

its charges. If the increase is slight and is justified by increases in the cost of raw materials, etc., it will in all probability be accepted by consumers without protest.

* * *

Copper Production and Prices.—On Monday the Standard cash copper quotation of the London Metal Exchange passed the £40 limit per ton for the first time for over four years. On Wednesday the official quotation at £40 18s. 9d. exceeded this year's "low" by no less than £6 9s. 5d. Nevertheless, further increases are quite possible as not only consumers and speculators but also most of the London metal merchants are in rather bullish mood. In these circumstances the speech of Mr. A. Chester Beatty, at the annual meeting of Roan Antelope on Wednesday, was timely. Mr Beatty pointed out *inter alia* that "it is not the policy of responsible leaders of the copper industry to curtail supplies unduly in order to force up prices." The parties to the restriction agreement consider that an unduly high price is good neither for producer nor for consumer, and flexible arrangements were set up so that increases or decreases in production could be made quickly to meet changes in market demands. Later, the leader of the Rhodesian copper producers referred to the two increases in quotas which were made recently, and said that this was in order to provide for the increased requirements, and that "the maintenance of the current rate of consumption will require an additional output of copper." This statement foreshadowed the increase in quotas on Thursday from 80 to 85 per cent. of assessed capacity. As leading Rhodesian copper producers have mentioned the £40 limit as a "peg" for the copper price in recent months, it is possible that restriction of copper production will be exercised in an even more liberal way in the future. Mr Beatty's statements and the increased quota are new proofs that the leaders of the copper industry know their duties and are willing to perform them in a far-sighted manner.

* * *

South Wales Coal Prices.—The decision of the Executive Board of the South Wales District (Coal Mines) Scheme to scrap its minimum price schedule is a challenge not only to the Central Council but also to the Executive Boards of the other regional schemes introduced by the 1930 Coal Mines Act for the regulation of the sale and supply of coal. The South Wales minimum schedule (writes a correspondent) has been the highest and the most uniformly enforced of those in operation in the principal exporting districts of the country; and many colliery firms believe this disability to be at least partly responsible for the fact that the South Wales export trade has suffered relatively more from competition in foreign markets than any other British coalfield, and that its output has declined during a period when that of the other districts has increased. The South Wales Executive Board has made repeated attempts during the last four or five years to secure a fair and effective co-ordination of district prices through the advisory machinery of the Central Council; but though prices on the North-East Coast, the Humber, and the Scottish ports have been increased during the past twelve months, the disparity still gives those districts a competitive advantage in both the inland and export trades, and the South Wales coalowners are not persuaded that there is sufficient unanimity among members of the Central Council to give a prompt application to its new statutory powers for the co-ordination of district schedules of minimum prices. Moreover, under the amended schemes for the centralisation of control over sales and prices which came into operation in each district as from the beginning of August, a considerable measure of administrative freedom is given to the newly created Sales Agents of

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

Central Control Boards. It is under the pressure of these circumstances that the Control Board in South Wales has been given the powers of differentiation which were denied to the Executive Board under the previous schemes. These new powers, however, may be exercised only within certain limits. At a meeting of South Wales colliery owners last week the view was expressed that the time had arrived when it was necessary in the interests of the district that "approved" prices should take the place of minimum prices, but the Control Board has been instructed that its approved prices shall not be less than the minimum prices in force on October 5th unless the Control Board is satisfied that such reduction will be to the advantage of the district; and that in fixing approved prices it shall have regard to the existing relative values of the classified coals, and to the channels through which trade is at present flowing. To what extent these restrictive conditions will limit competitive trading *vis-à-vis* other districts experience alone will show. But the incident illustrates the incompleteness of the marketing reorganisation which the amended schemes of August 1st were intended to promote, and will probably require the serious attention of the industry.

Iron and Steel Production.—Production in this country of steel ingots and castings in September for the first time exceeded one million tons. The average daily output rose from 33,000 tons in September, 1935, to 34,908 tons in August and 39,500 tons in September, 1936. Pig iron production last month was also appreciably higher than a year ago, and the number of blast furnaces in operation at the end of September was 111, against 109 a month earlier. Yet the expansion of production barely keeps pace with the increasing home demand. In some districts, for example, pig iron producers have now to ration consumers.

(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—January	543.4	759.9	74.3	193.6
February	529.6	855.9	89.3	183.8
March	544.3	907.3	101.2	224.0
April	529.5	903.3	77.0	215.8
May	559.3	811.5	119.0	190.3
June	595.5	911.7	119.9	184.8
July	584.7	936.5	123.2	167.8
August	629.8	980.1	130.3	163.4
September	629.8	984.2	120.8	177.5
October	661.0	963.0	117.5	204.1
November	644.1	965.9	110.6	173.5
December	665.6	974.1	170.3	216.1
1936—January	635.8	872.7	141.8	164.0
February	650.3	1,027.0	165.0	183.0

Moreover, the pressure of home demand has not only arrested the expansion of exports, but it has necessitated a considerable increase in imports, from 89,300 tons in September, 1935, to 165,300 tons in the past month. It is quite clear, therefore, that British producers entirely miscalculated the domestic demand and capacity at the time of the agreement with the International Crude Steel Cartel. That agreement, it will be remembered, provided for a considerable reduction in imports in consideration for a limited share in the export market. Meantime, home demand continues on the upgrade, and, incidentally, it is practically impossible to place orders for finished products except for far forward delivery.

Sterling and International Prices.—The past fortnight's movements in wholesale prices are particularly interesting; for they indicate the initial effects of the devaluation of the franc and other currencies. The first point to notice is that devaluation has in no way checked the rise in British or American prices. The *Economist's* complete British index number has risen by 0.4 per cent., and the primary products index by 0.6 per cent. In the United States the primary products index is also 0.6 per cent.

higher than a fortnight ago, and the decline in the Irving Fisher (complete) index is insignificant. In France, on the other hand, wholesale prices have risen during the past three weeks by 8.9 per cent., so that in spite of the lowering of tariffs, etc., prices are beginning to respond to devaluation. For imported goods alone the increase is 15.6 per cent., but for home-produced goods it is only 6.4 per cent. These movements are moderate when compared with the 36 per cent. appreciation of sterling against the franc.

SEPTEMBER 25, 1931 = 100

Date	Economist Indices			U.S.A., Irving Fisher	France, Statistique Générale	Italy, Milan, Chamber of Commerce	Germany, Statistisches Reichsanstalt
	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	88.1
1933 July 26th	108.1	120.6	124.7	145.7	100.9	89.7	86.6
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	81.7
July 31st	112.7	128.7	146.2	165.6	120.2	75.9	83.9
Oct. 22nd	118.4	133.6	144.9	166.4	123.7	79.1	107.3
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	147.0	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	119.8	142.4	160.8	163.1	122.2	88.8	96.1
Aug. 19th	119.4	141.9	163.2	162.7	121.9	88.8	95.8
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	121.9	90.9	95.8
Sept. 30th	121.8	144.5	159.6	165.0	121.8	96.4	95.9
Oct. 14th	122.3	145.3	160.6	167.1	121.5*	99.0*	95.9*

* These figures relate to October 7th.

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	Sept. 16, 1936	Sept. 30, 1936	Oct. 14, 1936
Cereals and meat	64.5	80.7	82.0	81.5
Other foods	62.2	62.5	61.6	62.0
Textiles	43.7	61.4	61.7	62.2
Minerals	67.4	84.3	84.2	84.7
Miscellaneous	65.8	77.3	77.0	77.4
Complete index ..	60.4	73.5	73.6	73.8
1913 = 100	83.1	101.1	101.3	101.6
1924 = 100	52.2	63.5	63.6	63.8

During the past fortnight, an advance in wheat, flour, oats and potatoes has been more than offset by declines in other cereals, and in meat. Among other foods, tea and butter are cheaper, but there have been increases in cheese and sugar. Cotton is firmer, but wool is unchanged. Among non-ferrous metals, tin is cheaper, but there were advances in copper and spelter. In the miscellaneous group there were increases in Swedish timber, leather, linseed oil and rubber.

British Shipbuilding.—The British shipbuilding industry is steadily extricating itself from the long period of depression. The tonnage supply and demand position is not only more favourable than for a number of years, but the sharp advance of freight rates since last May even revealed a shrinkage of capacity. That shipbuilders in this country are benefiting from the improvement in shipping is revealed by the latest quarterly returns of Lloyds Register. The gross tonnage of mercantile vessels launched increased from 113,000 tons in the third quarter of 1935 to 168,000 tons in the second quarter of this year and 212,000 tons in the third quarter. The tonnage commenced rose from 119,000 tons in July-September, 1935, to 282,000 tons and 293,000 tons, respectively, during the past two quarters. The gross tonnage under construction is again nearing the million ton mark, though the average quarterly tonnage in hand in 1929 was 1,455,000 tons. Actually, the gross tonnage in hand at the end of September was 920,000 tons, compared with 849,000 tons at the end of June and 837,000

tons a year ago. One disappointing feature is the virtual absence of export orders, which previously provided a substantial volume of work for British shipbuilders. At the end of last month, for example, only 5.1 per cent. of the tonnage under construction was intended for registration abroad or for sale, compared with 21.0 per cent. a year ago. In addition to the increase in the construction of mercantile tonnage, British shipbuilders have been given larger orders for the Navy. Altogether, prospects are fairly encouraging, though subsidised construction abroad may prevent the industry in this country from regaining its former share of the foreign demand for mercantile tonnage, the gross tonnage under construction abroad having increased from 667,000 tons to 1,183,000 tons during the past twelve months.

Marketing Schemes in 1935.—In at least one respect the Agricultural Marketing Acts have conferred a benefit upon one section of the community without inflicting damage upon another. The 1931 Act requires the Minister of Agriculture and the Secretary of State for Scotland to submit to Parliament an annual report on the schemes in operation during the year. These reports have generally been most informative, and the latest,* issued this week, contains a mass of interesting information. The reader of the report will learn that there were eight schemes in operation during 1935 and that a number of others were under consideration. Many statistical and other details concerning these schemes find a place in the report, which also contains in appendices the accounts of the several marketing boards. As in past years, the report will be of considerable interest to all who are concerned with the study of recent developments in the agricultural policy of the British Government.

Overseas Trade in September.—The recent tendency for imports to increase faster than exports is once more apparent in the trade returns for September. Imports, at £71,891,528, were the highest recorded in any month this year, and, compared with September last year, show an increase of 18.2 per cent. British exports, at £36,960,737, though above the average for the year, were only 8.4 per cent. more than in the corresponding month a year ago. Such comparisons with a year ago, however, are vitiated because there was one working-day more than in September last year, but after due allowance has been made, last month's figures still show some improvement. The following tables give details for the past three years:—

OVERSEAS TRADE IN SEPTEMBER
(000's omitted)

	1934	1935	1936	Change between 1935 and 1936	
Total imports	£ 57,913	£ 69,322	£ 71,891	+ 11,069	+ 18.2
British exports	33,957	34,098	36,961	+ 2,862	+ 8.4
Re-exports	3,250	3,811	3,855	+ 44	+ 1.2
Total exports	37,207	37,909	40,815	+ 2,906	+ 7.6
Excess of imports over exports	20,706	22,913	31,076	+ 8,163	+ 36.3
Transshipments under bond	1,858	2,046	2,770	+ 722	+ 35.9

OVERSEAS TRADE—FIRST NINE MONTHS
(000's omitted)

	1934	1935	1936	Change between 1935 and 1936	
Total imports	£ 536,906	£ 539,439	£ 608,008	+ 68,569	+ 12.7
British exports	289,048	311,796	320,092	+ 8,296	+ 2.7
Re-exports	39,674	40,554	45,533	+ 4,979	+ 12.3
Total exports	328,722	352,350	365,625	+ 13,275	+ 3.8
Excess of imports over exports	208,184	187,089	242,383	+ 55,294	+ 29.5
Transshipments under bond	17,504	17,975	20,579	+ 2,605	+ 14.5

The increase in imports was most marked in the raw materials group, in semi-manufactures (non-ferrous metals and iron and steel manufactures) and in machinery—an

* Report on Agricultural Marketing Schemes for the year 1935. Cmd. 5284. His Majesty's Stationery Office. 2s. net.

indication of the expansion of industrial activity. But it must also be remembered that prices of primary products have been rising during recent months. The improvement in exports was fairly well distributed.

Trade by Commodities.—Changes in the more important of our retained imports last month, compared with the September figures for the past two years, are shown in the following table:—

RETAINED IMPORTS
Month of September

Item and Measure	1934	1935	1936
Wheat	'000 cwt. 9,521	7,287	7,560
Beef and veal	'000 cwt. 1,128	953	1,128
Mutton and lamb	'000 cwt. 477	413	571
Sugar (unrefined)	'000 cwt. 3,125	3,619	3,331
Iron ore and scrap	'000 tons 403	468	582
Raw cotton	'000 cents 713	569	929
Sheep's and lambs' wool	'000 cents 156	215	250
Flax, hemp and jute	'000 galls. 42,881	48,137	49,469
Crude petroleum	'000 cwt. 15,326	11,630	16,607
Hides, wet and dry	'000 cwt. 82	134	169
Wood pulp	'000 tons 172	192	212
Rubber	'000 cents 252	251	...
Unwrought copper	tons 10,468	18,333	13,629
Pig lead	tons 22,844	18,641	30,006
Ore and concentrates	tons 1,467	3,728	4,304
Blocks, ingots, slabs and bars	tons 681	283	803
Iron and steel manufactures	'000 tons 89	89	165
Machinery	tons 5,395	5,623	9,038

An increase in wheat imports from Empire sources was more than sufficient to offset a heavy reduction in shipments from Argentina, the United States and Russia. Imports of meat were also higher compared with last year, but those of raw sugar showed a decline. Overseas purchases of textile fibres were considerably higher than a year ago, reflecting the improved demand by manufacturers in this country. A recovery in shipments from Mexico and Australia was the factor mainly responsible for the rise in imports of pig lead. The principal British exports are shown below:—

BRITISH EXPORTS
Month of September

Item and Measure	1934	1935	1936
Coal	'000 tons 3,541	2,929	3,031
Iron and steel scrap	tons 18,875	9,912	17,658
Pig-iron and ferro-alloys	tons 9,343	12,914	10,897
Railway material	tons 20,716	17,092	7,243
Total iron and steel manufactures	tons 194,952	183,785	183,023
Textile machinery	tons 5,388	5,191	3,616
Total machinery	tons 27,484	29,878	32,052
Cotton yarns	'000 lbs. 9,509	10,123	11,825
Cotton piece-goods	'000 sq. yds. 177,742	150,259	153,553
Wool tops	'000 lbs. 2,842	3,717	2,237
Worsted yarns	'000 lbs. 2,580	2,482	2,237
Woolen tissues	'000 sq. yds. 6,327	6,419	6,856
Worsted tissues	'000 sq. yds. 2,518	3,057	2,915
Linen piece-goods	'000 sq. yds. 5,501	4,965	6,788
Leather boots and shoes	dozen pairs 44,285	32,918	31,454
Leather	cwt. 15,265	20,627	17,764
Paper and cardboard	cwt. 290,298	332,401	406,177
Locomotives (complete and parts)	tons 767	1,598	618
Motor vehicles and chassis	number 5,094	5,723	7,065

There has been a welcome revival in coal exports, despite the continued absence of Italian demand, mainly owing to non-settlement of the large sums outstanding. Apart from an increase in exports of iron and steel scrap, recent tendencies in the iron and steel group continued during the past month. Exports of textile manufactures were again higher than in the corresponding month of 1935. The motor industry continues to make headway in foreign markets.

Six Months' Revenue Returns—A Correction.—In a Note on page 11 of the *Economist* of October 3rd, entitled "Six Months' Revenue Returns," the decline in the Revenue in the first half of the present financial year, as compared with the same period of the preceding year, was stated to be £1,163,756. This figure should have been £1,897,244. In the large table on the following page the figure was quoted correctly, but it was stated to be a net increase in revenue. This should have been a net decrease.

OVERSEAS CORRESPONDENCE

From our Correspondents in each centre

UNITED STATES

AUTUMN TRADE "BOOMING"

ON Friday, October 2nd, the day that the French markets opened, American shares advanced vigorously in the most active day's trading since late July—about the time that the franc crisis began to develop. Yet commodity markets scarcely show a ripple to mark the event. Generally speaking, Wall Street is now not inclined to look for immediate repercussions of importance on the American economy. Indeed, unusually heavy European buying is reported in the stock market.

Contrary to its usual habit, Wall Street seems little inclined to generalise about the new situation. It read and re-read the "Gentlemen's Agreement," and still was unable to reach the conclusions voiced here and there in the Press, that the three participating Governments had agreed to definitive stabilisation. It hopes that the Agreement opens the way to a removal of trade barriers, but in the creation of additional "stabilisation funds," with free traffic in gold now almost everywhere a State monopoly, it sees not a relaxation of restrictions but additional evidence that the spirit of economic nationalism is still in the ascendant.

Autumn business is so good that it could almost be described as booming. It lacks two distinct attributes of a boom—there is no one section of the economy that is active to an exaggerated degree, and there is no sellers' market in commodities. The nearest thing to a sellers' market is in labour, and, while labour disturbances are not yet an important economic factor, they are rather more pronounced than at any time since the autumn of 1934.

The production index of the Federal Reserve Board maintained in August the same figures as in July. The following table shows the data:—

BUSINESS INDICES

(1923-5 = 100)—Adjusted for Seasonal Variation

	Aug., 1934	Aug., 1935	July, 1936	Aug., 1936
Industrial production (total) ...	73	87	107	107
Manufactures	72	88	108	108
Minerals	80	81	101	98
Construction Contracts (total) ...	27	38	59	65
Residential	10	24	44	48
All other	40	50	71	78
Factory Employment	79.3	81.8	87.7	88.6
Factory payrolls	62.2	69.1	77.8	81.0
Freight car loadings	59	60	73	70
Department store sales	77	77	91	86

The following table shows the adjusted and the unadjusted indices for recent months:—

INDEX OF PRODUCTION

	Adjusted for Seasonal	Unadjusted
May	101	105
June	103	104
July	107	104
August	107	105

Except for building, which showed a considerable increase, there was little marked change between July and August. But, comparing August with a year ago, the gain in general production is almost 25 per cent.; while in residential building it is 100 per cent. Comparison with August, 1934, is even more striking—the increase in total production is just under 50 per cent. in two years, while residential building is now almost five times as active. This remarkable increase in production has occurred with only minor increases in price indices.

PRICE INDEX (B.L.S.)

	Aug., 1934	Aug., 1935	Aug., 1936
All commodities	76.4	80.5	81.6
Farm products	69.8	79.3	83.8
Foods	73.9	77.9	83.1
Hide and leather products	83.8	89.6	93.6
Textile products	70.8	70.9	70.9
Fuel and lighting materials	74.6	74.1	76.3
Metals and metal products	86.7	86.6	87.1
Building materials	85.8	85.4	86.9
Chemicals and drugs	75.7	78.6	79.8
House furnishings	81.8	80.5	81.4
Miscellaneous	70.2	67.3	71.5
All except farm products and foods	78.3	77.9	79.7

There are two distinct ways of viewing America's recovery—the first as a series of cyclical waves and the second as the emergence of successive layers of demand. According to the former interpretation, there have been three surges—the first which began in the summer of 1932 and slumped in the autumn and winter; the second (inflation boomlet) of the spring of 1933, which slumped off after July until August-September, 1934; and the third and most vigorous, which began in October, 1934, and is still in progress. Each of the three has been more vigorous, more comprehensive and more sustained than its predecessor; and each successive relapse after the first two did not fall quite so low as the previous bottom. According to the other interpretation, the first upturn of 1932 showed itself most vigorously in the area of the greatest previous pressure—the stock market; the second was almost confined to consumers' goods; the third has been most emphatic in durable or semi-durable goods, and its most obvious manifestations are in steel and residential building.

There is little doubt that September sustained the levels of August. Steel production was substantially higher. It did, however, include the transitions to the new motor-car models, and this factor will have some depressing influence on the index. Although October is not a week old, the reports from both the steel and motor industries indicate that that month will very likely lift the index to a still higher figure.

The foreign trade of August showed little change from July, but both imports and exports were higher than a year ago:—

EXTERNAL TRADE OF U.S.
(\$000,000)

	Exports	Imports
June	185	190
July	180	194
August	178	195
June	...	Gold
July	7	278
August	...	16
June	...	Silver
July	...	24
August	...	7
		17

In the first eight months of 1936 merchandise exports amounted to \$1,512 millions and imports to \$1,552 millions, compared with \$1,370 millions and \$1,341 millions respectively for the corresponding period of 1935. The result this year was a cumulated import surplus of \$40 millions—the first since 1926. Silver imports at \$140 millions were about \$10 millions less than in the first eight months of 1935, while net gold imports of just under \$600 millions were almost \$300 millions less. The shift in the American visible balance is one of the most striking phenomena of recent years. As late as 1930 America had an eight-month export surplus of \$465 millions, which was unusually large, but rather typical. As far as one can see, merchandise trade is not far from equilibrium; while gold imports reflect mostly the desires of foreigners either to buy American securities or to accumulate inactive dollar balances.

NEW YORK, October 6.

FRANCE

THE GOVERNMENT AND THE COMMUNISTS

THE conflict between the Government and the Communists is growing though both camps are showing the greatest prudence. The Communists arranged 52 meetings in Alsace-Lorraine. The Government authorised ten only, and the Communists gave in again; the meetings, moreover, were not a great success. The moderate veto of the Government had a counterpart in the measures taken against Colonel de la Rocque, the leader of the former "Croix de Feu," for having reconstituted his "Fascist League." A new meeting has now been announced by the Confédération Générale du Travail in Mulhouse, and the delegates of the C.G.T., who seem to have become dominated by the Communists since the fusion of the Socialist C.G.T. with the Communist C.G.T.U., are rebelling against the decision of the Government to prevent stay-in strikes.

The conflict is tiring both adversaries; the Communist Party, whose members are baffled by repeated retreats (on Spanish affairs, on devaluation, on the wages scale, on the Alsatian meetings, etc.); so that many are turning to the Anarchists, whose numbers are increasing, and others to the Socialists. As to the Government, public opinion, and notably its Radical-Socialist supporters, are reproaching it with being too lenient in dealing with the Communists. This agitation is impeding the return of confidence which, following devaluation, should be stimulating a recovery of business and coming to the assistance of the Treasury.

This week's events give a new importance to the Radical-Socialist Congress at Biarritz on October 22nd and 26th (the re-assembly of Parliament is planned for the end of November), and to the latest speeches of M. Blum and Senator Chautemps, who is still a leader of the Radicals and is frequently named as the next Prime Minister. M. Blum declared at Lens that he intended to maintain contact with Parliament as with the workers' organisations and added that he had every confidence in the good sense of his supporters. M. Chautemps said at Angers that if stay-in strikes continued the question of dissolving Parliament would arise. This warning, it is supposed, was not launched by M. Chautemps without the consent of President Lebrun, of the President of the Senate and even that of M. Blum.

POPULAR FRONT PROGRAMME "ACHIEVED"

It is difficult to discover the drift of opinion as a whole. There is certainly discord in the factories between the C.G.T. and the C.G.T.U. members, discord between the Trade Unions and Parliament, and discord between Paris and the provinces. It appears, moreover, that a large section of French opinion is annoyed by the Communist demonstrations against Berlin, which might be dangerous for peace. It is evident that after six months of social reforms, "an effort without parallel in history," the programme of the Rassemblement Populaire on which France voted in May has been achieved. Such rapid advance cannot go on long in a country which is moderate and which is aware that there are countries still more unfortunate in the world. Moreover, prices are rising. The Government is, therefore, trying to maintain the patience of those suffering from the rising cost of living (the middle classes) by announcing an audacious plan of fiscal reform, including a drastic limitation of the turnover tax. A certain revival of business is also apparent.

Much, if not all, will depend on the movement of prices. Prices had been rising a long time before devaluation, and the rise since devaluation is small:—

(1914 = 100)

	September, 1935	September, 1936	October 10, 1936
General index	345	407	438
National products	370	457	479
Imported products	299	319	363
Foodstuffs	343	447	469
Vegetable	304	487	543
Animal	365	412	442
Industrial products	346	373	411

The rise, as can be seen, is particularly pronounced in the case of agricultural products. This explains its rapid repercussion (before devaluation) on retail prices, which

rose from 460 in August to 483 in September, or 5 per cent. since August, 1936, and 20 per cent. since September, 1935. The cost of living for the second quarter of 1936 was 497, against 481 in the first quarter and 490 in the second quarter of 1935.

The Statistique Générale has just published its monthly figures showing industrial production in France (1913 = 100):—

	August, 1935	June, 1936	July, 1936	August, 1936
General index	93	98	98	93*
Engineering	96	101	100	98
Iron and steel	79	78	81	73
Textiles	66	60	58	51
Mines	98	94	102	87
Building (adjusted figures)	66	66	65	63
Leather (adjusted figures)	93	108	110	110
Paper (adjusted figures)	127	166	166	165
Rubber (adjusted figures)	761	970	959	936
Motors (adjusted figures)	402	425	418	404

* The month of paid holidays.

In the motor industry, 10,213 cars and 1,404 lorries were put on the road in August, compared with 15,503 and 1,898 in July. The figures for the cotton industry are as follows:—

	May, 1936	June, 1936	July, 1936	August, 1936
Spinning (average per spindle in kilograms):—				
Production	1,581	1,348	1,606	1,191
Deliveries	1,638	1,440	1,704	1,185
Stocks	1,717	1,652	1,652	1,714
Unfulfilled orders	5,856	5,557	5,069	4,765
Weaving (average per loom in pieces of 100 metres):—				
Production	5.49	5.08	5.46	3.21
Deliveries	5.68	6.05	6.23	3.95
Stocks	8.14	7.50	6.74	6.02
Unfulfilled orders	26.98	25.32	22.02	22.39

The first estimate of the total 1936 wheat crop is 67,500,000 quintals, to which a carry-over of 10,000,000 must be added. The total should thus be 77,500,000 quintals. The requirement for consumption is about 80 millions. If one remembers that nearly 8,000,000 quintals are of a bad quality, and on the other hand that consumption needs are lower than in the past, the imports necessary may be reduced to 5,000,000 quintals.

PARIS, October 15.

GERMANY

DEVALUATION AND TRADE POLICY

THE Bourse last week continued its "devaluation-rise," ignoring the warnings of competent private authorities who fully accept the official declaration that no change in the reichsmark's nominal value is contemplated. There are indeed private surmises, based on the threatening food and raw materials position, about a possible partial freeing of transfer, to be conceded in exchange for foreign credits. This is not very probable. An officially determined part of the mark currency is already transfer-free in the sense of being legally saleable for whatever it may fetch; and the suggested measure (which is indeed only vaguely described) would add a new complication. The *Frankfurter Zeitung* says with reason that "nothing less than the possibility of dispensing with exchange control along the whole line" would justify mark devaluation.

Of immediate interest is the question whether the gold bloc countries' devaluations will derange Germany's balances of trade and payments to the extent of reducing the supply of indispensable goods. It must be remembered that Germany has a margin of reserve in her debt-service. The debt-service agreements are expressly based on the assumption of export surpluses with nearly all creditor countries, among which the new "devaluers" are prominent; and if this condition ceases *force majeure* will probably be pleaded before the whole burden is shouldered by Germany.

As summarily presented here, the maintenance of the present trade balance with the new devaluation countries is

indispensable if Germany is to have any export surplus at all. In the first half of this year, in trade with all the world, imports were Rm. 2,111.0 million marks and exports Rm. 2,242.7 millions. The export surplus was thus Rm. 131.7 millions. The export surplus with Europe was exactly three times as great. Of this European export surplus three-quarters fell to five "devaluing" countries, France, Switzerland, Holland, Italy, and Czechoslovakia. In a mere clearing of marks against foreign currencies, devaluation of the latter does no harm to Germany's balance of payments; on the contrary it brings her a gain. But as in future operations this gain involves a rise in prices of German goods for foreign customers, it is assumed by the more pessimistic that the customers will buy from Germany's competitors, and that her exports, except possibly certain special or semi-monopoly goods, will decline sharply.

Optimists point to the probable general rise of prices in the devaluing countries, and the possibility of credit-expansion there; the tariff reductions; the fact that the now devalued currencies already stood too high in the exchange market; the clearing (debts and travel) interests of these countries, and their partial dependence on German goods. The last point is important. Exports to the three chief gold bloc countries had already declined heavily, contrary to the tendency in trade with certain other clearly-defined groups of countries.

It is certain that Germany will seek to counter disadvantages, if any, by new measures. The only measure so far announced affects railway rates. From October 2nd retrospectively the Railway Corporation has introduced what it calls "freight-rate equilibration" for export goods in transport *via* the land frontiers to Antwerp and Havre. The question of the export subsidies is again alive. Dr. Schacht's Press-organ remarks, with special reference to the new devaluations, that the outside world cannot object to an extension of this system; and the Institute for Trade Research refers to the subsidy system as a means for attaining "what other countries seek to attain by devaluation."

PAYING FOR THE EXPORT SUBSIDY

The first question is, where subsidy money is to come from. The subsidy system is treated here as a great mystery. The levy imposed early last year, though often referred to obliquely, has never been formally announced; its yield has therefore necessarily been concealed, and manufacturers have been forbidden to divulge its incidence on particular export trades. The sum raised to date is believed to have been Rm. 1,000 millions. Newspapers hint that more money must be raised; and one implies that it will not be raised by the old method—that is, from particular industries and individual concerns. Hence there is talk of a new general tax. It would be against precedent to advertise the subsidy-system by earmarking a tax for it; in fact, as long as no Budget and no expenditure returns are published, differentiation of taxes according to their purposes would be meaningless. The last, and since the Nazis attained office, the only substantial increase in taxation was this year's 50 per cent. advance in Corporation Income Tax. It is now announced that a Reich Industrial Tax will be imposed in the next financial year.

The total of unemployed declined in September by 63,000 to 1,035,000, as against 1,714,000 in September, 1935. According to the official report this was partly due to the lengthening of the period of military service. In August 71.5 per cent. of all working-places in industry were occupied, as against 71.2 per cent. in July. The greatest improvement was in iron and steel (90.9 per cent.). The Olympic Games, contrary to expectation, depressed retail trade; for the turnover in August was 4 per cent. above that of the same month of 1935, whereas in the first half-year it was 10 per cent. above. The output of manufactured consumption goods in the first half-year was 95.5 per cent. of that of 1928. The Steel Trust (Vereinigte Stahlwerke A.G.) returns coal output for the business year ending September 30th at 22,320,000 tons, against 19,440,000 in the preceding year; pig iron at 6,030,000 tons, against 4,780,000 tons; and ingot steel at 6,400,000 tons, against 5,200,000 tons. The engineering and motor

trades are still active. German motor exports continue to invade the South American market.

Reich tax receipts in the first five months of the financial year were Rm. 4,387 millions, against Rm. 3,657 millions in 1935. Of the Rm. 730 millions increase, Rm. 678 millions was in direct taxes and Rm. 52 millions in Customs and Excise. For the business year ending March 31st the Reich's post returns a net profit of Rm. 43.5 millions, against a loss of Rm. 23.6 millions in the preceding year.

Money this month has been somewhat easier, and after a long pause there has been some marketing of Gold Discount Bank promissory notes, the circulation of which by the end of September had fallen to around Rm. 30 millions, against nearly Rm. 800 millions at the end of June. In substance, the credit stringency continues. Repeated official statements that industry has become less liquid, and that this process will continue, seem to indicate that the Reich, whose armaments-financing by bills has been curtailed, is borrowing directly from, or not paying, its own contractors.

BERLIN, October 14.

NORWAY

TROTSKY AND THE COMING ELECTIONS

POLITICAL interest is chiefly focussed on the forthcoming elections, and the campaign is increasing in intensity every day. The clear Socialist victory in Sweden, the Trotsky imbroglio, and the already unpopular deposit tax are the most discussed issues of the campaign.

Foreign trade has been increasing steadily during the year, and the figures compare favourably with those of the preceding month and of July last year:—

(Kroner 000's omitted)					
Exports			Imports		
	July	August	July	August	
1935	43.8	51.5	63.6	63.6	
1936	51.1	51.8	65.1	74.3	

The increase in imports is due chiefly to heavy purchases of ships and machinery, raw and semi-manufactured metals and minerals, and dry goods. While the rise in exports during August is almost negligible, there was an increase during the first eight months of the year of 43 million kroner compared with the same period last year.

After protracted negotiations between the British and Norwegian Governments, an agreement has been reached for the limitation of the catch of whales in the coming season. The terms of the agreement call for a limitation of catching operations to the period December 8th to March 7th, i.e. 16 days shorter than last season. Further, the number of catchers has been limited, and the companies classified into three groups, according to the importance of the factories. Excepted from this arrangement are three British factories, which have been allowed larger quotas than the agreement would entitle them.

PRODUCTION AND EMPLOYMENT WELL MAINTAINED

The latest available figures of industrial production for July indicate a reduction of 17 points compared with June, but a rise of 16 points compared with July, 1935. The reduction is due to stoppage during the summer holidays. It appears from the figures that the degree of employment has been very well maintained in the capital goods industries, while the home and consumption industries show a falling off compared with the June figures. The brighter tone on the international freight markets has brought a good demand for Norwegian tonnage, and the number of laid-up vessels has decreased. On account of falling tank freight rates, however, the number of unemployed tank vessels increased considerably.

The repercussions of the various Continental devaluations of last month on the international exchange markets have not, so far, been very spectacular here; which is again a proof that Norway made the right decision when she attached her currency to sterling in 1931. The devaluation of the guilder will afford an appreciable saving to the Government, to various municipalities and to private traders, all of whom have raised loans in Holland.

The problem of financing industry, which has hitherto—with more or less success—been tackled by private commercial banks, has grown more and more complicated on account of the steadily increasing demands for efficiency and modern equipment. The Government has now initiated a scheme under which the financing of industrial undertakings is taken over by a State Bank for Industry, which has recently been established with a share capital of 10 million kroner. Well over one-half of this capital is owned by the Government, while the balance has been subscribed by a number of banks and semi-official institutions.

OSLO, October 10.

JUGOSLAVIA

BETTER EXPORT PROSPECTS

THE visits of Dr. Stojadinovitch to Czechoslovakia and Roumania have had as their sequel the extension of the political collaboration between the States of the Little Entente into the economic field, with the agreements for the supply of petroleum to Yugoslavia by Roumania and for the building of the long-debated bridge over the Danube at Turnu Severin. At home the chief event is the municipal elections which are being conducted by provinces, and which are still in progress. In Croatia, as expected, they have given an overwhelming majority for the list of Dr. Macek, and in Slovenia for the Government *bloc* under Dr. Korosec.

State finances for the first quarter of the financial year (April to June) showed satisfactory results as compared with last year. Revenue was 2,227.5 million dinars, or 4.2 per cent. more than in the first quarter of 1935. Direct taxation yielded 9 per cent. more than in 1935, and indirect taxation 7.5 per cent. more. Expenditure was 1,880 millions, and there was thus a surplus of 346.8 million dinars.

The harvest this year has been extremely good. Figures of the calculated export surplus of the three most important crops are as follows:—

	1935		1936	
	Exports		Export forecast	
Wheat	Volume	Value	Volume	Value
Maize	3,028 trucks	39.8 mill. d.	60,000 trucks	720 mill. d.
Prunes	38,771 "	313.0 "	220,000 "	2,200 "
	1,254 "	61.5 "	4,500 "	120 "

The prices of all three are being maintained by the Government Privileged Export Company, which is also busy securing markets. Czechoslovakia is buying wheat, and France has undertaken to take a quota of maize. Germany is to be a large buyer of wheat, fresh plums and prunes under the clearing arrangement, though there are indications that the Schacht agreement for the import of agricultural produce against the export of manufactured goods is not working out as smoothly as was expected. With good reserves of food at home and better exports than for some years past, the coming winter is anticipated with optimism. Prices are rising.

Foreign trade returns for the half-year and the two succeeding months were as follows:—

	1935				1936			
	Exports		Imports		Exports		Imports	
Half-year	Tons	Mill. d.	Tons	Mill. d.	Tons	Mill. d.	Tons	Mill. d.
July	1,580,523	1,774.9	441,179	1,746.3	1,112,178	1,631.4	479,442	2,000.7
August	277,961	305.8	80,845	300.1	213,880	329.9	71,728	312.6
8 months	297,250	310.3	62,191	276.9	239,587	372.2	63,286	274.2
	2,155,734	2,391.1	584,215	2,323.3	1,565,645	2,333.7	614,436	2,587.6

The import surplus for the half-year of 370 millions, compared with an export surplus in the first half of 1935

of 28 million dinars, shows that exports are still suffering from the loss of the Italian market. Germany now heads the trade list with 25.4 per cent. of Yugoslav exports and 23.5 per cent. of imports. Trade with Italy, however, is being reopened under the new six months' agreement operating from October 1, on a 100 per cent. compensation basis. In exchange for timber, cattle and corn, Yugoslavia will buy yarns, cars and fruit.

AN AGRICULTURAL DEBT SETTLEMENT

The long-awaited decree for the settlement of peasant debts, issued on September 26th, comes into force on November 15th. It involves some 800,000 debtors and a sum of about 600,000 million dinars (£24,000,000). Its two chief features are the reduction of the debt to the peasant and the taking over of the entire debt by the State through the Privileged Agrarian Bank. Debts up to 25,000 dinars are reduced by 50 per cent. and over that sum by 30 per cent. On the remaining debt interest is charged at 3 per cent. and redemption is spread over twelve years.

Mining reports record an increase of over 50 per cent. in the output of iron, bauxite and copper, and lively building activity has alleviated the depression in timber. Registered employment for the three months of 1936 was 625,871, against 565,739 in 1935, although registered unemployment stands at 14,000, against 11,000 in 1935. The series of strikes, now ended, succeeded in almost all cases in asserting the right of collective agreement and of the minimum wage.

The scheme of road-building for which 578 million dinars was allotted in the spring is now under way. Some 93 kilometres is being completed, and 402 kilometres are under construction. Altogether 323 millions are being spent on sections of the international London-Stambul route. In view of the record tourist season this year special attention is being paid to the roads in the Dalmatian coastal area.

BELGRADE, October 3.

TURKEY

FOREIGN TRADE EXPANDING

It is now four years since Turkey pegged her currency to the gold franc and seven years since she ceased to have an import surplus. The export surplus has been steadily maintained:—

	Exports	Imports
1933	£T.96,161,855	£T.74,675,881
1934	92,149,094	86,789,908
1935	95,861,137	88,823,480

The figures available for the first half of 1936 show a marked improvement, if one allows for the fact that the first half always shows an import surplus:—

	Exports	Imports
1934 (1st half year)	£T.28,408,953	£T.41,921,971
1935 (1st half year)	34,160,954	43,392,043
1936 (1st half year)	41,006,516	44,559,916

Ever since Turkey began her industrialisation, though Turkish products have maintained a satisfactory standard of quality when competing against foreign products, nevertheless, internal competition in articles exclusively produced at home has led to a rapid deterioration in quality. In order to preserve the standard of the Turkish silk industry, which from yarn to fabric is entirely national, the Government has now decreed the standardisation of silk tissues, and the maximum increase in weight through finishing as well as the minimum width, weight, number of threads, etc., for each category, such as crêpe de chine, crêpe birman, crêpe d'amour, crêpe Georgette, crêpe marocain and crêpe satin. The manufacturers besides are under obligation clearly to describe their products as artificial silk (when 100 per cent. artificial silk); as mixed silk; or pure silk (when really 100 per cent. pure silk).

ISTANBUL, October 1.

INDIA

IMPORTANCE OF THE PLANTING INDUSTRY

A WELL-DESERVED tribute to the planting industry was paid by Sir K. V. Reddi, the Acting Governor of Madras, recently, when opening the annual meeting of the United Planters' Association of Southern India. He said that the planting industry was one of the oldest and most important in this country. The remark draws attention to the important place which plantations occupy in the general and agricultural economy of India. That place is insufficiently appreciated. The Royal Commission on Agriculture, over which the present Viceroy presided, suggested that this might be due to the fact that Indian interests had not in the past been largely associated with the planting industry.

Tea from plantations is, after cotton and jute, the most important Indian export. Over the last sixty years there has been a four-fold increase in the area under tea, and production has increased ten-fold. The tea plantations give employment to over 850,000 people—a far larger number than finds work in any manufacturing industry in this country. Coffee growing gives employment to about 100,000 persons.

Attention has recently been drawn to the notable achievements of the Imperial Institute of Agricultural Research, which has now been moved from Pusa to Delhi, in the evolution of better varieties of food crops such as wheat, rice and various pulses and money-crops such as tobacco, sugarcane, oilseeds and cotton. Pusa wheats are now known even beyond the borders of India, and it was at this Institute that they were produced. These wheats have spread over about 6 million of acres in Northern India, and are the dominant wheats in the North-West Frontier Province, the United Provinces, and in Bihar and Orissa. Because of their high yielding power and good quality even at the modest estimate of an increased dividend of R. 1 per acre, over and above that of the desi crop, they have increased the return which the cultivator gets from his labour by crores of rupees. In Australia, also, the well-known Pusa 4 has met with success.

TOBACCO DEVELOPMENTS

Among the money-crops, tobacco is one which has assumed new importance in India in recent years. There are approximately one million acres of tobacco in India; and until recently the crop consisted almost entirely of coarse, dark, native tobaccos, but the introduction of American varieties and their hybridisation at Pusa with the Indian tobaccos, has given several kinds which grow well in India and yield a leaf suitable for cigarette manufacture. Experiments at Pusa in 1926 showed that it was possible to cure this leaf to the colour necessary for the modern cigarette, and a large manufacture of cheap cigarettes is now developing in the country. This is of great importance as, owing to the preferential duty on Empire-grown tobacco imported into the United Kingdom, Indian tobacco now plays a large part in the production of "pipe" tobacco for the United Kingdom market.

The production of new varieties of sugarcane was also carried on at Coimbatore, a sub-station of the Institute in South India. The new canes produced there were brought up to Pusa and grown on the Pusa Farm, where they were subjected to rigorous tests, and finally, those which were considered suitable were distributed over the cane growing tracts of Northern India. To-day Coimbatore sugarcane is a household word.

The area under improved varieties of crops in British India is now over 16,000,000 acres, representing an increase of over 20 per cent. in the last two years. The corresponding area in the States rose by 12 per cent. last year.

The statistical review of irrigation in India for 1934-35 just issued shows that the irrigation system can certainly be regarded as one of the wonders of the country. The area irrigated by Government works alone is nearly one-seventh of the whole area under crops in British India. The total capital outlay connected with irrigation, including works under construction, is Rs. 15,089 lakhs. The net return on capital comes to the satisfactory figure of 4.9 per cent. The value of the crops from areas receiving State irrigation

has benefited India to the extent of Rs. 9,111 lakhs. There are more than 300 irrigation schemes in operation in British India alone.

The report for 1935-36 of the Directorate of Civil Aviation of the Government of India shows remarkable increases in the carrying of mails and passengers across the country. Imperial Airways carried 82.2 tons of mail and 983 passengers compared with 59.2 tons of mails and 606 passengers in the previous year. Mail traffic on the trans-India service increased at an even more satisfactory rate than that on the England-India service.

BOMBAY, October 1.

LETTERS TO THE EDITOR
NEWS FROM MOSCOW

TO THE EDITOR OF THE ECONOMIST

SIR,—The publication in the *Economist* of October 10 of a letter from Moscow is something of a coincidence, because I was in course of writing to you on this subject. Speaking for myself and at least one other regular reader, more news of the U.S.S.R. from such a source as your paper would be enormously welcome. Would it not be possible to have regular weekly reports from the U.S.S.R. as you have from Berlin and Paris? To anyone following affairs, the value of reports of such quality and accurate objectivity as are the normal standards of *Economist* journalism, may be imagined. From such a point of view, and from the point of view of European and world economy, it seems that developments in the U.S.S.R. have at least as great a claim on the attention as have developments in Germany or France—and certainly a much better claim than have, say, some of the smaller European countries.

I notice also that the "State of Trade" Supplements, although including production statistics of the U.S.S.R., only occasionally give a report. Could this also be remedied? I must conclude with expressing my great appreciation of the admirable quality of your Moscow correspondent's report in to-day's issue.

I am, Sir,
Yours faithfully,
F. MEDDINGS.

174 Sutherland Avenue, W.9.
October 10, 1936.
[We propose in future to publish regular letters from Moscow in our Overseas Correspondence section, and to include a report on Russian economic conditions in our monthly Trade Supplement.—Ed., *Econ.*]

THE MECHANISM OF EXCHANGE FUNDS

TO THE EDITOR OF THE ECONOMIST

SIR,—The article in your issue of October 10th on the "Mechanism of the Exchange Funds" seems to underrate both the extent and the value of the freedom enjoyed by the authorities who are managing, in the new conditions, rates between currencies detached from gold.

It describes a series of transactions by which French balances held in this country are "repatriated," and suggests that under existing arrangements the result would be an expansion of credit in both countries, which, it is implied, would be undesirable and should be provided against by an alteration of practice. While it is no doubt true that if all the steps described were taken, both banking systems would be placed in a position to increase loans (though in the case of the British banking system only to the extent required to restore the deposit-cash ratio to the point at which it stood before the withdrawal of French balances took place), the salient feature of the situation is surely the freedom of the exchange authorities to take what steps they choose, i.e. either to restore the level of bankers' cash in full, or to restore it in part, or to leave it reduced by the transaction, as in your "Stage 1" it is.

The decision taken would or should be governed (within the limits of the Exchange Account's resources) by the desire to promote or check internal expansion in accordance with the needs of the moment, keeping step so far as is reasonable with the other countries within the exchange agreement. And it is just control over internal conditions, which constitutes the virtue of the new experimental arrangement as compared with an international gold standard on the old lines.

It is somewhat disconcerting, therefore, that you should appear to suggest, first, that the procedure ought to be so defined and formalised that action in any given circumstances would approach to the automatic; and, secondly, that it should be based on the theory that it is necessarily desirable that expansion in one of the countries concerned should be accompanied by restriction in another.

8 Milborne Grove, S.W.10.

Yours faithfully,
M. CURTIS.

[In our article on the "Mechanism of the Exchange Funds" we were mainly concerned to examine the technical effect of gold movements under existing conditions, without prejudice to the question how major international adjustments ought to be made. We propose to examine this question in a future article.—Ed., *Econ.*]

MONOPOLY AND COMPETITION

TO THE EDITOR OF THE ECONOMIST

SIR,—In the last issue of the *Economist* in your Note of the Week on Parliament and the Gas Dispute the following sentence appears:—

"In a democratic country even a 100-year-old monopoly may be well advised to bow to public opinion."

Your use of the word "monopoly" suggests that monopoly exists where one producing unit controls the supply of a service or commodity. But monopoly is more than that. It is the control of the supply of a commodity or service for which there are no substitutes at all, or no substitutes which can be marketed at a competitive price.

Now, notwithstanding any statutory authority behind the monopoly, as commodities or services arise which become (a) more and more substitutable for the monopoly, and (b) approach a price competitive with the monopoly price, the monopoly commodity or service loses its monopoly power and the controlling producing unit has to frame its policy to compete with the substitute.

And as electricity has fulfilled the two conditions in the preceding paragraph, the reason is clear why the public has power to protest against the Gas Company's new tariff and why the latter has bowed to public opinion.

Yours faithfully,
R. H. N. PYKETT.

4 Palin Street, Nottingham.
October 13, 1936.

SIR OSWALD MOSLEY'S METHODS

TO THE EDITOR OF THE ECONOMIST

SIR,—As a regular reader of the *Economist*, and one who has been inclined to rely upon the accuracy of its statements, it is distressing to note the inaccuracy and bias in your paragraph on Sir Oswald Mosley in your Notes of the Week in to-day's issue. If it is the uniform of Sir Oswald's followers which is so provocative, can you explain why in Manchester, when the procession was not in any uniform, the same attitude was adopted by self-styled lovers of freedom and Social-Democrats? If it is desirable to prevent Fascists conducting their propaganda in hostile quarters, is it not also desirable to prevent Communists doing the same?

And if a procession is to be forbidden as soon as it is clear that disorder is probable, is it not obvious that the opponents of any cause must in future organise disorder and so gain their end—the preservation of freedom? Is it the hall-mark of the freedom-lover to deny to others the freedom to wear such clothes as they wish? Or am I to have the liberty to express my love of freedom by collecting my friends to throw bricks at Mr Chamberlain because we dislike frock coats and top hats?

Yours faithfully,
S. W. TURNER.

249 Fulwood Road, Sheffield, 10.
October 10, 1936.

[We discuss the issues raised by Sir Oswald Mosley's methods in a leading article on page 99.—Ed. *Econ.*]

BOOKS AND PUBLICATIONS

THE PRIVATE ARMS TRADE *

"THIS book," writes Mr Noel-Baker rather regretfully, "sets forth only a tiny fraction of the evidence which would be revealed if the files of the arms firms could be searched." But it is difficult to dispute his claim that the "tiny fraction" of evidence he has so skilfully marshalled in 560 pages amply proves the case against the present system of the private manufacture of armaments.

* "The Private Manufacture of Armaments." By Philip Noel-Baker, M.P. Gollancz. Vol. I. 560 pages. 18s.

In a second volume Mr Noel-Baker proposes to examine at length the familiar argument that, whatever political disadvantage private manufacture may involve, it is offset by the technical advantage of the better arms-production which it ensures. The present volume is a penetrating study of the moral and political implications of the system. At a time when, as Lord Cecil says in a prefatory note, every decent citizen should be striving his utmost to maintain peace, "there exists a great industry with branches in every country and having a capital running into

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hundreds of millions of pounds, whose interest it is to promote war."

Without indulging in over-emphasis, Mr Noel-Baker recites the unpleasant pre-war and post-war history of these great interests and gives in detail major and minor examples of the way in which the traffickers in the commerce of destruction have stimulated the competition in arms in most countries of the world and increased the peril of war. He does not pretend that their promiscuous solicitations of orders even from potential enemies, their bribing of Ministers and officials, their influence over the Press, and their subsidising of "patriotic" societies have been the sole or principal cause of war. That they have been a serious contributory cause, is demonstrated by the logic of events.

The private manufacturers of arms are individually no more murderously inclined than the ordinary soldier behind the guns. Many of them are respectable, God-fearing persons who profess to be horrified at the suggestion that they have ever acted unpatriotically or anti-socially. It is not often that they are so self-revealing as the American commercial traveller in arms who, in a letter published by Senator Nye, admitted that "we are certainly in one hell of a business, where a fellow has to wish for trouble so as to make a living."

The celebrated Mr Mulliner, of the Coventry Ordnance Works, who started the German Dreadnought scare which brought high profit to his own firm and to others and made the Great War a little more certain, is said to have been an honest fellow who "loved his country" and believed himself to be a true patriot. There are to-day more Mulliners than ever; some of them not such honest fellows and considerably more cynical than the original Mulliner.

After the war the German armament industry, encouraged by the German General Staff, helped materially to reorganise the re-armament of Russia. Herr Stolzenberg, for instance, set up a chemical warfare factory on Russian soil; and Junkers built extensive aircraft works. In many other ways the German arms firms helped the Soviet Government to lay the foundations of its present military strength.

The element of private profit remains a deadly obstacle to international disarmament. It cannot be doubted—indeed, Mr Noel-Baker's evidence on the point is irresistible—that the immediate interest of the aircraft industry in military expansion played an important part in determining the tone and temper of technical Air opinion while the Disarmament Conference was at work, and that it was this body of technical opinion which "defeated the efforts of those who strove so nobly to demilitarise the air."

Mr Noel-Baker argues with passionate conviction that what is needed is some world-wide change which will end the evils that flow from private profits in every arms-producing country in Europe and the world. Unfavourable though the moment seems to be, he believes that the example of actual abolition in Great Britain might well prove decisive in its influence on the rest of the world.

SHORTER NOTICES

"Money and Banking." By George William Dowrie, Ph.D., John Wiley and Sons, Inc., and Chapman and Hall, Ltd. 512 pages. 16s. net.

In the great American Republic the number of books on money is already legion. The latest is a review—by the Professor of Finance in the Graduate School of Business, Stanford University—of past and present monetary doctrine. The author tells yet once more of battles long ago; he recounts the famous victory of the "compensated dollar" and the (temporary?) defeat of bimetalism; he revives forgotten controversies upon free versus regulated banking. He has in fact compiled a well-digested summary of monetary theory, for which his students will be duly grateful; and, happily diverging from the present practice of most writers on money, he has presented it in a vocabulary intelligible without a new dictionary. The treatment is, perhaps intentionally, elementary. The Professor makes only an approach to the theory of the value of money; but his approach falls short of the green. He leaves it "with the hope that readers will be sufficiently interested to read the writings of Hawtrey, Robertson, Pigou, Keynes and others." The valuable part of the book for English readers will be the admirable summary of recent monetary history in the United States.

"The Revival of Agriculture." Allen and Unwin. 138 pages. 3s. 6d.

The Rural Reconstruction Association is responsible for the preparation and publication of this book, which advocates an elaborate programme of planning for British agriculture to be administered by a National Federation of Agriculture in conjunction with a National Food Council. The aim of the Association is to render Great Britain as far as possible self-sufficient in the production of food. Although considerations of safety in war time and the relief of unemployment are mentioned, the policy is advocated principally in the interests of agricultural producers. It would not be quite true to say that the objections that are usually urged against an intensification of food production in Great Britain are ignored, but they are noticed only to be brushed aside without the type of reasoned refutation which might be expected. It is perhaps unfair for an economist to criticise these proposals on the ground that their economic reactions have not been sufficiently investigated, as the authors expressly disclaim any desire to stand well in the opinions of the adherents of "orthodox economic theories," the study of which is liable to give rise to "books that come to different conclusions." Indeed, to a reader trained in economic science, the book appears a little naïve, and disappoints the expectations aroused by the rather high-sounding Foreword of self-laudation.

BOOKS RECEIVED

- Under the Axe of Fascism.* By G. Salvemini. (London) Gollancz 445 pages. 7s. 6d. net.
- Farewell to Rousseau. A Critique of Liberal Democracy.* By C. W. H. Sutton. (London) Christophers, 22 Berners Street, W.1. 220 pages. 7s. 6d. net.
- A History of Europe.* By H. A. L. Fisher. Complete edition in one volume. (London) Edward Arnold & Co. 1,320 pages. 10s. 6d. net.
- The President's Control of the Tariff.* By J. D. Larkin. (London) H. Milford. 207 pages. 8s. 6d. net.
- Regional Types of British Agriculture.* Edited by J. P. Maxton. (London) Allen and Unwin. 318 pages. 12s. 6d. net.
- Southern India.* By Gilbert Slater. (London) Allen and Unwin. 383 pages. 15s. net.
- The Drama of Spain, 1931-1936.* By A. Ramos Oliveira. (London) National Council of Labour, Transport House, S.W.1. 24 pages. 2d.
- The Marketing of Australian and New Zealand Primary Products.* By W. Millar Smith. (London) Pitman. 352 pages. 12s. 6d. net.
- The Passing of the Gold Standard and the Fallacy of Depreciated Exchange.* By W. J. F. Collens. (London) Pitman. 31 pages. 1s. 6d. net.
- The Science of Public Finance.* Third Edition. By G. Findlay Shirras. (London) Macmillan. Vol. I. 520 pages. Vol. II. 625 pages. 42s. net, two volumes.
- The Middle Classes Then and Now.* By F. C. Palm. (London) Macmillan. 421 pages. 15s. net.
- Modernising our State Legislature.* By A. E. Buck. (Philadelphia) American Academy of Political and Social Service. 45 pages. No price stated.
- La Concentration bancaire en Belgique.* T. Van Puyvelde. (Antwerp) La Vie Economique et Sociale. 48 pages. No price stated.
- Annuaire de la Chambre de Commerce Française de Londres, 1936.* (London) 111-113, Queen Victoria Street, E.C.4. 232 pages. No price stated.
- Statut International de l'U.R.S.S. Etat Commercant.* By A. Stoupnitzky. (Paris) Librairie Générale de Droit et de Jurisprudence, 20, rue Soufflot, 5e Arrt. 486 pages. 50 frs.
- Le Chèque—Compensation Internationale devant l'Opinion.* By E. Milhaud. (Paris) Librairie du Recueil Sirey. 301 pages. 20 frs.

OFFICIAL PUBLICATIONS

- The following may be obtained from H.M. Stationery Office, Adastral House, Kingsway, W.C.2.
- Return of the Expenses of each Candidate at the General Election of November, 1935, in Great Britain and Northern Ireland.* 1s. 6d. net.
- Imperial Economic Committee: An Index of the Minor Forest Products of the British Empire.* 5s. net.
- East India: Return of the Budget of the Governor-General of India in Council for 1936-37.* 4s. net.
- Report of the Circuit Towns Committee.* Cmd. 5262. 2d. net.
- Report of the Chief Registrar of Friendly Societies for the year 1935.* Part I.—General. 9d. net.
- Home Office: Report on Conferences between Employers, Operatives and Inspectors concerning Fencing of Machinery and other Safety Precautions, First Aid and Temperature in Woollen and Worsted Factories.* 4d. net.

MONEY AND BANKING

GOLD REVALUATION PROBLEMS

THE supplementary tripartite Agreement between the British, French and American authorities, described in a Financial Note below, makes it clear that gold can henceforward be transferred freely between the Exchange Funds of the countries concerned, together with those of other countries who decide to co-operate. As we pointed out a fortnight ago, it represents no more than an essential adaptation of the financial machinery. Mr Morgenthau had some reason on his side in describing it as "a new gold standard way of doing business," for there is every prospect that exchange fluctuations will henceforward be moderated by international movements of gold. Yet it is a gold standard with three fundamental differences: (1) No country is bound to fix the price of gold definitely in its own currency, though as a matter of policy the American authorities are maintaining their price of \$35 per fine ounce; (2) The impact of gold gains or losses need not necessarily fall upon the central bank and the internal credit system of any country, but the Exchange Fund can be interposed as a buffer to receive the impact; (3) There is no new permanent gold parity for sterling (or as yet for the guilder), and so the Bank of England is under no immediate compulsion to revalue its gold.

Nevertheless, the question of the ultimate revaluation of the gold stock is naturally attracting a certain amount of attention; for other countries have not waited for permanent stabilisation before declaring an "interim dividend" out of the profits of revaluation. It will accordingly be of service to amplify a Note which was devoted to the subject in last week's *Economist*. As a preliminary the relevant legislation may be cited:—

Currency and Bank Notes Act, 1928

Section 6 (1).—The Bank shall at such times and in such manner as may be agreed between the Treasury and the Bank, pay to the Treasury an amount equal to the profits arising in respect of each year in the Issue Department . . .

Finance Act, 1932

Section 25 (3).—Whenever any gold is purchased or sold on account of the Issue Department [of the Bank] during the existence of the Exchange Equalisation Account, the amount by which the price of the gold exceeds the fixed value thereof [i.e., 77s. 10½d. per standard ounce] shall, in the case of a purchase, be made good to the Issue Department from the Account, and, in the case of a sale, be made good to the Account from the Issue Department.

Section 25 (4).—Immediately before the Account is wound up, the amount by which the market value . . . of the gold then held in the Issue Department exceeds its fixed value shall be made good by the Department to the Account.

Section 26.—On the winding up of the Account the assets thereof shall be applied in such manner as the Treasury may direct for the redemption of debt . . .

The difference between the £250 millions of gold now held by the Bank and valued at 85s. per fine ounce, and the same physical quantity of gold revalued at, say, 144s. per fine ounce is about £175 millions. It is quite clear from a recital of the above legislation that as the Bank has already been compensated for the losses on its current gold purchases, the Issue Department has an unrealised profit amounting to the whole of this sum. The Act of 1928, disposing of the profits of the Issue Department, was passed at a time when no one dreamed that we could ever go off gold. The Act of 1932, setting up the Exchange Equalisation Account, was chiefly concerned with providing for the practical consequences of a divergence between the Bank's statutory price and the current market price of gold. Its framers, however, did apparently envisage a time when we might restore the gold standard, revalue the Bank's gold, and wind up the Exchange Equalisation Account. In that event the profit on the revaluation of the Bank's gold is to go to the Exchange

Equalisation Account and is to be applied, with the Account's other assets, to the reduction of the National Debt. But let us suppose that the Exchange Account is not wound up when the Bank's gold is revalued. Then Section 25 (4) of the 1932 Act does not apply, and it appears that under Section 6 (1) of the 1928 Act the profit of £175 millions will be paid to the Treasury and will rank as current revenue.

While it is clear that the Government will obtain this profit, it appears entirely a matter of chance, depending on the fate of the Exchange Equalisation Account, whether this huge amount must be applied to the redemption of debt or can be brought into the year's revenue. Clearly, this is a doubt which must be removed in advance, and it can only be removed by legislation.

There is another vital point on which ambiguity appears to prevail, namely, the ultimate destination of the gold itself. In place of the Bank's gold reserve of £250 millions (assuming to-day's figure for purposes of illustration) there will be a gold reserve of £425 millions, apart from the large but unknown quantity of gold now held by the Exchange Equalisation Account. The fact that the Government takes the profit does not necessarily mean that the Government takes the gold. The full £425 millions may remain in the Bank, and the consequential changes in the Bank return would, according to their nature, be of the utmost importance.

To prove this, let us recite some of the various alternatives:—

(1) The Government takes both the gold and the profit—that is, it buys £175 millions of gold from the Bank and pays for it with its profit of £175 millions. In this event, the position of the Bank is entirely unaltered by the revaluation of its gold and the subsequent changes. The Government, however, would be committed either to retaining the Exchange Equalisation Account in being, with its gold holdings increased by £175 millions, or of finding some other way of holding its gold. Nevertheless, this would be a simple and "neutral" solution.

(2) The Government takes the profit, but the Bank keeps the gold. Initially, therefore, the following changes would occur in the Bank return:—

Issue Department

Gold	+ £175 millions
Notes issued to banking department	+ £175 millions

Banking Department

Reserve.....	+ £175 millions (additional notes)
Public Deposits	+ £175 millions (the Government's profit).

The Government's profit, however, would probably not remain in public deposits, but would be used somehow. These are the alternatives:—

(a) A reduction of £175 millions in the fiduciary note issue as permitted by Section 2 (2) of the 1928 Act. The net result then would be:—

Issue Department

Gold	+ £175 millions
Securities	— £175 millions

Banking Department

No change.

(b) The redemption of debt held outside the Bank, or an application of the profit to current expenditure. In either event the sum of £175 millions so disbursed must find its way out of public deposits and into the cash reserves of the joint-stock banks, or more precisely into their deposits at the Bank of England.

The net result would then be:—

Issue Department

Gold	+ £175 millions
Notes issued to banking department	+ £175 millions

Banking Department

Reserve	+ £175 millions
Bankers' deposits	+ £175 millions

General Banking System

Joint-stock bank cash + £175 millions, permitting theoretically an expansion of £1,750 millions in bank deposits (now about £2,000 millions).

This last result so obviously represents a "gold inflation" of astronomical proportions, that we do not suggest for one moment that it would be allowed to come about. What its enunciation actually shows is that this position could arise unless something were done to prevent it. Thus the need for further legislation is imperative, and this in turn raises questions of policy.

First of all, there is no need to revalue the Bank's gold at once, and this for the time being is the best way out of the difficulty. In any case, the first need is for the Government to recognise that the fiduciary note issue should not be rigid, but should be varied according to circumstances, free use being made of the powers contained in the 1928 Act. Legislation will also be needed if it is desired to ensure that the profits on the revaluation of the Bank's gold are applied to the redemption of debt, regardless of whether the Equalisation Account is wound up or not. In practice it would be best to apply initially the whole of the profit to a reduction of the fiduciary note issue, and then to increase the fiduciary note issue from time to time as circumstances warranted at subsequent dates—for example, if it was thought desirable to check a downward trend of the trade cycle. There is no need to be precise on this point at present. For the moment revaluation of the Bank's gold can well be postponed, and in the meantime the Government should realise the need for regularising the position and for passing in advance the necessary legislation.

FINANCIAL NOTES

Devaluation in Practice.—As we had anticipated, the United States authorities have bowed to the inevitable and have decided to extend their gold operations. On Monday evening a statement by the British Treasury announced that

Arrangements for technical co-operation with the monetary authorities in the United States have now been completed and a new regulation is being published by the Secretary of the Treasury of the United States which will enable gold to be obtained in the United States in exchange for dollars by any country which gives reciprocal facilities to the United States. His Majesty's Government have arranged for such facilities to be afforded in London to the United States authorities. This day-to-day working arrangement should greatly facilitate the technical operations of exchange control; similar arrangements have been made with the Bank of France so as to provide for effective co-operation between the three centres.

Mr Morgenthau hailed this new agreement with the words that it represented a new type of gold standard, but, as we show in the leading article in this section, this is a very fanciful description. Rather is it a mutual recognition of the obvious fact that if the three Governments are to co-operate their exchange funds must be free to deal in gold between each other. Dealings can no longer be restricted to the central banks of gold standard countries, as has been the American practice hitherto, for hardly any full gold standard country now exists. The Bank for International Settlements, at its monthly board meeting this week, has recognised the same difficulty. The board began by emphasising the need for stabilisation, but then admitted that under present conditions a new basis for the bank's accounts must be found, though in the meantime the present basis of the "old gold Swiss francs" is to be continued. The board intends to present a plan to the next general assembly in May, 1937. The board also recognises the need of modifying paragraphs 5 and 21 of the statutes, which limit the bank's dealings for its own account to currencies of gold or gold exchange standard countries.

Controlled Sales of Gold.—It cannot be said that the new technical agreement between the three Governments answers all questions and clears up every obscurity remaining over from the devaluation of the franc. For example, nothing is yet known of the probable effects upon the London gold market of official sales of gold to foreign Governments at a price fixed by the British Treasury. The "official" price of gold is apparently only to be fixed when there is an actual transaction to be accomplished between the Governments. But when it is fixed, will it prove to coincide with the price now fixed daily by the market, or will the Treasury have ideas of its own about the proper price of gold? If there is a new, and ultimately all-powerful, influence in the market, will any modification of the present arrangements for fixing the price be necessary? Or again, it would seem to be inconceivable that this agreement could have been reached without some parallel agreement between the British and American Treasuries on the rate of exchange to be maintained between the pound and the dollar; for on the surface the agreement would appear to strengthen the control of the British authorities over the value of the pound, and correspondingly to weaken the ability of the American Treasury to "defend" the dollar against a fall of the pound. But if there is such an agreement on the rate of exchange which is to be pegged, or on the limits within which the peg is to work, the market does not know, and has not been allowed to infer, its terms. If it is properly worked, the new arrangement might well develop into that satisfactory working compromise between rigidity and chaos for which the need has been felt ever since it became obvious that the old gold standard could never be restored. It would be a very great gain if the technique of the gold standard could be used to prevent day-to-day fluctuations in the exchanges, to balance transient disequilibria in the balances of payments, and to relieve international commerce of the very heavy burden of insuring against violent fluctuations of the exchanges, without at the same time barring the way to such alterations in the gold parities of the different currencies as are called for by changes in the real underlying circumstances. The new arrangement appears to be a long step in this direction; but before we can be sure, the questions asked above must be answered, either by official pronouncements or by the unfolding of events.

The Foreign Exchanges.—The world's exchange markets are now acclimatising themselves to the simultaneous intervention of three or four Control Funds, and while so far as can be judged the various authorities are working in co-operation, their intervention is certainly creating new conditions of working. Broadly speaking, the French Control has been trying to sell francs against both sterling and dollars with the dual object of covering such repatriation of French funds as is taking place and of building up a reserve. It has had no difficulty in buying sterling, but when trying to buy dollars it has found itself outbid by the market. The result is that while the pound-franc rate has been held at just over Frs. 105, the dollar-franc rate has been raised from Frs. 21.41 and Frs. 21.39 to Frs. 21.46. This rise in the latter rate has depressed the pound-dollar rate to under \$4.90, and there is a theory that the French Control is guided in its operations by the belief that sterling will fall to \$4.86. This week the French Bank rate has been reduced from 2½ to 2 per cent. The Swiss franc is also now under control. The New York rate has been allowed to rise from Sw. Frs. 4.32½ to Sw. Frs. 4.35½ per dollar, but the London rate has only moved from Sw. Frs. 21.25 to Sw. Frs. 21.30. Forward Swiss francs have remained steady at a small premium. The guilder has been erratic, and while it is rumoured that the Dutch Control has intervened there is no definite proof. The general view is that the guilder will weaken slowly, and forward guilders are still at a discount. The Czech crown is now quoted at Kc. 138-139 with no buyers, against Kc. 119-121 on October 2nd. The Polish zloty has not been devalued, but there is at present no market and the rate is only nominal at Zl. 26-26½. The Canadian dollar is following the American dollar in its appreciation against sterling.

French Gold Revaluation.—The revaluation of the Banque de France's gold stocks in the ratio of 65.5 : 49 has brought about certain changes in the Banque's assets and liabilities, but it is not entirely easy to see what has happened. On September 25th, immediately before devaluation, the Banque's gold amounted to Frs. 50,111 millions. Revaluation would have written this amount up to Frs. 66,800 millions, or an increase of about Frs. 16,700 millions. The actual increase shown in the return for October 2nd was only Frs. 7,200 millions, so that there is Frs. 9,500 millions unaccounted for. There are several possible explanations of this discrepancy, including (1) the transfer of gold to the new State Exchange Fund of Frs. 10,000 millions; (2) the earmarking of gold sufficient to cover the repayment of the London credit of £40 millions sterling (equal to about Frs. 3,000 millions at the old rate and just over Frs. 4,000 millions at the new rate); and (3) any changes in the physical quantity of gold held by the Banque de France during the week between September 25th and October 2nd. All these explanations are entirely surmises, and between them they could account for far more than the discrepancy of Frs. 9,500 millions. The return for October 9th showed a further increase of exactly Frs. 5,000 millions in the Banque's gold stocks.

	Sept. 25	Oct. 2	Oct. 9
	(Francs million)		
Gold	50,111	57,359	62,359
Provisional advances to State	15,903	12,304	12,303
Note circulation	83,750	86,027	85,778
Reserve ratio	54.4%	60.5%	63.4%

It is also not easy to see how the profit on revaluation has been so far applied. The reduction of Frs. 3,600 millions in provisional advances to the State clearly shows how some of it has been used, while if gold has been transferred from the Banque de France to the new Exchange Fund, it has of course taken an equivalent part of the profit with it. These are the only definite indications to be derived from the French Bank return. Any other changes are hidden by the daily ebb and flow of the Bank's business, which, like other spheres of French economic life, has been affected by the impact of devaluation.

September Clearing Bank Averages.—The September returns of the eleven English clearing banks indicate a further expansion in credit. Deposits have risen to a new high record, and the drop in cash probably reflects the conditions ruling at the end of September, when heavy Treasury bill payments absorbed an unusual amount of funds. This may also be the explanation of the September rise in call and short loans:—

	(In £ millions)					
	Sept., 1935	August, 1936	Sept., 1936	July, 1936	August, 1936	Sept., 1936
	(a)	(a)	(a)	(b)	(b)	(b)
Capital and reserves	125.7	125.8	125.8	131.8	131.8	131.8
Acceptances, etc.	90.4	97.1	95.3	101.2	103.5	101.8
Deposits (including undivided profits, etc.)	1,986.6	2,133.4	2,143.0	2,206.0	2,208.8	2,219.7
Total liabilities	2,202.7	2,356.3	2,364.1	2,439.0	2,444.1	2,453.3
Cash	204.7	222.3	218.5	221.7	230.0	226.1
Cheques, balances and items in transit	48.3	54.6	54.8	58.3	56.4	56.9
Money at call	142.4	150.5	153.5	153.0	157.7	161.2
Discounts	297.7	336.3	334.2	347.0	343.7	342.1
Investments	602.2	597.0	604.3	623.3	625.7	632.7
Loans and advances	747.9	830.1	835.1	864.9	857.2	862.5
Investments in affiliated banks	25.1	25.2	25.2	25.2	25.2	25.2
Cover for acceptances, pre-mises, etc.	134.4	140.3	138.5	101.2	148.2	146.6
Total assets	2,202.7	2,356.3	2,364.1	2,394.6	2,444.1	2,453.3

(a) Excludes District Bank.

(b) Includes District Bank.

Among the banks' earning assets, discounts are practically unchanged. This is not surprising, as September witnessed a reduction in tender issues of Treasury bills. Investments are appreciably higher for the first time for several months, while the upward trend of advances continues. The September cash ratio for the eleven banks taken together was as low as 10.2 per cent., but this was due to the temporary drop in the banks' cash at the end of the month.

The Dutch Exchange Fund.—Our Amsterdam correspondent writes that during the week ended October 13th the guilder followed a relatively stable course, on a level about 22 per cent. below the former gold parity. It is not known whether the Dutch Exchange Fund has yet intervened on the market, but it is clear that the Fund has been established. The evidence is that the balance sheet of the Netherlands Bank made up on October 5th reveals a reduction in the gold reserves of about Fl. 100 millions, and the Netherlands Bank reports that this reduction is due to its having placed part of its gold reserves at the disposal of the Equalisation Fund as working capital. Thus the Exchange Fund has been instituted by raising a loan, in the form of gold, from the Netherlands Bank, which shows it among "credits outstanding." The operation of the fund is to be kept a secret as far as possible, and it remains to be seen whether its actual working will ever be revealed. The situation on the Amsterdam money market remains fairly tight. In view of repatriation of capital, a more liquid money market had been expected, but the money rates actually show a rising curve since the devaluation, with the result that the market discount rate of 2½ per cent. and the prolongation rate of 2½ per cent. closely approach the official Bank rate of 3 per cent. Nevertheless, the bond market remains very firm.

The Money Market.—This week money has again been less plentiful than usual, and there was calling by the clearing banks on Monday, Wednesday and Thursday. The Bank return shows that a fair quantity of funds has remained in public deposits ever since the heavy Treasury bill payments at the end of last month. It is probable that the Government is preparing for dividend payments, amounting to about £16 millions in cash, which fall due on October 15th and November 1st. If so, money should again be plentiful next month.

	Sept. 24, 1936	Oct. 1, 1936	Oct. 8, 1936	Oct. 15, 1936
	%	%	%	%
Bank rate.....	2	2	2	2
Clearing banks' deposit rate ...	1½	1½	1½	1½
Short loan rate:—				
Clearing banks	1½-1*	1½-1*	1½-1*	1½-1*
Others	1½	1½	1½	1½
Discount rates:—				
Treasury bills	1½	1½	1½	1½
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.

The clearing banks have bought December Treasury bills at ½ per cent., but are not interested in January maturities. Three months' bank bills are quoted at 1½ per cent., but rates of 1½ per cent. have been paid in competition.

The Bank Return.—The currency withdrawn at the end of the September quarter has now returned, and so there has been a drop of £4.4 millions in the note circulation. There has also been some Continental dishoarding.

	BANK OF ENGLAND				
	Oct. 16, 1935	Sept. 23, 1936	Sept. 30, 1936	Oct. 7, 1936	Oct. 14, 1936
	£ mill.	£ mill.	£ mill.	£ mill.	£ mill.
Issue Department:—					
Gold	193.7	247.6	248.6	248.7	248.7
Note circulation	399.6	445.1	449.4	450.8	446.4
Banking Department:—					
Reserve	54.9	63.6	60.3	58.9	63.4
Public deposits.....	32.1	10.4	49.7	24.8	31.6
Bankers' deposits	78.8	108.0	60.7	84.2	82.2
Other deposits.....	37.8	38.8	40.9	40.9	41.2
Government securities ...	86.2	83.7	80.3	79.8	80.4
Discounts and advances..	13.7	7.9	8.6	9.3	9.6
Other securities	11.6	20.3	20.4	19.6	19.4
Proportion	36.9%	40.4%	39.8%	39.3%	40.8%

Normally the drop in the note circulation should have raised bankers' deposits, but this week, for reasons discussed in a previous Note, there has been a renewed diversion of funds to public deposits, and so bankers' deposits are slightly lower.

THE STOCK EXCHANGE

ELECTRICAL EQUIPMENT SHARES

ELECTRICAL engineering has been among the later trades to enter the recovery orbit. It is still little more than a year since the big rises in share prices and profits occurred. Crompton Parkinson shares, for example, made their great jump last year, and even this autumn General Electric ordinary, which had already seemed fully valued at 80s., have been as high as 95s. 9d. What is the present position of the industry? Are present share prices justified?

One of the notable points in the company accounts of the last year has been the uneven incidence of recovery. It is possible, indeed, to divide companies into two groups. Analysis reveals that, on the whole, the "recovery" group covers companies with substantial interests in the heavy electrical engineering trade, while the second includes such trades as switchgear, meters and wireless. The following table shows the results of ten companies, grouped on this basis, since 1931:—

(Earnings in £000)						
	1931	1932	1933	1934	1935	1936
Heavy Engineers						
Assoc. Electrical (Dec. 31)—						
Earned for ord.	94.5	149.5	110.4	248.8	355.8	...
Ord. div. %	4	4	3	6	8	...
Crompton Parkinson (Sept. 30)						
Earned for ord.	39.6*	63.0	58.5	88.2	190.2	...
Ord. div. %	24*	22½	12½†	12½†	12½†	...
English Electric (Dec. 31)—						
Earned for pref.	34.1	Dr11.9	Dr267.8	31.9	130.1	...
		No pref. divs. paid				
General Electric (Mar. 31)—						
Earned for ord.	380.0	329.5	319.2	282.5	438.3	750.0
Ord. div. %	10	8	8	8	10	15
Lancs. Dynamo (Dec. 31)—						
Earned for ord.	2.9	5.4	5.5	13.7	31.2	...
Ord. div. %	1½	2½	2½	5	10	...
Siemens (Dec. 31)—						
Earned for ord.	188.5	169.0	73.5	41.6	153.7	...
Ord. div. %	7½	6½	4	4	6	...
Switchgear, Meters, etc.						
Aron Electricity (Mar. 31)—						
Earned for ord.	Dr0.7	1.2	17.3	31.1	21.9	24.5
Ord. div. %	Nil	Nil	10	10	15	15
Ferranti (June 30)—						
Earned for ord.	35.7	25.4	21.9	33.2	19.3	...
Ord. div. %	6	6	6	6	6	...
Reynolds (Dec. 31)—						
Earned for ord.	103.8	96.1	90.5	75.1	77.2	...
Ord. div. %	12½	12½	12½	12½	12½	...
Sun Electrical (Apr. 30)—						
Earned for ord.	9.3	3.6	3.6	3.3	7.7	5.1
Ord. div. %	7½	5	5	5	6	5

* 15 months reduced to 12 months basis.
† And capital bonus of 5 per cent. in 1933, 7 per cent. in 1934, and 7 per cent. and 100 per cent. in 1935.

The table, in fact, gives investors the clue to the recent movement in share prices. The electrical manufacturing industry is, to a greater extent than is often realised, a capital construction trade. It is true that modern housing standards offer new openings for domestic apparatus, apart from the immediate demand for wiring and lighting, but the spectacular increase in building activity occurred well before the general electrical equipment manufacturers were enjoying the fruits of recovery. It is the "heavy" trade in generators, motors, converters and control gear which has been responsible for most of the recent improvement in profits, and which five years earlier were responsible for most of the fall.

By chance, the circumstances of the last depression emphasised this dependence on the heavy trades. During the latter half of the 'twenties the manufacturers rapidly extended their heavy departments, in anticipation of an expanding demand. The depression found the "heavy" departments over-expanded. By a coincidence, the completion of the "grid" released stand-by generating plant

to satisfy the rising consumption of electricity. The consequent saving on generating plant expenditure was estimated by the Central Electricity Board at £11.5 millions up to March, 1935—a very substantial loss to the manufacturers in the worst years of the depression. Further, the Central Electricity Board under-estimated the growth in demand for electricity in 1934-36, and having cut down the orders of 1932-33 were compelled to ask for urgent deliveries in 1934-36. Both domestic and foreign commercial demand followed approximately the same course.

The importance of the "heavy" departments is confirmed by the following table, which gives the value of the output of some of the more important sections, as shown by the Census of Production for 1924 and 1930 and by the "Import Duties" figures for 1933 and 1934. The figures show the great importance of the machinery section and the considerable contraction which it suffered between 1930 and 1933. By comparison, the relative stability and unimportance of the domestic lighting market is obvious. The sharp fall in cables output is due to lower raw material prices (which form a high proportion of manufacturing costs) and to the completion of the "grid."

Output values (in £ millions)

	1924	1930	1933	1934
Machinery	17.6	21.2	16.1	20.1
Cables and wire	18.7	19.2	11.9	14.7
Wireless (incl. valves)	6.3	8.4	13.0	16.7
Lighting (incl. lamps)	4.1	4.8	5.1	6.0
Telegraph and Telephone	3.9	6.1	3.8	4.0
Batteries	4.3	6.4	6.3	6.6
Total value (gross)	69.0	87.7	74.7	87.6
Total net output	33.0	44.8	40.9	46.4

For companies with substantial interests in the heavy departments, the sudden advent of recovery led to fuller employment of existing plant (in many cases improved during its enforced idleness) and drafts on ready supplies of trained labour. In such conditions profits were bound to jump. Investors must now decide whether most of the road from depression to full prosperity has been covered in that one bound.

There are, in fact, good grounds for expecting further significant improvements this year. On general grounds it can hardly be expected that the whole of the initial recovery movement was included in the 1935 accounts. Even if activity were merely maintained at the high levels of 1935, the results for the twelve months of the succeeding financial period would be better than for the previous year, when the trend was still rising. There are clear signs, however, of a further substantial rise this year. The most convenient index of activity in the heavy departments is the B.E.A.M.A. index of new orders, whose monthly movements for 1935 and 1936 are shown below:—

TOTAL HOME AND EXPORT ORDERS 1924=100

	Jan.	Feb.	Mar.	Apr.	May	June	July	Aug.	Sept.	Oct.	Nov.	Dec.
1935	140	146	141	144	146	144	136	124	116	116	128	133
1936	138	144	153	170	170	178	184	...	...	...	...	...

Though business this year opened at about the same level as 1935, the trend has been progressively stronger since March. As the index is constructed on a twelve months' moving average, it bears direct relevance to company profits.

To deal with the increasing flow of work, the industry has supplemented its capacity with new plant, which, having

been largely financed from surplus funds, may be expected to give a satisfactory and immediate return. The industry is still expanding its equipment, but at present it is probably working at—or near—full capacity, when allowance is made for necessary stand-by plant. Some heavy departments, indeed, are quite unable to give normal delivery of goods ordered.

This fact suggests a further reason for expecting satisfactory profits. Throughout the depression, prices were cut very fine in the heavy equipment section, and even at the end of last year chairmen were still complaining of narrow profit margins. There has been no sweeping increase in profit margins during the current year, for prime costs have tended to rise, but the pressure of demand has enabled the manufacturers to secure margins nearer to those which are prescribed in the industrial agreements.

There remains the question of higher raw material prices. It seems probable that these will not present a serious problem to the heavy departments of the industry. Although in such trades as cable making, costs of materials represent a high proportion of the total, the more complicated products of the heavy departments carry a higher percentage of fixed and wage costs. For the trade as a whole, the "Import Duties" figures for 1934 show that the total cost of materials purchased and used was £40,864,000, out of a gross output of £87,554,000. Copper, though the most important individual material, accounted for no more than £6,317,000, while "Other Materials Including Fuel" accounted for £29,935,000. While the industry is not insured against a further rise in raw material prices, the "spread" of the risk should at least save the heavy equipment producers from undue disturbance. Finally, and even more important, the trade agreements which govern most of the activities of these concerns provide that prices shall be fixed on an agreed basis of costs plus a given percentage for profit. In theory, therefore, higher costs should produce a higher absolute margin for profit, thus constituting a substantial buffer against losses from rising raw material costs—provided that wise purchasing policies have been followed.

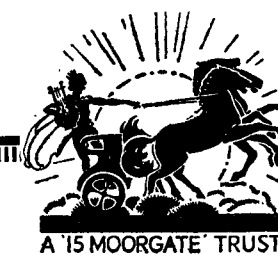
It would appear, therefore, that the current prospect is good. Investors are already discounting its fruits in confident fashion, as the following table shows:—

SHARE PRICES AND YIELDS

Company (and Denomination)	1929-35		1936		Pre- sent Price	Latest %		Yield
	High	Low	High	Low		Earnings	Dividend	
Assoc. Elec. Ind. (£1)...	58/6	14/-	55/6	42/-	53/3	9.4	8	£ s. d. 3 0 0
Crompton (5s.)	127/-	15/-	88/9	60/-	82/3	99.8	12.5*	0 15 0
Eng. Electric (£1 Pref.)	24/6	2/6	28/6	21/-	28/-	1	Nil	Nil
G.E.C. (£1)	81/3	32/3	95/9	73/3	91/9	25.8	15	3 5 6
Lancs. Dynamo (£1)	30/4½	6/6	62/0½	29/9	60/-	15.5	10	3 6 9
Siemens (£1)	33/6	15/10½	33/9	25/3	29/3	6.4	6	4 2 0
Aron Elec. Meter (£1)	73/3	7/3	69/6	57/6	62/6	21.1	15	4 16 0
Ferranti (£1 Pref.)	31/5½	17/6	29/3	25/-	28/9	1	7	4 17 6
Reynolds (£1)	71/-	32/3	78/1½	65/6	72/6	13.4	12½	3 9 0
Sun Electrical (£1)	30/6	14/6	21/3	19/-	20/-	5.7	5	5 0 0

* And capital bonuses of 7 per cent. and 100 per cent. † Earnings for 1935 covered normal preference requirements 1½ times. Dividends in arrears, ranking from January, 1934. ‡ Latest earnings covered preference dividend twice. 6.6 per cent. earned and 6 per cent. paid on ordinary.

For the longer view, the investor must bear in mind that the volume of capital construction, which at present favours the trade, may ultimately recede. Any new depression cycle should not again be intensified by the same fortuitous coincidences which operated in 1931-32, but at best the industry can hardly avoid the fluctuations of a capital construction trade. It can, on the other hand, reasonably expect the advantage of an expanding market for a considerable time to come. The tide of electrification is still flowing strongly, and though British industry is now calculated to be about 73 per cent. electrified, it must progress further to reach percentages well into the 80's, which are shown by Germany and America. Moreover, even when the phase of "extensive" expansion is passed, there will still be an important "intensive" development to be served. Where strong finances permit companies to even out the effects of fluctuation, electrical manufacturing shares offer both for the immediate future and for a long-term holding a sound investment.



By investing in

HUNDRED SECURITIES TRUST

you spread your capital over as many as 100 first-class dividend-paying British securities covering the whole range of sound British investment, including Government funds, banking, insurance, property, commerce and industry. The yield is approximately

4½%

NOTE. This is the approximate Gross Annual Yield at a price of 23s. 3d. per sub-unit, calculated solely on the cash dividends paid in the past year on the 100 selected securities. Capital bonuses are excluded from the computation of yield. An addition to the yield may be expected from the sale of any new issue rights or broken capital bonuses.

THE INVESTMENTS OF THE TRUST ARE DISTRIBUTED APPROX. AS FOLLOWS:—

Government Funds	...	5%
Banking and Insurance	...	2%
Iron, Coal & Steel	...	10%
Transport & Communication	...	8%
Light, Power & Electrical Equipment	...	10%
Property, Building & Allied Trades	...	7%
Stores, Catering & Foodstuffs	...	10%
Breweries & Tobacco	...	5%
Gold Mining	...	11%
Textiles	...	4%
Oil	...	4%
Cinemas	...	5%
Newspapers & Paper Trades	...	9%
Miscellaneous	...	10%

LLOYDS BANK LIMITED are Custodian Trustees of the underlying securities. They collect the dividends thereon and distribute the income to Sub-Unit Holders on June 15th and December 15th each year during the 15-year life of the Trust.

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1. Sums of approximately £23 and upwards may be invested through any bank or stockbroker.
2. The Managers have full power to make the Trust cumulative by retaining capital Bonuses in the Trust if considered desirable, thereby augmenting the capital value and earning power of the investment.
3. All the securities in the Trust are quoted on the London Stock Exchange and constitute a list which is representative of the soundest elements in British financial, industrial and commercial life.
4. Provision for continuity of management has been made by the creation of a special fund administered by the Trustees. Security Trust Managers Ltd., the Managers of the Trust, are controlled by interests associated with Dawney Day & Company, Ltd., Merchant Bankers, 15, Moorgate, London, E.C.2.
5. Sub-units are readily marketable since the Managers undertake to repurchase any sub-units offered to them, as explained in the Booklet.

Applications for sub-units will only be accepted on the basis of the information contained in the descriptive Booklet ECI, which can be obtained, free of charge from the Managers.

SECURITY TRUST MANAGERS LTD.

Member of the Association of Fixed & Flexible Trust Managers

15, Moorgate, London, E.C.2.

Telephone: Metropolitan 3622 (15 lines).

BRANCH OFFICE: 7, Pall Mall, Manchester, 2.

Telephone: Deansgate 2316 (2 lines).

INVESTMENT NOTES

The Morris Placing.—Several points are raised by the marketing of Morris Motors ordinary capital this week. Hitherto, the investing public has been interested only in the 7½ per cent. preference shares. Permission to deal was obtained for the whole ordinary capital, which has recently been increased to £2,650,000. One quarter of the whole—2,650,000 units of 5s. each—were made available to the market at 37s. 6d., but public demand proved so strong that even after increasing the supply, slightly less than 5 per cent. of requirements were covered. Dealings commenced on Thursday at 39s., and after one of the most hectic days in the memory of the "House," the price closed at 41s. 10½d. The statement "for information," published on Tuesday, gave detailed particulars of recent capital changes, but provided no information regarding the earnings and general financial position of the company. Such information, of course, is available in the Stock Exchange Official Year-Book (to which readers of the statement were referred), but the inconvenience of "information by reference" might surely have been avoided in a transaction involving over £5,000,000. It is, however, difficult to relate the marketing method adopted in this instance to the policy of the Stock Exchange Committee on "placings." The Committee declared last February that all issues, particularly of ordinary capital, should be made publicly (by prospectus or offer for sale), in the absence of special circumstances. The Committee has, of course, full liberty to determine the circumstances in any particular case, but in certain recent instances it appears to have exercised its discretion to insist upon a public offer. In this case, it is true, no new issue is involved, and it would appear that this consideration finally determined the Stock Exchange Committee's decision. To the outside observer, unfortunately, the Morris placing appears both in magnitude and method to resemble certain earlier instances which caused lively dissatisfaction last year. The affair, which has aroused almost unanimous comment in the "House" may, in fact, tend to increase the uncertainty regarding the precise terms on which "placings" or private marketing of existing shares must be arranged to satisfy the Committee's requirements. The February "understanding" was as categorical as any member could expect, and its general import was clear. It is unfortunate that, from the present instance, the lay observer may infer a modification of policy from a special circumstance. And the majority of brokers would regard the disturbing excitement and uncertain allotment basis of such introductions as less desirable than a direct offer for sale. It would be regrettable for the good name of the "House" if the misgivings of the public which were aroused by certain introductions last year were to gain currency once more.

* * *

What Basis of Valuation?—The hectic dealings in the 5s. Morris units on Thursday raise another point regarding the marketing. Market estimates of earnings for the current year equivalent to 56 per cent. and dividend expectations of 40-45 per cent. are wholly unofficial. For the investor who is more concerned with past earnings performance, the company's recent equity record is given below:—

	Years to December 31st						
	1929	1930	1931	1932	1933	1934	1935
Earned tax free (%)	40.7	36.5	17.2	23.2	6.8	16.4	41.5
Paid tax free (%)	10	10	5	10	5	10	15

The range of earnings fluctuations is evidently considerable. Purchasers of the 5s. at, say, 42s., would obtain a yield of 45 7s. per cent. if the best "estimates" were realised, but they must consider the fact that 1936, on this dividend basis, would be a peak year in the company's fluctuating history. Whether the cautious margin between equity earnings and dividends, on which the strength of the Morris Motors organisation has been founded, will be permanently modified remains to be seen. The chairman's control of the equity may clearly prove the deciding factor in distribution policy.

The Argentine Conversion.—It is always satisfactory to welcome the scrupulous debtor to the London market. This week, the Argentine Government has turned its excellent record to account by a conversion issue which enables the Republic, for the first time, to offer a loan carrying a nominal 3½ per cent. The 4 per cent. Railway Guarantees Rescission bonds of 1896 and 1899 (of which £2,631,000 are outstanding) are to be called for redemption on January 1st next. Holders are offered the right of conversion into an equal nominal amount of the new 3½ per cent. bonds, together with a cash payment of £15 10s. for every £100 bonds surrendered, to be found from the Government's present resources. The two lines of bonds to be redeemed were finally repayable in 1952 and 1954 respectively. Argentina's improving credit has maintained their price within the narrow limits of 99½ and 103½ this year and they are at present quoted at 101½. Holders are likely to find the present offer attractive, for the new conversion issue will yield 4 7s. per cent. to final redemption in 1972. The Argentine Government is also enabled to prolong the life of the loan up to twenty years at a very small additional cost in effective interest. The creditworthiness of the republic seems conditioned by one primary factor—the repercussions on her economy of British agricultural policy.

* * *

Railway Rates Repayment Questions.—In a note on p. 26 of our issue of October 3rd it was suggested that the problem of repayment to the railway companies of sums over-paid to local authorities and the Freight Rebates Fund would be solved by the issue by these bodies of loans for the required amounts. The service of such loans—£3½ millions for the Local Authorities and £9 millions for the Rebates Fund—would be met from the ordinary revenue of the local authorities and from the railways' diminished contributions to the Fund. If this were done, the companies would receive some £13½ millions in cash (including £1 million which the fund has already at its disposal). Of this, the London Midland and Scottish would get approximately £5,500,000, the London and North Eastern £4,400,000, the Great Western £1,800,000, and the Southern Railway £1,600,000. There has been some speculation in the market concerning the use to which these amounts might be put. It is evident that, if companies have made drafts upon reserves during the depression in order to pay dividends, those sums should be reinstated. The Great Western, for example, has taken £4,210,000 from general and contingency reserves during the last five years in order to maintain the 3 per cent. dividend on the ordinary stock. Only this company, however, has drawn from reserve to any substantial extent. On the other three lines there will be considerable "free" sums available. Assuming that these sums were regarded as available for dividends, on what principle could they be distributed between the various classes of stockholders? To regard the sums as ensuring to the equity would be manifestly unreasonable. The main burden of the depression fell upon the preference stockholders, and it is evident that repayment should be made to them rather than to ordinary stockholders. At the same time, to proceed by first repaying the first preference stockholders in full, and the rest in turn, as if one were dealing with cumulative stocks, would be equally inequitable to the junior stockholders. It might be possible, however, to arrange dividends to the various classes according to what would have been earned in each of the years 1931-35, had the rating charges been adjusted to the new scale. It is interesting to see what the effect of this procedure would be. The holders of L.M.S. 4 per cent. first preference would receive 1½ per cent., the preference 3 per cent., and the ordinary 1 per cent. The 4 per cent. first preference holders of the L.N.E.R. would get 4½ per cent. and the second preference holders 2 per cent. The holders of Southern preferred would receive 4½ per cent. These figures make allowance, of course, for the small allocations to replace sums paid out during the depression. Investors, however, would be well advised to set relatively little store on receiving payments of these dimensions. The companies might well consider that such

Preliminary Notice

PHILIP HILL & PARTNERS

LIMITED

(Incorporated under the Companies Act, 1929.)

SHARE CAPITAL:

Authorised	Issued or to be Issued.
£2,500,000 in 2,500,000 5 per cent. Cumulative Preference Shares of £1 each ..	£1,250,000
£2,500,000 in 10,000,000 Ordinary Shares of 5s. each ..	£1,062,500
<u>£5,000,000</u>	<u>£2,312,500</u>

The Lists of Subscription will open and close on Tuesday next for an

ISSUE OF

1,250,000 5 PER CENT. CUMULATIVE PREFERENCE SHARES OF £1 each AT 21s. PER SHARE

and

1,250,000 ORDINARY SHARES OF 5s. each AT 15s. PER SHARE

Directors have applied for and will be allotted in full 250,000 Cumulative Preference Shares and 250,000 Ordinary Shares upon the terms of the Prospectus.

DIRECTORS:

PHILIP ERNEST HILL, Chairman and Managing Director.
SIR EDWARD M. MOUNTAIN, Bart., J.P., Vice-Chairman.
J. STANLEY HOLMES, M.P.
HUBERT A. MEREDITH, Assistant Managing Director.
LOUIS NICHOLAS.
SIR PERCY COLEMAN SIMMONS, K.C.V.O., D.L.

PHILIP HILL & PARTNERS LIMITED was incorporated in 1932. The Company, or its wholly owned subsidiary, Quadrant Trust Limited, has been associated with many important issues, including those for Joseph Rank, Ltd., The Eagle Star & British Dominions Insurance Co. Ltd., Covent Garden Properties Co. Ltd., Second Covent Garden Property Co. Ltd., Beechams Pills Ltd., Hawker Aircraft Ltd., Hawker Siddeley Aircraft Co. Ltd., and other well-known British concerns.

The chairman, Mr. Philip E. Hill, has entered into an agreement to serve the Company as Managing Director for a period of 7 years, and Mr. Hubert A. Meredith, who for several years was the Financial Editor of the "Daily Mail," has been appointed Assistant Managing Director for a period of 10 years.

The assets as set out in the Prospectus, including investments in marketable securities at the valuation shown in the Company's Stockbrokers' certificate, and the estimated net proceeds of the present issue, amount to £4,480,186. This sum is sufficient to cover the Preference Shares now being issued 3½ times, and after deducting the amount of such Preference Capital, will cover the nominal value of the Ordinary Shares already issued and now being issued, over 3 times.

The profits of the Company and of Quadrant Trust Limited for the last financial year on the basis shown in the Auditors' Certificate which is printed in the Prospectus amounted to £291,920, which together with the estimated additional income of £109,195, referred to in the Prospectus, would give a total of £401,115. After allowing for Directors' remuneration, management expenses and Preference Dividend, there would remain a balance of £313,615 available for dividend and reserves, which is equivalent to 29½% on the nominal value of the Ordinary Share Capital already issued and now being issued, or 9.8% on an Issue price of 15s. per share.

The present issue is being made to extend the activities of the Company, and the net proceeds of the Issue will be available for this purpose.

Prospectuses and Forms of Application can be obtained from the

BANKERS:

COUTTS & CO., 440, Strand, London, W.C.2, and Branches.
NATIONAL PROVINCIAL BANK LIMITED, 15, Bishopsgate, London, E.C.2, and Branches.

BROKERS:

JOSEPH SEBAG & CO., 7, Angel Court, Throgmorton Street, London, E.C.2,
and from

THE REGISTERED OFFICE OF THE COMPANY
55/56, Pall Mall, London, S.W.1

a *bonne bouche* could very suitably be utilised in strengthening the reserve position, in order that when receipts decline—as they must eventually—preference stockholders will be less liable to violent fluctuations in their dividends. To the L.N.E.R., faced with heavy renewals bills and having no "provision" system for charging them to renewal fund, this procedure might find particular favour.

* * *

Plantation Industry Prospects.—Although Mr Eric Miller modestly referred to the difficulty of finding new features dealing with the rubber plantation industry, his hearers at Tuesday's Harrisons and Crosfield meeting—and that wider circle of tea and rubber shareholders, who rightly recognise Mr Miller's authority in the industry—could have wished for no more comprehensive and plainly-spoken statement. His speech divided naturally into two parts. Dealing with the tea industry, Mr Miller made no attempt to under-estimate the difficulties in the present restriction situation. Undoubtedly, the increase in the tea duty last April shook the hopes of the trade that consumption—already difficult to encourage in competition with other beverages—could be gradually increased in this country. Prices during the past twelve months have been little more than steady, and this stability has brought no improvement in the margin between common and fair medium teas. Nevertheless, Mr Miller professed himself "mildly optimistic" regarding the immediate future, and suggested that the restriction scheme would be extended for a further period of years. His account of the rubber position, inevitably, was more cheerful, for absorption is increasing, and London and Liverpool stocks are declining equally steadily. Moreover, the Netherlands authorities have controlled their exports more successfully, for which, admittedly, the increase in basic quotas granted by the International Committee must be largely thanked. There are hopes, accordingly, that native control by individual assessments will be introduced next year without difficulty. Mr Miller remains fully convinced of the necessity for regulation of supplies, and has made one suggestion which deserves consideration. The present scheme has little more than two years to run. The lesson of the negotiations for the continuance of the tin restriction scheme suggests a case for preliminary consideration in the near future of the terms on which the rubber scheme should be renewed.

* * *

Actuaries' Investment Index.—The effect of last week's boom activity, despite considerable profit-taking, is apparent from the further rise of the Actuaries' Investment Index of 178 industrial ordinary shares to 90.2 on Tuesday of this week, compared with 89.2 last week and 87.8 a month ago (December 31, 1928 = 100). The yield this week is 3.58 per cent., compared with 3.61 per cent. last week, and 3.61 per cent. a month ago. Changes in various groups are shown below:—

Group and No. of Securities	Price (Dec. 31, 1928 = 100)			Yield %		
	Month ago (Sept. 15)	Week ago (Oct. 6)	This week (Oct. 13)	Month ago (Sept. 15)	Week ago (Oct. 6)	This week (Oct. 13)
Coal (7)	103.7	110.9	112.7	3.31	3.24	3.21
Cotton (6)	41.0	46.1	47.0	2.11	2.05	2.01
Iron and steel (12)	80.5	82.7	83.0	3.34	3.70	3.67
Oil (5)	88.1	90.2	93.0	3.16	3.07	2.99
Home rails (4)	78.1	81.4	83.9	1.41	1.32	1.28
Stores and catering (20)	87.2	87.1	87.9	3.66	3.67	3.65
Miscellaneous (56)	79.5	80.6	81.7	3.85	3.86	3.81

The oil group shows the greatest absolute rise, but prices are higher this week in every section, except for the building materials group. Representative oil shares now yield less than 3 per cent. on the average. Shipping shares again rose by the greatest proportion, and the "all-round" nature of the advance is shown by an advance of over one point in the miscellaneous group.

COMPANY NOTES

Motor Share Prospects.—A week which has included the Morris "placing," an issue by Alvis, Lord Austin's speech, a satisfactory dividend and report from Standard Motors, and finally, the Motor Show itself, should provide motor share investors with sufficient interest. The motor "year" 1936, which dates, statistically, from October, 1935, has registered new production records. For the ten months from October, 1935, to July, 1936, 307,988 private cars were produced, compared with 266,866 cars for the corresponding period of the preceding "year." It has been computed that the number of cars in use during the past summer exceeded 1,635,000—a comfortable record for all time. The industry, however, has preserved its traditional characteristic. It has been dangerous to infer from the total figures the profits of any individual manufacturer. If the recent accounts of Austin Motor, for example, are examined, it is clear that stability of earning power has become rather marked, despite the increase in turnover. As Lord Austin explained at this week's meeting, the recent increases in wages and materials costs have reduced the profit margin per unit, and a compensating increase in total turnover—for which the company is budgeting this year—involves the closest competition, both in quality and price. The industry, however, has recently learned that valuable savings in costs can be obtained from "smoothing" production over the season. These factors apply, broadly, to

Name (and Date of Accounts)	(Profits in £'000)					Denom., Price and Yield
	1932	1933	1934	1935	1936	
Alvis (December 31):—						
Net profit	24.2	32.6	27.6	20.3	...	D. 5s.
Earned for Ord. %	22.3*	32.3*	17.5	9.4	...	P. 9s. 9d.
Dividend %	Nil	7½	15	10	...	Y. 5.13%
Austin (July 31):—						
Net profit	390.4	506.8	661.3	623.9	553.6	D. 5s.
Earned for Ord. & "A" %	182.2	285.5	405.8	90.0	77.1	P. 52s.
Paid %	50	100	100†	50	50	Y. 4.81%
Ford (December 31):—						
Net profit	Dr. 725.9	742.2	483.7	597.2	...	D. £1
Earned for Ord. %	Nil	11.4	6.9	8.6	...	P. 34s. 9d.
Dividend %	Nil	Nil	5	5	...	Y. 2.88%
Morris (December 31):—						
Net profit	689.0	360.0	552.9	1167.7	...	D. 5s.
Earned for Ord. % t.f.	23.2	6.8	16.4	41.5	...	P. 42s.
Dividend % t.f.	10	5	10	15	...	Y. 4½
Rover (about July 31):—						
Net profit	Dr. 340.6	12.5	94.4	154.0	127.8	D. 8s.
Earned for shares %	Nil	4.0	29.0	38.2	24.6 t.f.	P. 28s.
Dividend %	Nil	Nil	Nil	Nil	10t. f.	Y. 3.75%
Standard (August 31):—						
Net profit	160.7	92.0	86.8	120.5	178.3	D. £1
Earned for shares %	71.4	40.9	37.3	51.8	50.8	P. 125s. 3d.
Dividend %	15	15	15	20	25	Y. 4.17%

* After allowing one year's preference dividend only, and participating rights. † And capital bonus, 300 per cent.
‡ Market estimate of dividend, 40–45 per cent.

all the "mixed" producers, whose range includes, say, six standard models. Within this category may also be placed such concerns as Morris Motors and Standard Motor. The latter company has successfully exploited the market for stylish cars at a few pounds higher cost, and its £1 shares have provided this year's most spectacular market feature, with a rise from 70s. 9d. to 125s. 3d. Until the market in Morris Motors shares, however, has settled down, and until dividend policy has been completely clarified, Austin and Standard must satisfy the bulk of the general investors' interest. Ford shares, which yield no more than 2.88 per cent. at the present price of 34s. 9d., offer a more specialised equity, for the company concentrates upon fewer models (involving a somewhat higher industrial "risk") to promote the full utilisation of the company's efficient resources at Dagenham, pending a revival of international trade. Devaluation may tend ultimately to increase the overseas trade of the company. All the companies in the accompanying table (with the exception of Ford Motor) are interested directly or indirectly in the Government's scheme for the manufacture of aero engines, while Austin Motors and Rootes, Limited, are to produce aircraft. Investors, however, would be wise to moderate their expectations of profit from this source. It is, indeed, possible that the scheme is meeting with difficulty, for it is understood that

Wolseley Motors (controlled by Morris Motors) has withdrawn from the arrangement. Motor share investment is essentially a specialist occupation, particularly in shares of the smaller companies. The investor in close touch with the industry may occasionally profit from such spectacular recoveries as that of the Rover Company, but the essentially fluctuating nature of the earnings of such specialist concerns as Alvis justifies a share valuation on a higher yield basis than applies to the "staple" producers. The accompanying table shows that investors have no lack of confidence in dividend prospects, for many current yields must be accounted low in relation to the past fluctuations in the industry.

* * *

United Steel Expansion.—Sir Walter Benton Jones' speech at the United Steel Companies' meeting is invariably detailed and illuminating. He directs a company whose *raison d'être* is efficiency, and whose output has advanced at roughly twice the pace of the steel industry generally since 1929. If the steel trade could be described as merely "convalescent," United Steel Companies must surely be the lustiest patient. His speech combined encouraging domestic news with a realistic appraisal of the future problems which the entire industry may have to face in future. The company's steel production increased by 11½ per cent. last year, in response to a general increase in demand at home. Only Workington, which depends upon rail-making to a large extent, has been affected by poor export business, and even here other classes of business have more than made up the difference. At Sheffield the forging works and rolling mills have done exceptionally well; the special steels produced by Samuel Fox have shared the improvement; and at the Frodingham and Appleby works record production was obtained. Investors, however, must thank the company's wise policy of expansion during recent years for the impressive increase in profits. The rise in prices of steel products has not offset the increase in costs, and the greater profit results from larger turnover and increased efficiency. This

policy of re-equipment is to continue. No company has a more successful record in making modernisation pay, and few command United Steel Companies' present resources. But the chairman's emphasis on cautious husbandry to provide for leaner years was rightly deserving of the shareholders' support. The company's development has been a highly creditable achievement, and long-term investors, with the lessons of the past depression in the steel industry fresh in their minds, will undoubtedly applaud the company's policy without losing sight of its good near-term prospects.

* * *

Gaumont-British Control Transferred.—Mr John Maxwell is to be congratulated on his great *coup* in obtaining a controlling interest in Gaumont-British Picture Corporation. When Mr Maxwell formed British International Pictures in 1927, now the producing unit of his holding company, Associated British Picture Corporation, few people in the cinema industry regarded him as a serious rival of the Gaumont-British combine. But gradually Mr Maxwell has built up his theatre subsidiary, Associated British Cinemas, to a circuit of nearly 300 cinemas, which is not far short of the 350 circuit of the Gaumont-British. On the production side, Mr Maxwell never attempted to compete with Gaumont-British, whose Shepherd's Bush studios have been responsible for the most lavish of British films. The relations between the Associated British and Gaumont-British combines have been no less competitive since the report of negotiations some time ago for the acquisition of Gaumont-British. The opportunity has now been presented to Mr Maxwell, since the negotiations between the American film combines (20th Century-Fox and Metro-Goldwyn-Mayer) and the Ostrer Brothers for the sale of the Ostrer holdings failed to be completed. Why these negotiations failed has not been explained, but it is thought that completion was waiting upon an issue of Gaumont-British shares being made to the public which has not been arranged. Mr Maxwell, in a

OFFER OF CONVERSION

to holders of

ARGENTINE RAILWAY GUARANTEES RESCISSION BONDS of 1896 and 1899

The proposal to make this issue has been considered by the Foreign Transactions Advisory Committee and by the Chancellor of the Exchequer in the light of the statement made by the Chancellor on the 7th April 1936. The Treasury raise no objection to the issue. Application will be made to the Committee of the Stock Exchange, London, for permission to deal in and, in due course, for an official quotation for the Bonds.

Argentine Government Conversion Loan

ISSUE OF

£2,500,000 3½ per cent. Sterling Bonds

Sanctioned by Decree dated the 14th October 1936 pursuant to Law No. 12150 extended by Law No. 12237 authorising the conversion of Argentine Government Loans.

Interest payable 1st January and 1st July.
Six months' interest payable 1st July 1937.

The Bonds are the direct obligation of the Argentine Government and are to be repaid in sterling in London on or before the 1st January 1972. An accumulative sinking fund of one and one-half per cent. per annum is to be applied half-yearly in the purchase of Bonds at a price not exceeding par (exclusive of accrued interest but inclusive of expenses) or, to the extent to which Bonds are not so obtainable, in the redemption at par of Bonds to be selected by drawings. The first operation of the sinking fund will be in respect of the half-year ending 1st July 1937.

The Argentine Government reserves the right, on three months' previous notice, to redeem at par on any interest payment date the whole or any part (to be determined by drawings) of the Bonds outstanding. The Argentine Government also reserves the right to accelerate redemption of the Bonds at any time by increase of the sinking fund. Principal of and interest on the Bonds are exempt from all Argentine taxes or impositions present or future. In the event of the Argentine Government creating any obligations secured by a charge on any of its revenues or assets, the Bonds of the Conversion Loan shall (in common with any existing obligations of the Argentine Government entitled to the benefit of a similar provision) be secured equally and rateably with such obligations.

BARING BROTHERS & CO., LIMITED, and MORGAN GRENFELL & CO. LIMITED are authorised by the Government of the Argentine Republic to offer to holders of Argentine Railway Guarantees Rescission 4 per cent. Bonds of 1896 and 1899

(to be redeemed on the 1st January 1937)
in exchange for each £100 nominal of Bonds surrendered
£100 nominal 3½ per cent. Sterling Bonds
carrying interest from 1st January 1937

and
A cash payment of £15 10s.

Bonds presented for conversion must be accompanied by all coupons maturing on and after 1st July 1937. The coupon maturing on 1st January 1937 should be detached by holders for encashment in the usual way. Holders accepting the offer of conversion must lodge their Bonds, together with the appropriate forms of acceptance duly completed, at the Counting House of Baring Brothers & Co., Limited, 8 Bishopsgate, London, E.C.2, or of Morgan Grenfell & Co. Limited, 23 Great Winchester Street, London, E.C.2, not later than 4 p.m. on the 29th October 1936.

Holders will receive fully paid Letters of Allotment, exchangeable in due course for Provisional Scrip Certificates to Bearer which will be issued in denominations of £1,000, £500 and £100. Provisional Scrip Certificates will be exchangeable in due course for Definitive Bonds to Bearer which will be issued in denominations of £1,000, £500 and £100. Brokerage will be paid to Bankers and Stockbrokers at the rate of 5s. for every £100 nominal of Bonds issued pursuant to this offer and comprised in forms of acceptance bearing their stamp.

The above-mentioned offer of conversion has been underwritten. Provisional Scrip Certificates will be issued to underwriters in respect of any Bonds to be subscribed by them on which a final payment of 74½ per cent. is to be made on or before the 29th December 1936.

Forms of acceptance may be obtained from Baring Brothers & Co., Limited, 8 Bishopsgate, London, E.C.2, or Morgan Grenfell & Co. Limited, 23 Great Winchester Street, London, E.C.2.
LONDON, 16th October 1936.

statement issued to the Press, declared that he stepped in to prevent Gaumont-British passing under foreign control. Had that happened, the other large American companies, in his opinion, would have bought control of rival cinema circuits, so that in a short time the bulk of the cinemas in this country might have passed under foreign control. Mr Maxwell is understood to have paid approximately £1,250,000 for the controlling interest in Gaumont-British. It is held through the Metropolis and Bradford Trust which has a capital of £422,500 in 10,000 "A" (voting) ordinary shares of £1 and 1,000,000 "B" ordinary shares of 8s. 3d. Associated British Picture Corporation is acquiring from the Ostrer Brothers 250,000 "B" shares which have already been transferred, and an option on 5,100 "A" shares. Negotiations for the purchase of the shares in Metropolis and Bradford Trust held by the Fox interests have broken down, but their acquisition is not essential to the scheme. Metropolis and Bradford Trust controls Gaumont-British through its holding of 2,915,000 ordinary 10s. shares. Under Mr Maxwell's management the shareholders of Gaumont-British can rely upon economical administration. The new group, of course, will be in a strong bargaining position with producers. The American film combines will have to take the price which exhibitors offer rather than dictate the price which they must pay. But shareholders who imagine that the new combine will be left alone to dominate the field should first inquire whether American interests may not begin to build up a rival circuit.

Cables Investment Trust Accounts.—The first accounts of this Trust, which was formed in July, 1935, in connection with the repayment of part of Cables & Wireless preference stock, cover about fifty weeks to June 30th last. They show that the prospectus estimate of earnings has not been reached. When the Trust took over from Cables & Wireless (Holdings), and its subsidiaries, securities to the value of £7,000,000, it was a term of the contract that the investments acquired should be such as had produced, in the year to June 30, 1935, a gross income of £315,000, yielding overall 4½ per cent. on the Trust's capital, or £300,000 after deducting expenses. The total income for the fifty weeks was £273,572, yielding 3.8 per cent. on a book value of £7,115,008, and the amount available for the ordinary shares is £38,102 (or 2 per cent.) out of which a dividend of 1½ per cent., requiring £30,000, is to be paid. General expenses and fees were only £10,856, but the principal charge was a non-recurring item of £79,856 paid as interest on the outstanding purchase price of the securities. The report suggests that in a normal year it should be possible to reach the prospectus estimate. A comparison of the distribution of investments contained in the Trust's portfolio, and those contained in the Cables & Wireless consolidated balance sheet at the end of 1934 shows that the Trust has only 28.8 per cent. of its securities in Government and corporation stocks, against 51 per cent. for the combined undertaking. This is partly offset by 20 per cent. in public utilities (against 9.7 per cent.) while commercial and industrial and miscellaneous groups account together for 28 per cent., compared with 13.3 per cent. The Trust, therefore, has apparently acquired a full proportion of industrial securities but, in September last year, fixed interest and dividend securities accounted for more than two-thirds of its portfolio. Since equities only amount to about one-third of the whole—and were bought at values ruling in mid-1935—the apparent lack of buoyancy in earnings may be explained. It is, however, an academic point for Cables & Wireless (Holding) which shares the equity with Globe Telegraph, and holds the remaining investments of the group. For the latter concern, however, it may be rather more material for the prospects of its own £10 ordinary shares, which yield £4 5s. per cent. gross at the present price of 13½.

Seager Evans Position.—The accounts of this concern are as comprehensive as investors could wish. It is, however, decidedly difficult to relate the past year's apparent progress to the eventual investment ranking of

the shares. The company, during recent years, has been catering for the popular taste for cocktails, and the considerable expenditure incurred in developing this market has been capitalised. There is, therefore, a touch of unreality in the net profit of £67,346 (excluding £23,006 from investment profits) compared with £37,617 for the previous period of sixteen months. On this basis, the earnings would be equivalent to 24.3 per cent., covering the dividend nearly twice. The following table analyses the profits accordingly:—

	Year to March, 1934	16 mos. to July, 1935	Year to July, 1936
Net profit	26,009	37,617	67,346
Fees, etc.	4,123	5,260	2,454
Ordinary stock:—			
Earned	21,877	32,357	64,892
Paid	Nil	Nil	33,359
Earned (%)	10.7	8.9†	24.3
Paid (%)	Nil	Nil	12½
Investment profit realised ..	...	...	Cr. 23,006
General reserve	...	...	14,830
Special provisions	...	...	40,400†
Carried forward	Dr. 11,111*	32,357	31,666
Development expenditure capitalised	...	45,000	73,000

† Per annum. * Written off from general reserve.
† Includes £35,000 written off development account, and £5,400 new issue expenses. In addition, £25,000 share premiums written off development.

During the year, however, some £73,000 was capitalised to development account, compared with £45,000 for the previous year. From the balance of £118,000, an amount of £35,000 has been written off from normal revenue and a further £25,000 from share premiums. The report states that the sales promotion campaign initiated in 1934 may realise its expected results in a shorter time than was originally anticipated. But it remains true that less than half last year's capitalised expenditure was provided for from current earnings, and there is no indication in the report whether sales can be maintained—or even increased—through a less costly sales campaign. At the present rate of trading profits the balance, after paying 12½ per cent., would not suffice to write off the balance of capitalised expenditure in under two years. But the payment of this rate of dividend is dependent upon the maintenance of a satisfactory level of earnings. Is the latter itself dependent upon further advertising expenditure, or have the company's products won their own national market? The answer is essential before the £1 units, standing at 53s. 6d. to yield £4 15s. per cent., can be safely regarded as modestly valued.

Copper News.—The copper producing industry has shared this week's headlines with the motor trade. A consistent trade demand has effectively stemmed profit-taking in the metal, which has advanced this week from £40 to over £41 for standard. Mr Chester Beatty's speech to shareholders of Roan Antelope, therefore, could have enjoyed no more optimistic setting. The chairman showed that the pressure of stocks which existed two years ago had been completely eliminated. World supplies, indeed, now represent slightly less than three months' requirements, and current world consumption is running somewhat ahead of production. Consumption outside the United States for the year to August last was estimated at 1,044,000 tons, compared with an estimated production of 940,000 tons. The two recent quota relaxations have released an additional 76,600 tons per annum, but, to quote Mr Chester Beatty himself, "the maintenance of the current rate of consumption will require an additional output of copper." From such an authority these remarks suggested the imminent likelihood of an additional quota release, and it duly followed on Thursday, when a further 5 per cent. reduction in curtailment was announced, from that date. The metal market's strength was quite unaffected by this decision. Mr Beatty's speech was an essay in productive efficiency and moderation in restriction policy—

fixed, in the public mind, by a "notional" figure of £40 per ton for copper. The company has achieved a profit of £174,500 for the first quarter of the current year, and on present indications investors may be justified in expecting even higher earnings than those suggested last week (see page 76). If, indeed, earnings of over 60 per cent. are within the company's scope, the yield on the 5s. shares, at 50s. 6d., would be over 6 per cent. The Rhodesian Selection Trust accounts published this week are not, in themselves, of particular interest, but the accompanying Mufulira figures (in which R.S.T. has a two-third equity) are becoming impressive. The company earned £142,189 for the year to June last, compared with a loss of £102,626 for the previous year, and the debit balance carried forward has consequently been reduced to £93,545. During the past year the company produced only 28,123 long tons, but during the present year its permitted production is 36,850 tons, assuming that the 85 per cent. quota is maintained. Rhodesian Selection Trust, therefore, after the difficulties and disappointments of eight years, should now be approaching the dividend zone. The 5s. shares rose with the rest of the group to 18s. 9d. on Thursday.

Sub Nigel Records.—Throughout last year, writes our mining correspondent, this prosperous Kaffir enterprise operated the new treatment plant, compared with little more than six months during the preceding period, and its nominal capacity was increased from 50,000 to 55,000 tons per month. The further expansion in the quantity of ore treated is therefore substantial. The average revenue fell nearly 5s. per ton, and the price of gold was 1s. per ounce lower. Owing, however, to the expansion in operating, and to some saving in costs, the working profit rose by £123,070. Capital expenditure absorbed only £125,140, and was completed during the first half of the year. The corresponding figure in 1934-35 was £375,000, of which £291,730 came from share premiums. Recent results are summarised below:—

	1934	June 30 1935	1936
Ore crushed..... tons	500,100	568,200	632,700
Yield per ton	112/7	112/1	107/4
Cost per ton	34/11	34/6	33/9
Profit per ton	77/8	77/7	73/7
Total working profit	£1,941,590	£2,205,240	£2,328,320
Dividends, amount	£1,223,440	£1,350,000	£1,434,370
Dividends, per cent.	145	160	170
Carried forward	£56,960	£73,540	£84,030
Development footage	88,650	109,270	119,700
Ore reserves	1,773,000	1,818,000	2,099,000
Average value	16.1	15.6	15.1

Despite the increase in profits, Government and provincial taxes, at £752,680, required slightly less; and after payment of the highest dividend total (170 per cent.) on record, an increased balance is carried forward. Increased development, coupled with a reduction in the pay percentage, has expanded the ore reserves to over 2 million tons. Some 46.7 per cent. of the footage sampled proved payable. Good progress has been made with the three main haulages in the Spaarwater area, and a "contour drive" has been commenced from the Sub Nigel 19th level west drive to traverse the Spaarwater area. Sub Nigel has a substantial interest in that concern, and also in Vlakfontein, whose preliminary operations it similarly assisted. These holdings are valued at £117,500 in the balance sheet. Sub Nigel 10s. shares yield approximately 7 per cent. Having regard to the recent trend of the company's profits and to the outlook for gold, it would seem reasonable to anticipate the establishment of fresh records this year.

West Witwatersrand and Venterspost.—The reports of these two undertakings contain little which is really new, for both have been so much in the limelight recently in connection with developments and a flotation and issue by West Witwatersrand. The consulting engineer's report to West Witwatersrand Areas shareholders is comprehensive and provides a full technical survey of the position. These detailed matters appear to justify his conclusion: "The year's operations can be regarded as eminently satisfactory; and the results obtained from borehole intersections,

together with the co-ordinated results from the geophysical and geological investigations, emphasise the vast potentialities of your company's holdings." On June 30th cash stood at £135,140. This amount, as the directors stated in a later circular, was barely sufficient for the exercise of the remaining options on certain areas, and accordingly an issue of 100,000 shares at £10 was taken up by the original subscribers of the working capital. These funds will cover the completion of the exploration programme now in hand, will enable the company to take up its proportion of any new issue by Venterspost, and will allow the retention of the 975,000 shares due shortly from Libanon, which acquired from West Witwatersrand certain claims for £500,000 which sum was returned in subscribing at par for 1,000,000 shares in Libanon. On the Venterspost property development has been more satisfactory. The nature of the ground encountered in No. 2 shaft should allow more rapid progress than for the No. 1 shaft, which for a considerable distance was sunk through heavily watered dolomite. On June 30th, cash amounted to no more than £10,930, while £84,100 was owing to New Consolidated Gold Fields, which is temporarily financing the concern. The terms of the new issue are not yet available, but, obviously, it is not likely to be much longer delayed.

Other Company Results.—The results of 39 further companies appear on page 142. *Manchester Liners*, while maintaining a 5 per cent. dividend, have earned £44,352 against £46,231, but report that some improvement in freights occurred later. *Burberry's*, whose earnings have increased by £14,671 to £85,321, have paid 8 months' preference dividend to May 31, 1933, and a further 2½ per cent. on the arrears of £212,500. A second payment of 2½ per cent. is due in November. The profits of *H. M. Rayne* are practically unchanged at £26,361. *Venesta* report a very substantial improvement, having earned £111,929 against £82,245, and dividends are resumed with a 10 per cent. payment. *Press Caps*, while maintaining

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their 10 per cent. payment, are enabled to do so only by including in their balance on trading account a transfer from a reserve; the auditor's report points out that nothing has been written off patents since their acquisition. *Steel Ceilings*, having earned £15,501 against £11,421, are able to pay the first dividend since 1929. *Sheffield Steel Products* are now free from debenture interest arrears. The profits of *Standard Motor* are 60 per cent. higher than for the previous year, and the 25 per cent. dividend is paid on a larger capital. Although increased working expenses resulted from a greater proportion of output by the steam stations, *Perak River Hydro-Electric* earned £195,709 last year, against £108,482. Although average sale prices were lower, a record production enabled *Ste. Madeleine Sugar* to earn profits of £82,772 against £79,414. The reports of 13 rubber companies now available show no change from recent mixed results. *Central Sumatra, Lewa and Batu Rata* have made the greatest improvements, while *Sengat* has earned slightly increased profits. This week's dividend announcements include those of *Rio Tinto*, who are paying the half-year's preference dividend from surplus, and of *Rolls Royce*, who have raised the interim payment from 5 per cent. to 7½ per cent.

* * *

Company Meetings of the Week.—On later pages of this issue will be found the reports of the following Company Meetings:—Roan Antelope, Herrburger Brooks, Murex, Nigel Van Ryn Reefs, Goode, Durrant & Murray, Industrial Finance and Investment Corporation, Harrisons and Crosfield and Tangoel Rubber Estates. Mr Chester Beatty's optimistic speech at the Roan Antelope meeting is discussed on page 126. At the Murex meeting Mr Joseph pointed out that the increased profit was due not only to higher trading profit, but also to increased dividends from Murex Welding Processes, to interest on investments, and to lower charges. The proceeds of the new issue are needed to deal with the increasing turnover, as well as for capital expenditure. Mr W. A. Wills, at the Nigel Van Ryn Reefs meeting, referred to the formation of the Australian Gold Reefs Corporation to take over the Monument Hill shares and the Quartz Block. At the Industrial Finance and Investment Corporation meeting, the chairman referred to the possibility of arrangements "for a more equitable division of profits" between both preference and ordinary shares since the latter carry 6½ per cent. Mr Eric Miller's speech at the Harrisons and Crosfield meeting is referred to in a Note on page 124. At the Tangoel Rubber Estates meeting, the chairman anticipated that devaluation would put the company in a much better competitive position. Mr Louis Sterling, at the Herrburger Brooks meeting, explained that the large reduction in interest receivable was due to the realisation of Government securities at advantageous prices. Announcing the resumption of preference dividends, the chairman of Goode Durrant and Murray warned shareholders that recovery in Australia was still only partial.

THE WEEK IN THE MARKETS

THE STOCK EXCHANGE

SETTLING DAYS
TICKET ACCOUNT
OCTOBER 20 OCTOBER 22

LAST week was the occasion of an industrial share boom. This week, gilt-edged stocks have occupied more of the stage. That there were no wounds to lick after the dashing advances a week ago is a tribute to the massive technical strength of the markets. Profit-taking this week has produced a few much-needed adjustments, for the later stages of the advance became very ragged. But of short-period vulnerability there has been no sign. The account moved to its close with a rather subdued air, but with no semblance of retreat. Adequate, if somewhat intermittent support was given to the industrial section, which although more vulnerable to a change of trend, has proved itself very resistant. Thursday's turmoil when dealings in Morris Motors units began (see page 122) was wholly unrepresentative of the general market.

The feature of the gilt-edged market was the raising, on two successive days, of the "tap" price of 2½ per cent. Funding to 93½. A general improvement was immediately recorded in other issues, with Old Consols leading the way in mid-week. Profit-taking on Thursday made little impression on the market. Home Corporation issues remained firm, despite the Bristol issue.

Much interest was aroused in the Argentine bond market by the 3½ per cent. Conversion issue (discussed on page 122), and considerable support was accorded to the Buenos Ayres provincial issues. The strained political atmosphere over the week-end depressed Central European issues, and Far-Eastern bonds were dull until mid-week.

Further demand for Great Western Ordinary took the price to 60 on Tuesday, although it was not held. Interest switched to Southern deferred, which were the only certain feature in mid-week, despite the satisfactory traffics. The announcement of debenture arrears payments by B.A. Pacific and Argentine Great Western helped the Argentine rail market on Wednesday, and the ordinary stocks and marginal preferences were in good demand. On Thursday, Central Argentine 4½ per cent. preference jumped 8 points to 52½ on the dividend.

Trading in industrial share markets has not been very enthusiastic this week, and prices have naturally moved irregularly, although the tone has been very firm. The iron and steel section was irregular despite record production figures; R. A. Lister were in good demand, and there were signs of slightly increased activity in mid-week. John Brown shares did not hold the ground gained on news of the share offer on bonus terms. Powell Duffryn were a feature in the coal section. Aviation issues were soft when the week opened, but the tone became firmer later. The motor section provided the high spot of the week, and hysterical conditions prevailed when dealings in the Morris 5s. units opened on Thursday; within ten minutes the price was bid up from 39s. to 46s., but in quieter conditions later the price came back to 42s. Standard Motors were also prominent in mid-week, after an earlier setback on the dividend announcement, the accounts showing a considerable jump in earnings. In an otherwise dull electrical equipment section, Henley shares were in good demand up to mid-week.

Textile issues were somewhat irregular, although there were several firm points. American Celanese were in demand among rayons. Debenham shares were supported on dividend hopes in the stores group and among provision and catering issues. Tate and Lyle and Unilever N.V. were firmer than the general trend. With few exceptions the Brewery issues were dull. Shipping shares were slightly harder in mid-week. The miscellaneous industrials group saw irregular conditions, and price movements were not of any great importance. British Plaster Boards were fairly consistently strong, but the building material group in general was inclined to be easier. Profit-taking was evident among various engineering issues, and British Oxygen shares lost ground steadily.

The oil shares market has seen very active dealings, mainly in the Eagle issues and in Royal Dutch, both on English and continental account. Dividend anticipations seemed to be behind the movement, which paid more attention than of late to Canadian Eagles; but in mid-week there was a setback in which Mexican suffered more than Canadian. There was a firm market in Burmah issues, while Roumanians came on offer. Trinidad Leasehold shares were well supported in anticipation of the forthcoming meeting. The rubber shares market attracted but little attention, although the tone remains fairly firm; prices in the tea shares market gave way on increased selling orders and lack of support.

Quiet conditions have prevailed in the Kaffir market this week, although there was some buying of dividend-paying shares, and Anglo-American issues were strongly supported. There was some buying from the Cape early in the week, but this died away later. The West African section remained very firm, with signs of increasing support from a wider market. Rhodesian copper issues attracted most of the interest in the mining markets, on the Roan Antelope meeting, the continued strength of the commodity, and the increased production quota. Tin shares have been easier this week on the generally uncertain outlook for the metal.

Cheerful conditions have prevailed on the Paris Bourse this week, and political uneasiness has not overawed the market. Internationals have been consistently strong, and domestic issues have not been neglected in the general rise. The week opened firmly on the Berlin Bourse, but prices sagged later, and showed no signs of recovery in mid-week. In Amsterdam, sharp advances in rubber shares, particularly in the minor issues, were the chief feature, the reaction which followed being only slight. Later on, interest became centred in Royal Dutch, on London buying.

"FINANCIAL NEWS" DAILY BARGAIN INDEX

Approximate number of Bargains recorded in Stock Exchange Lists

	Week to Oct. 9	Oct. 8	Oct. 9	Oct. 12	Oct. 13	Oct. 14	Oct. 15
Govt. and Municipal	6,695	1,246	1,274	1,431	1,146	1,234	1,255
Transport, etc.	8,088	1,536	1,619	1,582	1,216	1,371	1,148
Comm. and Ind.	34,488	7,356	6,982	7,435	6,516	6,564	6,385
Banks and Ins.	3,900	781	805	832	673	707	665
Mines	8,918	1,562	1,712	1,495	1,646	1,678	2,149
Oils	1,628	313	291	375	428	347	307
Rubber and Tea	1,906	306	343	383	448	502	341
Total	65,623	13,100	13,026	13,536	12,073	12,403	12,250
Corres. day 1935	...	7,756	8,793	10,068	9,130	8,202	8,291

* Including Steels and Breweries.

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

Highest†	Lowest‡	Oct. 8	Oct. 9	Oct. 12	Oct. 13	Oct. 14	Oct. 15
123.7	107.4	123.0	123.0	122.9	122.7	122.0	121.8

† October 7. ‡ January 2.

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

Highest†	Lowest‡	Oct. 8	Oct. 9	Oct. 12	Oct. 13	Oct. 14	Oct. 15
138.8	136.2	138.6	138.6	138.6	138.5	138.6	138.6

† February 10. ‡ September 23.

NEW YORK STOCK EXCHANGE

PRICES on Wall Street were still rising when business closed for the extended week-end holiday, and continued their progress this week, although there was a considerable volume of profit-taking in evidence at all times. Prices became a little weaker in mid-week, after a steady ten-day rise. Railroad shares have been favoured on the excellent car-loading figures, but this week there was more irregularity in this section. Motor shares have been firm on the growing output, and steel shares suffered slightly from rumours of wage increases in the industry, although output figures are still very satisfactory. *Iron Age* estimates a slight reduction in mill activity at 75 per cent. of capacity against 75.5 per cent. for the previous week, but the *Iron and Steel Institute* shows an increase at 75.9 per cent., against 75.3 per cent. last week; automobile demand is increasing, and the railroads are continuing their buying. Utility issues reacted on disappointment with the slow progress made at the conference between utility officials and the T.V.A. in pooling agreements. Farm Equipment and Mail Order shares were firm on the improved outlook in the farming States. Business news generally is good; power output for the week of October 10th was 16.1 per cent. higher than for the corresponding week of last year, and bank clearings for the week of October 7th were 26.2 per cent. up on last year. Government obligations on the Bond market were rather irregular this week.

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	Oct. 7, 1936	Oct. 14, 1936	Oct. 15, 1936		Oct. 7, 1936	Oct. 14, 1936	Oct. 15, 1936
	(Close)	(Close)	(Latest)		(Close)	(Close)	(Latest)
1. Rails & Transport				4. Manufacturing			
Atchafalaya	81½	82½	82½	Briggs	62½	62	61½
Balt. and Ohio	25½	25½	24½	Chrysler	126½	125½	125½
B.M.T.	56½	56½	56½	Electric Autoite	45½	45	45½
Can. Pacific	14½	13½	13½	General Motors	70½	71½	71½
Ches. and Ohio	70½	75½	75½	Hudson Motor Car	18½	18	18½
Gt. Nthn. Ry. Pl.	42	46	45	Murray Corp.	21½	20½	20½
Illinois Central	27½	28½	28½	Nash Motors	18½	18½	18½
N.Y. Central	48½	48½	48½	Packard Motor Car	13½	12½	12½
Nor. Pac.	29½	30½	30½	Bendix Aviation	31½	31	31½
Pennsylvania R.R.	40½	43½	44½	Bosing Airplane	29½	28½	28½
Southern Pac.	46½	46½	46	Douglas Aircraft	76	70½	71½
Southern Ry.	24½	24½	25	United Aircraft	24½	24½	24½
Union Pac.	139	143	144½	Air Reduction	77	74½	75
Greyhound Corp.	57½	58½	60½	Allied Chemical			
				ex Div.	237	233½	232½
2. Utilities and Communications				Col. Carbon	129½	126	126
Am. Waterworks.	26½	25½	26	Com. Solvents	15½	16½	16½
Cwealth & S'tern	4	3½	3½	Dupont	166½	167½	168
Cons. Gas of N.Y.	44½	44½	44½	Union Carbide	99	99½	99½
Edison	20½	19½	19½	U.S. Ind. Alcohol	35½	30	30½
Elec. Bond & Share	23½	22½	22½	Allis Chalmers	63½	65½	65½
Nat. Pwr. and Lt.	12½	11½	12	General Electric	48½	48½	48½
North American	33½	31½	31½	Westinghouse	149½	150½	151½
Pac. Gas & Electric	38½	39½	39	American Can.	128½	126½	126½
Pac. Lighting	54½	54½	54½	Addressograph	32½	36	35½
Pub. Service N.J.	47½	46½	47	Caterpillar	83½	83½	83½
Stan. Gas & Elec.	7½	7½	7½	Cont. Can.	71	72	72½
United Corp.	7½	7½	7½	Ingersoll Rand	132	129	127½
United Gas Imp.	16½	16	16	Intnl. Harvester	88½	89	88½
Am. Tel. & Tel.	178	179	178½	Johns Manville	120	121	121
Int. Tel. and Tel.	13	12½	12½	Am. Radiator	23½	23½	23½
Western Union	89	88	87½	Corn Products	70	72½	71½
Radio	11	10½	11	J. I. Case and Co.	162	165½	165½
Radio B. Pref. New	73½	71½	72½	Glidden	44½	45½	45½
				Gen. Am. Transp.	60	62	62½
3. Extractive and Metal Industries				Allied Mills	28	28½	28½
Am. Rolling Mills	31½	32	32	Celanese of America	26½	26½	26½
Beth. Steel	73½	73½	73½	Ind. Rayon New	37½	37½	37½
Beth. Steel Pref.	125	125	125½	Colgate Palmolive	165	165	165
Republic Steel	25½	25½	25½	Eastman Kodak	177	176½	177
U.S. Steel	74½	76½	76½	Gillette	14½	15½	15½
U.S. Steel Pref.	139½	141	141½	Kelvinator	19½	21½	21½
Alaska Juneau	16½	15½	15½	Lambert Co.	58½	58½	58½
ex Div.	41	43½	44½	Loews	33	33	33½
American Metal	46½	49	49½	20th Century Fox	31½	...	...
American Smelting	86½	89	91½	5. Retail Trade and Food			
Anacanda	40½	42½	43½	Montgomery Ward	51	54½	54½
Bohn Aluminum	46½	45½	46½	J. C. Penney Co.	94	94½	94½
Cerro de Pasco	54½	55	58½	Sears Roebuck	91	94	94
Int. Nickel	62½	61½	61½	United Drug	14½	14½	14½
Kennecott	51½	52½	52½	Walgreen	36½	36½	36½
Patino Mines	113	113½	113	Woolworth	56½	61½	61½
Texas Gulf Sulph.	37½	37½	37½	Borden	27½	28	27½
U.S. Smelt.	86	83	84½	Gen. Foods	40½	40½	40½
Vanadium Corp.	24½	23½	24	Kroger Grocery	23½	23½	23½
Atlantic Refining	28½	15	15	Nat. Biscuit	29½	32	32½
Phillips Petroleum	45	44½	44½	Nat. Dairy	25½	26½	26
Shell Union	24½	23½	24½	Standard Brands	15½	17½	17½
Shell Union Pref.	124½	122½	123½	Am. Tobacco B.	101	101½	102
Socooy Vacuum	15	16½	16½	Liggett & Myers B.	104½	104½	104½
Stand. Oil Calif.	37½	38½	38½	Lorillard	23½	23½	23½
Stand. Oil N.J.	64	64½	64	Reynolds Tob. B.	57	57½	57½
Texas Corp.	41½	42½	42½	National Distillers	29½	29½	29½
				Schenley Distillers	49½	50½	52
				6. Finance			
				Commercial Credit	71½	70½	70½
				Atlas Corp.	15½	15	15
				Com. Invest. Trust	84	82½	81½

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 Oct. 14, inclusive				Name of Security	Price, Oct. 7, 1936	Price, Oct. 14, 1936	Rise or Fall	Yield Oct. 14, 1936	Prices, Year 1936 Jan. 1 to Oct. 14, inclusive				Name of Security	Price, Oct. 7, 1936	Price, Oct. 14, 1936	Rise or Fall	Yield Oct. 14, 1936
High-est		Low-est		High-est		Low-est							High-est		Low-est						
(a)	(b)	(c)	(d)	(a)	(b)	(c)	(d)						(a)	(b)	(c)	(d)					
British Funds																					
94½	80	87½	83½	Consols 2½%	85½	85½	—	2 18 7	45/8	35/8	5(a)	5(b)	Bank of N. Zealand £1	36/3	37/6	+1/3	4 5 d.				
118½	109½	116½	113½	Do. 4% Red. at par on or after Feb. 1937 (m)	115½	115½	—	2 19 0	38½	37½	6(a)	6(b)	Bank of England Stk.	380	380	—	3 3 2				
103½	97½	102½	100½	Do. 3%, 1948-53	101½	101½	—	2 6 6	48/9	43/3	3(b)	2(a)	Barclay B. (£1)	80/8	80/8	—	3 7 9				
107½	100½	105½	103½	Do. 3%, 1948-53	104½	104½	—	2 11 6	43/4	42/4	4(b)	3(a)	Bk. of Australasia (£5)	9½	9½	+6d	2 0 0				
112½	104½	108½	106½	Do. 3% after 1961 (s)	108½	108½	—	3 0 0	27/4	27/4	5(c)	5(d)	Bk. of Montreal (\$100)	44½	44½	—	2 2 0				
114½	108½	112½	110½	Do. 4% 1940-44	110½	110½	—	2 6 6	69/—	78/3	6(c)	6(c)	Bk. of N.S. Wales (£20)	27	27	—	3 0 0				
124½	115½	121½	117½	Do. 5% 1944-64	121½	121½	—	2 10 6	15½	12½	7(b)	7(b)	Chd. of India (£5)	90½	95½	+5½	6 6 4				
106½	98½	104½	102½	Funding 2½% 1956-61	102½	102½	—	2 17 0	16/3	13/7	2(a)	3(a)	Comcl. Bk. of Aus. 10/-	15½	15½	—	4 11 0				
121½	111½	117½	113½	Funding 3% 1959-69	117½	117½	—	2 19 0	91/8	85/—	8(a)	8(b)	Dist. A £5, 1½ pd.	91/3	91/3	—	4 0 0				
119½	110½	114½	112½	Victory Bonds 4½%	115½	115½	—	3 0 0	56/4	52/—	5(a)	5(b)	Do. B £1 fully paid	56/3	56/3	—	3 12 6				
101½	101½	108½	104½	War Ldn. 4½% after 1952 (p)	107½	108½	—	2 17 0	107½	108½	11(a)	11(b)	Eng. Sot. & Aust. £5 3pd	91/3	93/9	+2/6	3 1 0				
98½	89½	97½	94½	Local Loans 3%	97½	97½	—	2 16 9	98½	98½	3(b)	2(a)	Hong. & S. (£12½)	11½	11½	—	3 15 0				
104½	100½	103½	101½	Austria 3% 1933-53	102½	102½	—	3 6 8	64/3	61/—	6(a)	6(b)	Lloyds £5, with 1½ pd.	101½	102½	+1	5 7 4				
96½	86½	94½	90½	Do. 3% 1933-53	97½	97½	—	3 6 8	64/3	61/—	6(a)	6(b)	Martins £20, 2½ pd.	63/6	64/—	+6d	3 14 0				
95½	85½	93½	89½	Do. 3% 1933-53	97½	97½	—	3 6 8	64/3	61/—	6(a)	6(b)	Midland £1, fully pd.	95/—	95/—	—	3 15 0				
100½	90½	100½	96½	Do. 4% 1958-68	119½	119½	—	3 5 0	44/—	39½	11(b)	4(a)	Nat. of Egypt £10	40½	39½	—	3 7 0				
119½	112½	120½	116½	U.K. & Arg. 4% (1947)	105½	105½	—	3 11 0	105½	105½	7(b)	7(c)	Nat. of India £25, 1½ pd.	46½	46½	—	3 16 0				
108½	105½	107½	105½	Dom. & Colonial Govts.	119½	119½	—	3 5 0	44/—	39½	11(b)	4(a)	Nat. of S. Wales (£5 pd.)	15½	15½	—	3 14 0				
113½	106½	113½	109½	Australia 5% 1945-75	112½	113½	—	3 9 6	50½	46½	8(a)	8(b)	St. of S. At. £20, 1½ pd.	50½	50½	—	3 7 9				
108½	100½	106½	102½	Canada 4% 1940-60	105½	105½	—	2 13 4	16½	15½	5(a)	5(b)	Westminster £4, 1½ pd.	97/8	98/9	+1/-	3 16 0				
119½	112½	118½	114½	Do. 4½% 1940-60	118½	118½	—	3 6 0	98/10	90/9	9(b)	9(a)	Alexanders £2, 1½ pd.	93/9	93/9	—	4 0 3				
121½	116½	120½	117½	Nigeria 5% 1950-60	119½	119½	—	3 6 0	95/—	88/—	10(b)	9(a)	National A £2½ pd.	61	61	—	3 11 0				
115½	107½	114½	110½	N. Zealand 5% 1946—	112½	112½	—	3 13 3	85/—	88/—	10(b)	9(a)	B. 7½, £2½ pd.	16½	16½	—	3 18 0				
110½	103½	109½	106½	Queensland 5% 1940-60	107½	107½	—	3 2 2	61/8	61/8	5(a)	5(b)	Union £1 at stock	55/—	54/6	-6d	—				
118½	113½	117½	114½	S. Africa 5% 1945-75	116½	116½	—	3 0 0	56/—	52/—	12(b)	7(a)	Discount Cos.								
Discount Cos.																					
101½	98½	103½	99½	Argentine 4% Resc. 1952	101½	101½	—	3 18 0	32½	30	40(a)	50(b)	Alexanders £2, 1½ pd.	93/9	93/9	—	4 0 3				
101½	82	98½	90	Austria 7% 1957	97½	97½	—	7 10 6	32½	30	40(a)	50(b)	National A £2½ pd.	61	61	—	3 11 0				
101½	82	98½	90	Do. 4½% 1934-58	89½	89½	—	5 9 9	16½	14½	13(b)	18(a)	Union £1 at stock	55/—	54/6	-6d	—				
63½	51½	70½	57½	B. Aires (Prov.) 3½%	67½	67½	—	5 0 9	12½	10½	20(a)	20(a)	Atlas £5, 1½ pd.	15½	15½	—	2 15 6				
112½	106½	111½	107½	Belgian 7% red by 1956	108½	108½	—	6 8 6	29½	26½	25(b)	25(b)	Com. Un. £1, fully pd.	11½	11½	—	2 10 0				
20	14½	20½	16½	Bulgaria 7% Loan	18½	19½	—	13 3 3m	14½	12½	31(b)	31(b)	Gen. Acc. £5, 1½ pd.	28½	29½	—	3 11 0				
84½	48½	77½	65½	Brazil 5% Fund. 1914	74½	74½	—	6 15 2	22½	21½	35(a)	45(b)	Lon. & Lanc. £5, 1½ pd.	36½	36½	—	2 15 0				
23½	13½	20½	16½	Chili 6% (1929)	19½	19½	—	6 5 0	22½	21½	35(a)	45(b)	Northern £10, 1½ pd.	14½	14½	—	2 4 0				
91½	71½	84½	66½	China 5% (1912)	79½	79½	—	5 9 3	18½	15½	30(a)	30(b)	Pearl (£1), fully pd.	21½	21½	—	3 13 3				
100½	84½	95½	80½	Do. 5% (1913)	90½	90½	—	5 9 3	18½	15½	30(a)	30(b)	Phoenix £1, fully pd.	16½	16½	—	2 3 0				
100½	84½	95½	80½	Do. 5% (1913)	90½	90½	—	5 9 3	18½	15½	30(a)	30(b)	Prudential £1 A	37½	37½	—	3 11 0				
103½	93½	110½	98½	Danish 3%	105½	105½	—	3 0 0	121/3	108½	137(c)	143(c)	Do. £1, with 4½ pd.	110½	112½	+2/6	1 11 0				
89½	48	70½	57½	Danzig 6%	66½	66½	—	9 17 0	10½	9½	3(b)	3(b)	Royal Exchange (£1)	11½	11½	—	2 12 0				
109½	98	106½	102½	Egypt Unified 4%	104½	104½	—	3 17 0	10½	9½	3(b)	3(b)	Sea Insur. £1, 10/- pd.	9½	9½	—	3 7 0				
30½	22½	25½	19½	French 4% (British)	20½	20½	—	1 10 0	4½	4½	13(a)	13(b)	Sun Insur. £1, fully pd.	5	5	—	3 8 6				
78½	56½	68½	53½	German 7% Dawes L.	45½	44½	—	12 10 0	8½	7½	18(a)	18(b)	Sun Life Assur. £1, 1½ pd.	8½	8½	—	2 18 6				
82½	26½	40½	23½	Do. 5% (Young Ln.)	34½	35½	—	11 10 0	21½	18½	13(b)	17(a)	Yorkshire £1, fully pd.	20½	19½	—	1 19 0				
37½	24	27½	22	Greek 6% Stab. Ln.	44½	44½	—	7 10 0	280	255	64(b)	31(a)	Anglo-American Deb.	270	270	—	3 14 0				
45½	31½	45½	38½	Hungary 7%	50½	50½	—	7 10 0	280	255	64(b)	31(a)	Anglo-Celtic Ind. Deb.	67½	67½	—	3 14 0				
51½	38½	52½	39½	Japanese 5% 1936-65	83½	85½	—	6 9 5	80½	59½	2(c)	2(c)	Atlas Electric, etc. £1	10½	10½	—	Nil				
91½	78½	90½	79½	Do. 6% (1924) red 1959	89½	90½	—	6 18 0	9½	5½	1(c)	1(c)	Brit. Assets Trust 5/—	17/9	16/6	+9d	0 17 0				
144	113	144½	105	Norwegian 4% 1911	110½	110½	—	3 12 9	19½	13½	Nil(c)	3(c)	Debutante Corp. Stk.	246½	246½	—	4 1 0				
50	42	52½	41	Peru 7% 1922	47½	52½	—	5 10 0	253	242	6(b)	4(a)	Guardian Investment	147½	147½	—	3 12 9				
100½	87	93½	68	Poland 7%	78½	78½	—	9 16 6	95½	75	14(b)	14(a)	Indus. and Gen. Ord.	278	283	—	4 1 4				
194	7	13½	8½	Romania 4% Con. 1922	12½	13½	—	1 10 0	15½	14½	14(a)	14(a)	Invest. Corp. £1	278	283	—	3 10 6				
144	106	160	110	Serdania 3% 1908	115½	115½	—	3 3 9	157½	143½	34(b)	24(b)	Lake View Invest. 10/-	183	19/—	+9d	3 19 6				
113½	106½	116½	112½	U.K. & Argentine 1933	115½	115½	—	4 4 0	19½	13½	2(a)	5(a)	Mercantile Investment	278	285	—	3 13 9				
84	75	87½	79	5½ B. Certs. (1951)	87½	87½	—	3 8 0	312	270	7(b)	3(a)	Metropolitan Trust	175	176½	—	4 5 0				
Corporation Stocks																					
37½	24	27½	22	Berlin 6% 1932-57	26½	27½	—	1 10 0	183	167½	44(b)	3(a)	Scottish Investment (5/-)	220	225	—	3 17 2				
120½	114½	119½	116½	Birmingham 5% 1946-56	116½	116½	—	3 2 3	310	263	6(b)	5(a)	Scottish Mortgage, etc.	222½	227½	—	0 15 0				
122½	115½	120½	117½	Bristol 5% 1948-58	119½	119½	—	3 3 0	10/—	7/—	Nil(c)	14(c)	Trustees Corp. Ord.	231½	231½	—	3 18 0				
95½	60	84	64	Danzip 7% 1935-45	75½	75½	—	9 7 3	232½	212½	24(a)	24(a)	United States Debenture	222½	230½	—	3 9 6				
125½	119	121½	117½	E. London 5% 1960-70	120½	120½	—	3 14 3	221½	212½	24(a)	24(a)	Financial Trusts, &c.								
108½	104	106½	103½	Johannsb. 5½ 1937-52	103½	103½	—	5 7 0	244	220	5(b)	3(a)	Argentine Land, etc. £1	20½	21½	+1/-	2 9 0				
96½	90	97½	94½	L.C.C. 3% 1937-52	97½	97½	—	3 1 10	222½	230½	—	—	Australian Estates, etc.	30½	30½	—	3 5 6				
104	101½	106½	103½	Seine (Dpt. of) 4½ 1952	97½	95½	—	5 2 3	21½	15½	2½(c)	2½(c)	Brit. S. Africa 15/- fy. pd.	30½	30½	+3d	5 15 0				
Public Boards																					
118½	115½	121½	117½	Central Elec. 5% 1950-70	117½	117½	—	3 8 3	28½	19½	24(a)	34(b)	Chartreuse Inv. £1	34½	34½	+4½d	4 5 3				
127½	121	21½	21½	LONDON PASSENGER	126	126½	—	3 7 0	27½	27½	6(a)	6(a)	City of London R. Pty. £1	18½	18½	—	4 5 3				
138	133½	21½	21½	4½% "A" 1985-2023	135½	135½	—	3 8 6	27½	27½	6(a)	6(a)	Daily Mail & General £1	52½	52½	—	3 6 8				
111	110	21½	21½	5% "A" 1985-2023	110	110	—	2 17 6	22½	22½	2(b)	2(b)	Forestal Land £1	27½	27½	—	4 8 0				
131½	126½	21½	21½	5% "T.F.A." 1942-72	129	129	—	3 9 0	18½	18½	18½	18½	Hudson's Bay Co. £1	27½	27½	-6d	4 8 0				
112½	101½	114½	107½	5% "B" 1985-2023																	

(Continued from page 129)

TOTAL DEALINGS IN NEW YORK

	Oct. 8	Oct. 9	Oct. 10*	Oct. 12	Oct. 13	Oct. 14
Stock Exchange—						
Shares (No. Thous.)	2,230	2,240	970		2,070	1,640
Bonds (Thous. \$)...	16,180	19,140	9,210	Closed†	16,380	14,220
Curb—						
Shares (Thous.)	547	530	267		474	466

* Two-four session.

† Columbus Day.

CAPITAL ISSUES

The real excitement in the new issue market this week has surrounded the *Morris Motors* placing of 5s. ordinary stock units. We comment upon the implications of this marketing and on Thursday's extraordinary scenes on page 122. The *Argentine Republic* conversion issue, with its record low nominal interest rate of 3½ per cent. is discussed on page 122. Trustee borrowing has been continued this week with the *Bristol* issue, on identical terms with last week's Manchester offer, and was therefore assured of success. Only *Alvis Limited* have made a direct share offer this week, of 5s. shares at 82½ per cent. premium. These shares rank for dividend from next January. The company has a fluctuating profits record characteristic of the specialised motor producer, and the attractions of the present issue are based largely upon the new re-armament equity which the company has recently acquired. This covers the production of aero-engines, armoured cars and tanks. The latter branches, however, are still in an early stage of development, and the shares must accordingly be allotted a speculative ranking. *Woking District Gas Company* has made a small prospectus issue of 4 per cent. perpetual preference stock at £104 per cent. This week's statements "for information only" have been published on behalf of *North British Rayon*, *Gas Consolidation*, *Island Trading Company*, *Parkland Manufacturing*, *Waile and Son*, *Samuel Williams and Sons*, and *Continental Union Trust*.

ISSUES OF THE WEEK

January 1 to October 10, 1936, including conversions, Old Basis, £22,038,553.
January 1 to October 10, 1936, excluding conversions, Old Basis, £140,548,466.
January 1 to October 10, 1936, including conversions, New Basis, £356,201,829.
January 1 to October 10, 1936, excluding conversions, New Basis, £257,542,851.

Net Sales National Savings Certificates, October 1 to October 10, 1936, Dr. £150,000.

TOTALS OF CAPITAL ISSUES DURING WEEK

	Nominal Capital	Conversions	New Money
To the Public	3,233,600	...	3,389,944
To Shareholders only	372,052	...	1,146,882
By Stock Exchange Introduction	755,507	...	1,699,770
By Permission to Deal	340,912	...	854,356

	Including Conversions	Excluding Conversions	Total offered for Subscription—
	£	£	Including Conversions
January 1 to date—			Excluding Conversions
1936 (New Basis)...	363,143,381	264,844,403	Whole year (Old Basis)—
1936 (Old Basis)...	326,425,379	144,935,292	1935... 548,351,393
1935 (New Basis)*	354,058,468	229,988,076	1934... 410,980,300
1935 (Old Basis)...	259,211,253	130,841,950	1933... 467,921,500
January 1 to date (Old Basis)—			1932... 2,699,684,265
1934	332,651,871	143,551,320	1928... 683,000,056
1933	414,643,324	227,917,884	
1928	497,282,468	232,252,737	

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

* Including securities for which "permission to deal" was given in forty-two weeks ended October 19, 1935.

Nature of Borrowing (Excluding Conversions)

	Debentures	Preference	Ordinary	Total
January 1 to date—				
1936 (New Basis)...	94,201,396	30,775,912	139,867,095	264,844,403
1936 (Old Basis)...	76,591,359	15,621,390	52,722,543	144,935,292
1935 (New Basis)...	96,462,706	42,614,660	90,910,710	229,988,076
1935 (Old Basis)...	72,467,551	27,265,024	31,109,375	130,841,950
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	102,789,300	21,461,000	44,878,400	169,108,700
1935	167,185,509	31,696,741	37,265,387	236,147,637

PUBLIC OFFERS

Bristol Corporation.—Issue at 99½ of £3,000,000 3 per cent. stock, redeemable at par 1963, or from 1958 on three months' notice. Net proceeds to repay loans. Estimated population, 413,000; rateable value, £3,189,514. Total assets and outlay, March 31, 1936, £34,955,841, of which trade undertakings £15,968,247, housing £7,461,421. Dock and electricity revenue £684,337; rents £300,000. Lists closed 9.5 a.m. October 15th.

Woking District Gas Company.—Issue of £33,600 4 per cent. perpetual preference stock at 104. Ranks *pari passu* with "C" 5 per cent. preference stock. One vote per £5 stock. Net income 1935, £16,171, of which £4,881 required for interest. Area, 52 square miles; 9,140 consumers. Controlled by Wandsworth and District Gas.

Alvis, Ltd.—Issue of 800,000 5s. ordinary shares at 9s. 3d. Motor car and aero engine makers. Of proceeds, £120,000 new buildings, etc., and £45,000 to repay bank loans. Net assets December 31st, £485,045. Profits, after depreciation and development: 1933, £25,611; 1934, £32,503; 1935, £22,385. Various issues of ordinary shares made in last two years. Ian Anderson and Nairn underwrite issue at 2½ per cent. plus 1 per cent. Lists closed 9.5 a.m. October 13th. Very heavily over-subscribed. It is stated that subscriptions totalled over £1,000,000.

BY STOCK EXCHANGE INTRODUCTION

Morris Motors, Ltd.—Particulars relating to £2,650,000 ordinary stock in 5s. units. Incorporated 1926. 2,000,000 £1 shares issued to vendors and 296,000 further shares issued at par 1935 for cash, the company purchasing capital of Wolsey Motors and M.G. Car Company for £269,000. Further cash issue at par of 1,524,000 5s. shares recently made, for £300,053 capital of Morris Commercial Cars and Morris Industries Exports, and to take at par £50,000 capital of the S.U. Carburettor Company.

Parkland Manufacturing Company, Ltd.—Issued capital, 880,000 5s. ordinary shares. Makers of worsted cloths near Bradford since 1903. Profits, after depreciation, years to February 28th: 1934, £28,465; 1935, £48,667; 1936, £30,319. Total assets, £237,138. London and Yorkshire Trust take 165,000 shares at 10s. 6d. and expenses (about 11s. in all).

Gas Consolidation, Ltd.—Particulars of issue of £250,000 3½ per cent. debenture stock redeemable at par 1961, or from 1946 at 102 on six months' notice. Part of £300,000 authorised; further stock may be issued ranking *pari passu* up to maximum of 50 per cent. of share capital. Net proceeds £245,000, to reduce indebtedness to bankers of £290,000. Rowe and Pitman take issue at 98½ per cent. less ½ per cent.

North British Rayon, Ltd.—Particulars of issue at 97½ per cent. of £97,500 5½ per cent. first mortgage debenture stock to repay bank loan for plant extensions. Redeemable at 102½ 1956 or from 1943 at 3 months' notice. The company makes artificial silk and fibres by viscose process.

The Island Trading Company, Ltd.—Issued capital 862,160 2s. ordinary shares. Acquired in 1911 business of Island Trading Syndicate formed 1900 to develop manufacture of tanning extract in Borneo. Total assets December 31, 1935, £139,429. Profits, before interest and depreciation, years: 1933, £10,406; 1934, £8,864; 1935, £6,557. Ordinary share dividends: 1933, 6 per cent.; 1934, 6 per cent.; 1935, 3 per cent.

Waite and Son, Ltd.—Issued capital 700,000 2s. ordinary shares. Acquires business of lamp shade and standard electrical fittings and fancy goods makers at Mitcham since 1918. Net assets £43,985 acquired for £38,000 cash (goodwill £14,015). Profits, after depreciation, years to March 31st: 1934, £7,589; 1935, £10,649; 1936, £12,150. Directors of vendor company at 2s. 2½d. take 300,000 shares, of which 50,000 to Metropolis Trust and Finance Company for services. Medley Hartmann and Company take 400,000 shares at 2s. 2½d.

Continental Union Trust Company, Ltd.—Issue at 98 of £300,000 3½ per cent. debenture stock, of which James Capel and Company take £150,000 with an option January to March, 1937, on balance. Redeemable at 101 1972 or from 1957 at 102 on three months' notice.

Samuel Williams and Sons.—Issued capital 450,000 £1 ordinary shares, and 50,000 6 per cent. cumulative £1 preference shares, redeemable at par on three months' notice. Ship dischargers, lightermen, etc.; business founded 1855 at Dagenham. Net assets £638,680 (land, £333,365). Profits, before depreciation, years to March 31, 1934, £71,028; 1935, £83,276; 1936, £84,482. 90,000 £1 ordinary shares are at disposal of W. N. Middleton and Company at 42s. until November 27, 1936.

FORTHCOMING ISSUE

Philip Hill and Partners, Ltd.—Lists will open and close on Tuesday next, October 20th, for an issue of 1,250,000 5 per cent. cumulative £1 preference shares at 21s. per share and 1,250,000 5s. ordinary shares at 15s. per share. Mr. Philip E. Hill is chairman and managing director of the company. The prospectus will show that the assets ordinary over 3 times, while on the basis of past profits a return of nearly 10 per cent. is shown on the basis of past profits a return of price of 15s. Industrial conditions in this country are expected to offer exceptional opportunities for expanding the company's business, for which the net proceeds of the issue will be available.

ISSUES TO SHAREHOLDERS ONLY

Kenya Consolidated Goldfields, Ltd.—Issue at par 800,000 shares 2s. 6d. each at par, in proportion of three shares for each four held. The offer will be open till October 29th. The issue has been underwritten by the Fanti Consolidated Investment Company, Ltd., who will receive as consideration an option on 400,000 shares at par for 12 months, and on a similar number of shares for 18 months.

Hilton Main and Holly Bank Collieries.—Issue to shareholders registered September 30th, 41,100 £1 ordinary shares at £2 each in proportion of one new share for each five shares held.

Murex, Ltd.—Issue of 46,125 £1 ordinary shares to ordinary shareholders registered on October 1st. One new share at £6 10s. each for every twelve ordinary shares held. Will rank as fully paid up for any dividends declared in respect of year commencing July 1, 1936.

British Industrial Plastics.—British Industrial Plastics has issued a further 75,069 ordinary shares of 2s. each under the exercise of the options granted shareholders in 1934.

John Brown and Company, Ltd.—Issue of 391,617 6s. ordinary shares at 30s. each in proportion of one for every ten held on October 13th. Proceeds of issue will be utilised for the general purposes of the company. The new shares will rank for dividend and in all other respects *pari passu* with the existing issued ordinary shares. Lists close November 7th.

CONVERSIONS AND REPAYMENTS

New Zealand Government Conversion Loan.—The New Zealand Government announces that arrangements have been made for the conversion or repayment at par on January 15th of approximately £12,400,000 4 per cent. 1937-40 stock. This stock, which is mostly domiciled in New Zealand, will be convertible into 3½ per cent. stock repayable 1955-57, or into 3 per cent. stock repayable 1939-41.

OFFERS ABROAD

Straits Settlements Government Loan.—Issue of \$30,000,000 3 per cent. loan, 1962-1972, at \$100 per cent. Interest payable April 15th and October 15th. The loan is being raised for the purpose of the redemption in due course of the Straits Settlements 3½ per cent. inscribed stock. Priority will be given to applications from co-operative societies registered in Malaya. The loan is secured on the general revenue and assets of the Colony and of the Singapore and Penang Harbour Boards. To be repaid at par on April 15, 1972, or after April 15, 1962, at three months' notice.

LONDON NEW ISSUE PRICES

Stock or Share	Issue price	Paid	Oct. 7, 1936	Oct. 14, 1936
Anti-Attrition Metal (2/- Ord.)	3/-	3/-	11/6-12/-	6/-6/3
Burco (5/- Ord.)	10/-	10/-	11/6-12/-	11/6-12/-
Goodman Bros. and Stockman (2/-)	2/9	2/9	2/9-3/-	2/9-3/-
London County Council 3% 1956-61	99	29	1 1/8-1 3/8 pm	1-1 1/8 pm
Lane, Fox and Co. (4/-)	4/-	4/-	3/9-4/-	3/9-4/-
McCarthy Roadway Ord. £1	...	...	2 1/2-2 1/2	44-44 1/2
Manchester 3%	99 1/2	5	...	par 1/8 pm
New London Properties 6% Pref. £1	20/-	10/-	1 1/2 dis-4 1/2 d.	par-6d. pm
R.F.D. (2/-)	3/-	3/-	4/11-4/7 1/2	3/10-4/1 1/2
Stanley Motors Ord. 4/-	4/6	2/6	10 1/2-11 1/4 pm	6d.-1/- pm
Do. 5 1/2d. Pref. 20/-	20/6	16/6	1/3-9d. dis	1/3-9d. dis
Sydney C.C. 4%	99	59	2 1/2-2 1/2 pm	2 1/2-3 1/2 pm
Wallpapers (Cons.) 2/-	2/6	2/6	...	2/6-2/9

WEEKLY TRAFFIC RETURNS

RAILWAYS OF GREAT BRITAIN AND IRELAND

		Gross Receipts, week ended Oct. 11, 1936 (£'000)							Aggregate Gross Receipts 1936 compared with 1935 (41 weeks) (£'000)						
(b) Week ended Oct. 9, 1936, (c) Week ended Oct. 10, 1936.		Miles Open	Passenger, etc.	Merchandise, etc.	Coal and Coke	Total Goods	Total Receipts	Passenger, etc.	Merchandise, etc.	Coal and Coke	Total Goods	Total Receipts			
Great Western	1936 3,748	195 208	101 309	504	8,813	7,757	4,075	11,832	20,645						
(c) L. & N. Eastern	1936 3,748	179 200	103 303	482	8,694	7,431	4,003	11,434	20,118						
L. M. & Scottish	1936 6,332	312 344	243 587	899	13,571	13,144	9,417	22,561	36,132						
	1936 6,917	490 531	246 595	891	13,306	12,658	8,979	21,637	34,943						
	1935 6,923	456 487	241 728	1,178	20,900	19,417	9,732	29,149	50,049						
Southern	1936 2,154	286 67	28 95	361	12,898	2,562	1,252	3,815	16,731						
	1935 2,171	269 64	30 94	383	12,689	2,530	1,200	3,720	16,408						
Total	1936 19,149	1,273 1,150	618 1,768	8,041	56,182	42,881	24,476	67,357	123,539						
	1935 19,181	1,194 1,100	620 1,720	2,914	55,121	40,934	23,478	64,412	119,533						
(b) Belfast & Co. Down	1936 80	2-0	...	0-5	2-5	110-4	...	21-9	132-3						
(b) Great Northern	1936 543	10-7	...	10-4	21-1	452-2	...	382-9	835-1						
(b) Great Southern	1936 543	9-8	...	11-9	21-7	433-1	...	378-9	812-0						
(b) Belfast & Co. Down	1936 2,078	34-7	...	50-6	85-3	1498-7	...	1653-4	3152-1						
(b) Great Southern	1936 2,124	30-2	...	47-7	77-9	1454-8	...	1545-7	3000-5						

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	£ 196	£ 592	£ 224	£ 180
Gross increase or decrease	+	+	+	+
First half-year 1936, compared with first half-year, 1935	£ 263	£ 937	£ 534	£ 85
Gross increase or decrease	+	+	+	+
Second half-year 1936, compared with second half-year, 1935	£ 264	£ 1,049	£ 655	£ 219
Gross increase or decrease	+	+	+	+
15 weeks to October 11, 1936...	£ 264	£ 1,049	£ 655	£ 219
Weekly average second half 1936	£ 17 1/2	£ 69 1/2	£ 43 1/2	£ 14 1/2
Latest week 1936 compared with 1935	£ 22	£ 79	£ 8	£ 13

LONDON TRANSPORT

	Week ending October 10, 1936	Aggregate 15 weeks to October 10, 1936
*Takings (before pooling)	£564 0/0	£8,367 6/0
Comparative period of last year	£960	£245,100
For an explanation of the manner in which the figures are made up, see the		

Economist, March 17, 1934, page 610.

OTARD'S

ESTABD 1795

THE BRANDY WITH A PEDIGREE

OVERSEAS RAILWAY RECEIPTS

Name	Weeks	Ending	Present Mileage	Gross Receipts for Week 1936	+ or -	Gross Aggregate Receipts 1936	+ or -

INDIAN

	1936	Rs.	Rs.	Rs.	Rs.
Assam Bengal	25	Sept. 20	1,330	\$4,40,200 + 3,454	76,19,488 + 2,75,813
Barsi Lt. Ry.	25	20	292	\$27,800 - 14,000	7,73,700 - 1,44,800
Bengal & N.Western	25	20	2,112	\$7,18,374 + 37,556	1,67,88,372 + 12,67,856
Bengal-Nagpur	26	30	3,268	\$19,64,000 - 3,23,286	3,96,95,683 - 23,69,464
Bombay, Bar. & C.I.	26	30	3,072	\$28,66,000 + 1,16,000	5,39,82,000 + 31,68,000
Madras & S. Mahr.	25	20	3,229	\$17,29,000 - 19,402	3,48,45,032 + 7,34,127
Robilch & Kumaon	25	20	546	\$1,32,819 + 14,494	32,92,571 + 3,54,908
South Indian	25	20	2,532	\$14,38,793 + 22,478	2,55,16,576 - 1,60,896

† 10 days.

CANADIAN

		1936		\$	\$	\$	\$
Canadian National.	40	Oct. 7	23615	4,143,000	+ 200,234	138,591,312	+ 9,518,367
Canadian Pacific ...	40		7 17220	3,183,000	- 127,000	103,133,000	+ 7,777,000

SOUTH AMERICAN

Autofagasta (Chili and Bolivia).....	41	1936 Oct. 11	834	\$ 16,170 + 5,980	556,980 + 59,700
Argentine N.E.	15	10	753	\$164,900 + 38,900	2,388,200 + 238,100
				*\$9,700 + 2,297	140,127 + 13,833
B.A. and Pacific ...	15	10	2,860	\$1,355,000 + 25,000	18,741,300 + 235,300
B.A. Central	14	3	...	*\$79,706 + 1,563	1,099,575 + 12,518
B.A. Gt. Southern	15	10	5,084	\$151,500 + 8,800	1,870,900 + 59,800
				*\$1,976,000 + 12,000	27,563,000 + 2,866,000,000
B.A. Western	15	10	1,930	*\$116,235, 700 + 77,000	1,617,137 + 170,250
				*\$11,178 + 4,572	9,916,000 + 230,000
Central Argentine.	15	3,700		\$2,686,930 + 583,030	581,780 + 14,454
				*\$156,878 + 34,440	3,613,630 + 4,477,130
Central Uruguayan	14	3	273	\$11,935 + 2,539	2,043,131 + 290,778
C. Urg. (East Ext.)	14	3	311	\$1,830 + 302	150,423 + 31,069
C. Urg. (W. Ext.)	14	3	185	\$1,196 + 6	23,386 + 4,624
C. Urg. (N. Ext.)	14	3	211	\$1,114 + 174	19,662 + 4,362
Cordoba Central.....	15	1,218		\$1460,000 + 21,000	13,133 + 2,796
				*\$27,060 + 51,020	87,120 + 556,000
Entre Rios	15	810		\$216,850 + 45,800	31,920 + 615,554
				\$12,735 + 2,706	3,166,000 + 77,900
G. Westn. of Brazil	41	1,082		\$8,100 + 1,900	185,767 + 4,375
Leopoldina.....	41	1,918		\$51800,000 + 42,000	298,100 + 0
				\$21,525 + 649	767,834 + 7,091,000
Leopoldina Termal.	41	10	...	\$5,351,000 + 33,000	780,542 + 62,053
Nitrate	39	Sept. 30	397	\$473,755 + 429	13,690,000 + 1,552,000,000
Paraguay Central	15	Oct. 10	274	\$2,919,000 + 102,000	93,600 + 16,554
San Salvador	41	100		\$ol. 8,200 + 1,774	39,360,000 + 6,214,000
				\$270,000 + 282,000	156,730 + 21,817
San Paulo	40	4	1534	\$of 31,613 + 3,202	199,196,000 + 1,618,000
United of Havana	15	10	1,353	\$14,527 + 2,687	1,192,035 + 216,188
					231,369 + 17,487

COMPANY MEETINGS, &c.

HARRISONS AND CROSFIELD, LIMITED

TEA AND RUBBER POSITION

Mr Eric Miller's speech, on the 13th instant, at the twenty-eighth annual meeting of Harrisons and Crosfield, Limited, comprised, as usual, a review of the tea and rubber industries during the past year. Of the former he said: Probably the most striking event in the tea industry has been the increase of twopence per lb. in the United Kingdom tea duty imposed in the last Budget, raising it to 4d. per lb. on Empire and 6d. per lb. on foreign grown tea. Even though this additional duty may not materially check consumption in this country, it will certainly not help us to increase it. It came as an unexpected and unpleasant surprise to the trade, and it is a pity that the present time should have been selected for this additional impost, when the industry is still unable to make ends meet without the help of international regulation of supplies and is expending large sums on propaganda in an effort to stimulate the further consumption of tea in the countries which offer the best prospects of expansion. Something like £400,000 a year is being put up by producers for propaganda conducted by The International Tea Market Expansion Board.

RUBBER PLANTATION INDUSTRY

Turning to the rubber plantation industry, Mr Miller said: Stocks in London and Liverpool public warehouses, which are looked upon as the barometer of the industry, had reached the highest figure ever recorded at 178,000 tons in mid-September, 1935. The corresponding figure at the end of September this year was 103,000 tons, the diminution having proceeded very steadily week by week. It is natural, therefore, that the price should have improved in recent months from the unsatisfactory level to which it fell in 1935. The world output of automobiles has made rapid recovery in the last year or two, although the 1935 total of 5,200,000 vehicles is still about one million less than were turned out in the boom year 1929. The output for 1936 will be greater than it was in 1935. At the end of 1935, 26 million automobiles were registered in the United States and 11 millions in other countries, a total of 37 million vehicles in use.

Although the automobile industry still absorbs about two-thirds of the rubber which goes into consumption and is likely to remain the predominant user, it is gratifying to see a steady increase in other directions. The fitting of pneumatic tyres to agricultural vehicles has proved very advantageous to farmers, and though it is not practical to convert old vehicles from iron-shod to rubber tyres, it looks as if pneumatics will soon be standard equipment on most new vehicles sold. The use of rubber in latex form continues to increase, the 1935 shipments, equivalent to over 20,000 tons of dry rubber, being four times as great as the 1929 figure. This latex is going largely into outlets for which ordinary rubber is not suitable and is extending well beyond the field of the rubber industry. 1936 shows further headway in this direction.

THE REGULATION SCHEME

The present agreement has little more than two years to run. With the experience of the Tin Regulation Committee before us it seems to me not inappropriate to suggest that the rubber industry and the Governments concerned might well be turning their minds to a preliminary consideration of the question of continuing regulation, so that any queries or possible difficulties can be cleared up in good time.

In concluding my address to the shareholders of this company, which has business contacts with most parts of the world, I must make brief reference to the devaluation of the franc and the guilder. We are more directly interested in the guilder than the franc, and the decision which was taken towards the end of September by the Governments concerned came to us as a relief from prolonged tension. The Chancellor of the Exchequer last week referred to this devaluation in a most interesting speech and gave us an encouraging view of the significance to be attached to the declarations of the Governments of the U.S.A., France and our own country, opening up a prospect of co-operation for the revival of international trade. Let us hope that this movement will speedily gather strength, for nothing is better calculated to dissipate international political unrest and restore amity amongst the nations, who are still suffering from the distressing experiences of the last two decades. (Applause.)

The report and accounts were unanimously adopted and a dividend of 15 per cent. on the deferred ordinary stock, making 20 per cent. for the year, was declared.

NIGEL VAN RYN REEFS, LIMITED

AN UNUSUALLY LIQUID POSITION

The ordinary general meeting of the Nigel Van Ryn Reefs, Limited, was held, on the 13th instant, in London.

Mr W. A. Wills (chairman and managing director) said that the realised net profit for the year ending June 30, 1936, was £30,722. They were recommending a dividend of 10 per cent. and the carrying forward of the balance of £20,722, with certain unrealised prospective profits. As they had to wait for the returns from their South African secretaries, it was probable that the dividend warrants would not be ready for posting until about the end of December. The company was in an unusually liquid position with no debts. On June 30th last cash at bank amounted to £33,924, and their quoted assets at middle prices were valued at £77,671 on June 30th. Their quoted shares at that date consisted of 48,920 Marievale Consolidated Mines, 2,500 Wiluna Gold Corporation, 1,000 Lake View and Star, 2,000 Commonwealth Mining and Finance, 500 Nigel Gold Mining, and 2,500 Camp Bird. In addition, the company owned unquoted shares standing in the books at £59,512. The chief item was 561,500 shares in the Lamplough Gold Mining Company, of which they were co-vendor with the Camp Bird group, with a book cost of £24,901. Exploration was still going on, and they were not yet in a position to tell shareholders whether results were satisfactory or the reverse.

The sale of the 257 claims adjoining the Nigel Company to the Marievale Consolidated Mines, Limited, had at length been completed. The purchase price was £25,000 in cash, which, under the agreement, was applied to the purchase of 50,000 shares in the Marievale Consolidated Mines at 10s. per share. The shares now stood in the market at 23s. In addition, they had an option on 25,000 shares at par (10s.) when issued and a further option on some further shares at 15s. or lower. The Marievale Consolidated Mines was under the exceedingly careful and conservative management of the Union Corporation, and they expected those shares to stand at a much higher level by the time the productive period was reached, as the company was situated on the extension of the main shoots of the Far East Rand and was contiguous to the Nigel Gold Mining Company and on the same reef.

With regard to the Australian Gold Reefs Corporation, they used to hold their Monument Hill shares and the Quartz Block on joint account with the Gold Corporation, but it was inconvenient assigning those assets at cost to a company registered for that purpose to which was given the name of the Australian Gold Reefs Corporation, Limited. They practically controlled the Monument Hill company through their large holding. The main shaft had now been carried down to a depth of 1,230 ft., and the mill was operating. The grade had been low, but had latterly shown signs of improvement, and Mr Stuckey had expressed the opinion that the mine would pay dividends. In a letter from Mr Stuckey dated September 21st he stated that the initial returns from the mill added that there had been an improvement in the ore being stoped above the 240 level near the central shaft at 500 ft. south of the main shaft.

On the Quartz Block values hitherto had been good, running from a few dwts. to 2½ ozs. They must wait until more development had been carried out before they knew whether they had a 4 dwts. by amalgamation, while the tailings also showed 4 dwts. The pyrites concentrates had not yet been assayed. That, of course, as far as it went, was very satisfactory; it looked like at least 8 dwts. Mr Stuckey's last letter, received the previous day, remarked that they were justified in describing it after 15 months' work as an encouraging prospect.

Their future for the next few years should be assured, as they had carried forward a solid sum independent of further profits holding in the Marievale Consolidated Mines, amounting at the present time to 50,000 shares plus 25,000 under option. Their liquid assets in cash and quoted shares alone exceeded the issued capital, and they had no debts or open commitments.

Their prospects were very largely dependent upon the price of gold. After efforts on the part of France and other countries to adhere to the gold standard, which was ruining them, as it nearly ruined this country in 1931, France had reluctantly gone off on September 25th, followed by Switzerland on the 28th, Holland on the 29th and Italy on October 5th this year. The immediate consequence had been that gold had already risen from 137s. 6d. to approximately 142s. He still thought that gold would ultimately reach a much higher price, which would make a vast difference to the profits of gold mining companies.

The report was adopted.

HERRBURGER, BROOKS, LIMITED

BETTER OUTLOOK FOR PIANOS

The sixteenth annual general meeting of Herrburger, Brooks, Limited, was held, on the 15th instant, at Winchester House, London.

Mr Louis Sterling (the chairman) said: As regards the profit and loss account, a considerable reduction appears under the heading of interest receivable, due to the fact that last year—that is, the year to June, 1935—advantage was taken by your directors of the appreciation in value of Government securities held by the company by the sale thereof, resulting in a profit of £13,682, which was duly brought to account. Out of the cash realised, approximately £70,000 was repaid to the shareholders on repayment of capital, and the balance of £80,000 allowed temporarily to remain on deposit at our bankers.

Money on deposit, of course, only earns a very small rate of interest, and when this is taken into account, together with the reduction of the amount by the £70,000 referred to, the interest earned has decreased by approximately £3,200. Against this item, however, interest payable, £3,398, has disappeared. This interest was payable on the balance of purchase price outstanding of two businesses taken over by us some years ago, and these balances were paid off during the previous year, with the result that the interest charge has accordingly now disappeared.

Your directors have, however, since the end of the financial year reinvested a considerable portion of the cash which was on deposit at June 30th last in Government securities, and securities guaranteed by the British Government, all of which are redeemable at comparatively early dates. The rents receivable and rents payable have both increased, due mainly to the taking over of a factory held on lease and sub-let which was previously included in the accounts of a subsidiary company which has been wound up.

APPROPRIATION ACCOUNT

The profit and loss appropriation account includes the expenditure incurred in connection with the repayment of capital. The charge for income tax represents the sum necessary to maintain the income-tax account at a figure to cover all liability in respect of profits made up to and including the year under review.

Your directors are pleased to be able to propose payment of a final dividend which will be slightly in excess of the amount paid last year, and at the same time to increase the carry-forward on profit and loss account by approximately £3,500.

There seems to be no doubt that the piano is slowly but surely returning into public favour, and there is considerable optimism in the piano trade generally that the present year will show an improvement. Unfortunately, that is something we, as suppliers to the trade, can do nothing to control, but we naturally hope that such will be the case, as any increase in piano sales should carry with it an increase in our own business.

The general trade of the country has undoubtedly improved, and appears to be likely to continue to improve. This will result in increased prosperity all round, and although it takes some time for that prosperity to benefit the trade in which we are concerned, there is no doubt that in due course benefit should be realised, and we are pleased, therefore, to say, as on previous occasions, that we view the future with confidence.

The report and accounts were unanimously adopted.

TANGOEL RUBBER ESTATES, LIMITED

BENEFITS OF DUTCH DEVALUATION

The annual ordinary general meeting of this company was held, on the 12th instant, in London.

Mr Walter Hilliers, the chairman, in the course of his speech, said:—Our crop had to be curtailed to the extent of some 45,000 lbs., as the licences for the corresponding weight of rubber were sold back to the Government in response to their request in connection with the regulation of exports, and the profit on this quantity was smaller than if the rubber had been sold in the open market. Over 22,000 lbs. of rubber had to be sold locally at about cost, as any purchases of licences at that time would not have been remunerative.

We are pleased with the progress of the Wonokerto division, and the whole area of about 260 acres will now be tapped. The estimated cost does not exceed that of our principal estate. The crop for the first year of tapping is expected to be about

90,000 lbs. By opening up this little property we were able to reduce appreciably the capital costs of our rubber per acre.

If rubber prices remain at about the present level, we can, I think, look forward with confidence to an improvement on the year under review. It is too early to say much as to the effect of the devaluation of the guilder, but this should, of course, be beneficial. In any case, companies situated in the Dutch East Indies will no doubt be put in a much better position than hitherto to compete in the world's markets. No forward sales of rubber have been made, and none is contemplated at present.

The report and accounts were unanimously adopted, and a dividend of 2 per cent. was declared.

ROAN ANTELOPE COPPER MINES, LIMITED

REVIEW OF THE COPPER POSITION

Mr A. Chester Beatty (chairman) presiding in London, on the 14th instant, at the ordinary general meeting, said:—

The net profit of £514,487 was the highest so far reached, and compares with £330,220 for the preceding year. This satisfactory result was obtained notwithstanding a restricted output of copper, and was due to the higher market price for the metal.

Having in mind that our enterprise is now well established for production on a relatively low cost basis, you will see that variations in our profit-earning capacity are primarily dependent on the price of copper and on the quantity which we produce and sell. A review of conditions affecting these factors is therefore of special interest to shareholders. It is only about two years ago that the copper market was under the pressure of unduly large stocks which had accumulated during the period of depression, and production was continuing at a rate somewhat in excess of consumption. In consequence, the market for the metal was unsettled, and prices were unduly low. Efforts made by leading producers to correct this position led to the scheme for restriction of output which has now been in operation for nearly 18 months. That scheme was timely, and its successful outcome has been aided greatly by the increase which has taken place in the demand for copper. Since the inception of curtailment the price of the metal has risen steadily from the exceptionally low level to which it had fallen.

The primary purpose of the scheme was to ensure so far as possible a rational regulation of output, and it is not the policy of responsible leaders of the industry to curtail supplies unduly in order to force up prices. As I told you last year, the parties to the restriction agreement consider that an unduly high price is good neither for producer nor consumer, and flexible arrangements were set up so that increases or decreases in production could be made quickly to meet changes in market demands. These arrangements have worked smoothly and effectively as demonstrated by the two recent changes in the rate of curtailment.

An important change in the position since the commencement of curtailment has been a substantial reduction of copper stocks. At the time the agreement was reached world stocks of refined copper amounted to 585,000 tons (I am now referring to short tons of 2,000 lb.). By the end of August, 1936, there had been a reduction of 179,000 tons to 406,000 tons. These world stocks represent slightly less than three months' market requirements, and current world consumption continues somewhat ahead of production. To provide for the increased requirements of copper, two recent changes in curtailment were made, which will produce further supplies at the rate of 76,600 tons a year. The maintenance of the current rate of consumption will require an additional output of copper.

The all-round improvement in the position of the market, coupled with the possibilities which exist for further expansion in demand for the metal, in my view fairly justifies us in looking for a marked improvement in our company's results for the current financial year. The usual report covering the first quarter, ended September 30, 1936, will be issued to shareholders in the course of a few days, and will show an estimated net profit, subject only to taxation, of £174,500. The average revenue from copper sales account for that quarter works out at £37 17s. 8d. per ton, against an average over the last financial year of £34 11s. 7d.

The report was 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 Bouverie Street, Fleet Street, London, E.C.4.

MUREX, LIMITED

BUSINESS STILL EXPANDING

The seventeenth ordinary general meeting of Murex, Limited, was held, on the 15th instant, at Winchester House, London.

Mr Geo. P. Joseph (the chairman) said that the increase of £53,500 in the sum carried from profit and loss to the appropriation account was due on the one hand to increased profit from their own trading, increased dividends from Murex Welding Processes, Limited, and interest on investments, and, on the other hand, to a reduction in the various charges as set out on the debtor side of the accounts. After the payment of a dividend of 3s. a share, less income tax, there would remain £133,361, of which £100,000 would be transferred to the general reserve, making £317,180, and leaving £33,361 to be carried forward.

At their Rainham works the range of the company's activities had been extended, and that part of their business continued to show a very satisfactory increase.

The dividend proposed—an increase from 20 per cent. last year to 25 per cent. on an increased capital—would no doubt be considered satisfactory, particularly as it was accompanied by an issue of shares on terms which, having regard to the present market price, constituted an appreciable bonus. After payment of the dividend they would still have large liquid resources, but they had very heavy commitments in regard to capital expenditure to meet. It was clear to the board that in order to carry their programme into effect and leave them with the necessary margin, the new issue was required not alone to provide for capital expenditure, but to maintain the company's business and deal with increasing turnover and expanding demand. When the issue had been made, the general reserve would be raised by the premium thereon to £572,930. It was then proposed to convene an extraordinary general meeting to capitalise a portion of the reserve to be distributed on the basis of two fully-paid ordinary shares for every three ordinary shares held, and to effect that it was proposed to increase the authorised capital of the company by a further 600,000 ordinary shares of £1 each.

The company's new financial year had opened well, and with trade increasing generally he saw no reason why they should not be able to issue another satisfactory trading record in the next report and accounts.

The report was unanimously adopted.

INDUSTRIAL FINANCE AND INVESTMENT CORPORATION, LIMITED

IMPROVING POSITION

The eleventh ordinary general meeting of this Corporation was held, on the 9th instant, at Winchester House, London, Mr Paul Lindenberg (the chairman) presiding.

The Chairman, in the course of his speech, said that the receipts for interest and dividends amounted to £112,431, from which they had to deduct discounts on realisation of loans amounting to £42,000, and therefore, on balance, £70,258 remained, against £42,750 last year. Their investments again showed an increased appreciation compared with the preceding year of £31,487. They proposed to pay a dividend of 2 per cent. on the ordinary shares. The ordinary dividend was not very high, but the fact that they had to pay so high a rate as 6½ per cent. on the preference shares prevented them this year from distributing a higher dividend on the ordinary shares. They hoped that the time would not be too distant when they could make some arrangements for a more equitable division of profits for both classes of shares. Once they had finally reduced the loans in foreign countries to a figure which would avoid losses due to exchange restrictions they were confident that the income from other sources would enable them to declare more satisfactory dividends on the ordinary shares.

They had taken an interest in and they had been able to carry through transactions which had not only been profitable for the company, but had also proved entirely satisfactory to their friends who were associated with them in those transactions and to the public which had invested in shares placed by them. Their sphere of operations had been entirely transferred to enterprises in the British Empire. The economic conditions, especially in the United Kingdom, had been highly satisfactory, and, he hoped, would continue so. With regard to the changes which had taken place in the last few weeks in the foreign exchange situation, France, Switzerland, Holland and Italy had devalued their currencies and were therefore now more in alignment with the United States and Great Britain. The steps taken were, in his opinion, a move in the right direction.

The report was unanimously adopted.

GOODE DURRANT AND MURRAY, LIMITED

RESUMPTION OF PREFERENCE DIVIDEND

The thirty-eighth ordinary general meeting of Goode Durrant and Murray, Limited, was held, on the 15th instant, in London.

Mr William E. Pennick (the chairman) said that shareholders had probably seen a great deal that had been published in recent months about the prosperity of Australia as a whole, and it was obvious to all that an improvement had taken place. That was reflected in the company's accounts, but it would be wrong to assume that the whole of the community had recovered from the effects of the depression which had lasted for so long a time. During the year under review there had been serious drought conditions, particularly in Western Australia, but in South Australia the harvest generally had been satisfactory, and the improvement in prices of both wheat and wool had to some extent helped to make up for a smaller crop and clip.

The difficulty of having to deal with the competition of cheap Japanese products had continued throughout the year, and the directors were gratified when in May last the Australian Government put on such duties that the price of those goods would be brought more into line with those of the productions of this and other countries.

With regard to their land and buildings, they held substantially the same properties as in 1929. In that year they were valued at £165,000 more than the then book value. At the height of the depression they had been valued at £106,000 more than the then book value, and since 1931, with the improved state of Australia generally, property values had increased.

The outstanding feature of the report was the fact that they were able to announce an amount of profit sufficient for them to recommend the payment of a dividend on those preference shares on which the dividend had been in arrear since October, 1931. Before issuing their report, the whole question had been submitted to their legal advisers, and they were satisfied that in view of their real position they were justified in their recommendation.

With regard to the future, they were reasonably optimistic. The company's trade in both Western Australia and South Australia to date in the current year was in advance of that of the previous year, and, with the present high prices of both wheat and wool, there was reason to look forward with confidence. The report was unanimously adopted.

GOVERNMENT RETURNS, &c.

NATIONAL ACCOUNTS

The total ordinary revenue for the ten days ended October 10, 1936, amounted to £21,322,000, against ordinary expenditure of £34,647,000. After allowing for a decrease in Exchequer Balances of £21,380,473, the operations for the ten days, as shown below, decreased the gross National Debt by £7,825,000 to approximately £8,000 millions.†

(000's omitted)	
Public Department Advances.....	+ £12,750
Land Sett. (Facilities) Act.....	+ 7
Treasury Bills.....	— £20,155
National Savings Certificates.....	— 150
Road Fund.....	— 100
British Shipping Assistance.....	— 177
	+ 12,757
	— 20,582
† 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 September 30, 1936, appeared in the *Economist* of October 3, 1936.

REVENUE	Estimate for the year 1936-37	Total Receipts into the Exchequer			
		April 1, 1935, to Oct. 12, 1935	April 1, 1936, to Oct. 10, 1936	12 days ended Oct. 12, 1935	10 days ended Oct. 10, 1936
ORDINARY REVENUE					
Inland Revenue—					
Income Tax.....	259,000,000	60,483,000	55,237,000	7,188,000	8,088,000
Sur-tax.....	56,500,000	6,210,000	6,280,000	410,000	380,000
Estate, etc., Duties.....	89,000,000	48,740,000	44,200,000	2,120,000	2,090,000
Stamps.....	27,000,000	10,210,000	11,000,000	300,000	580,000
Excess Profits Duty and Corporation Profits Tax	750,000	...	...	...	...
Land Tax and Mineral Rights Duty.....	750,000	130,000	130,000	...	...
Total Inland Revenue.....	433,000,000	125,773,000	116,847,000	10,218,000	11,138,000
Customs and Excise—					
Customs.....	207,525,000	105,585,000	111,108,000	7,926,000	6,802,000
Excise.....	110,000,000	54,600,000	53,900,000	2,700,000	2,000,000
Total Customs and Excise.....	317,525,000	160,185,000	165,008,000	10,626,000	8,802,000
Motor Vehicle Duties (Exchequer Share).....	5,000,000	1,614,000	1,495,000	510,000	275,000
Post Office (Net Receipt) ...	11,258,000	7,050,000	6,000,000	1,100,000	Dr. 50,000
Crown Lands.....	1,350,000	640,000	630,000	...	...
Receipts from Sundry Loans	5,000,000	3,058,037	2,969,145	49,798	51,177
Miscellaneous Receipts.....	25,250,000	15,089,157	13,375,788	3,987,437	1,106,021
Total Ordinary Revenue.....	798,381,000	313,389,194	306,324,913	26,489,235	21,322,198

THE BANKERS' GAZETTE

BANK OF ENGLAND

Return for Week ended Wednesday, October 14, 1936

ISSUE DEPARTMENT

£		£	
Notes Issued:—		Government Debt.....	11,015,109
In Circulation.....	446,366,695	Other Government Securities	247,153,192
In Banking Department.....	62,293,651	Other Securities.....	1,617,377
		Silver Coin.....	214,331
		Amount of Fiduciary Issue	260,000,000
		Gold Coin and Bullion	248,660,346
			508,660,346

BANKING DEPARTMENT

£		£	
Proprietors' Capital.....	14,553,000	Government Securities.....	80,368,337
Reserve.....	3,183,266	Other Securities:—	
Public Deposits.....	31,616,337	Discounts and Advances.....	£9,552,935
Other Deposits:—		Securities.....	£19,377,435
Bankers.....	£82,155,775		28,930,370
Other Accounts.....	£41,230,902	Notes.....	62,293,651
	123,386,677	Gold and Silver Coin.....	1,071,922
			172,664,280
			172,664,280

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

Both Departments	Amount Oct. 14, 1936	Inc. or Dec. on Last Week	Inc. or Dec. on Last Year
Note circulation.....	446,366,695	— 4,475,400	+ 46,748,590
Public deposits.....	31,616,337	+ 6,864,666	— 593,733
Bankers' deposits.....	82,155,775	— 2,036,501	+ 3,354,887
Other deposits.....	41,230,902	+ 289,311	+ 3,470,688
Total outside liabilities.....	601,369,709	+ 642,076	+ 53,069,832
Capital and rest.....	17,661,266	+ 24,516	— 6,475
Government debt and securities.....	338,536,629	— 619,623	— 5,000,345
Discounts and advances.....	9,552,935	+ 262,408	+ 4,107,031
Other securities.....	20,994,812	+ 1,093,704	+ 8,266,044
Silver coin in issue department.....	214,331	— 50,692	— 1,323,735
Coin and bullion (bank's reserves)	249,732,268	— 18,845	+ 55,228,424
Reserves of notes and coin in banking department.....	63,365,573	+ 4,456,555	+ 8,479,834
Proportion of reserve to outside liabilities.....			
(a) Banking Department only ("proportion").....	40.9%	+ 1.6%	+ 4.0%
(b) Gold stocks to deposits and notes ("reserve ratio")	41.5%	— 0.1%	+ 6.0%

(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							
Sept. 23	507,801	445,104	10,442	107,982	38,795	738 in	% 2
Oct. 30	508,650	449,396	49,714	60,719	40,949	1,049 in	% 2
Oct. 7	508,660	450,842	24,752	84,192	40,942	11 in	% 2
" 14	508,660	446,367	31,616	82,156	41,231	Nil	% 2

(000's omitted)

Date	Issue Department		Both Depts.	Banking Department			
	Govt. Debt and Securities	Other Securities		Govt. Securities	Discounts & Advances	Other Securities	Reserve and the "Proportion"
1936							
Sept. 23	259,188	467	248,708	41%	83,683	7,881	20,337
Oct. 30	259,383	300	249,755	41%	80,323	8,588	20,402
Oct. 7	259,403	332	249,751	41%	79,753	9,291	19,569
" 14	258,158	1,617	249,732	41%	80,368	9,553	19,377

BANKERS' CLEARING RETURNS

LONDON

(000's omitted)

	Town	Metropolitan	Country	Total
1936				
January 1 to September 30...	25,225,957	1,499,226	2,598,499	29,323,682
Week ended October 7.....	721,305	50,189	80,243	861,737
Week ended October 14.....	821,408	38,987	68,532	928,927
Total to date, 1936.....	26,768,670	1,588,402	2,757,274	31,114,346
Total to date, 1935.....	25,600,083	1,489,789	2,549,514	29,639,386
Increase or decrease in 1936 {	+ 1,168,587	+ 98,613	+ 207,760	+ 1,474,560
	= 4.6%	= 6.6%	= 8.1%	= 5.0%
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%

REVENUE	Estimate for the year 1936-37	Total Receipts into the Exchequer			
		April 1, 1935, to Oct. 12, 1935	April 1, 1936, to Oct. 10, 1936	12 days ended Oct. 12, 1935	10 days ended Oct. 10, 1936
SELF-BALANCING REVENUE					
Post Office.....	69,344,000	31,900,000	34,650,000	1,400,000	1,350,000
Motor Vehicle Duties apportioned to Road Fund.....	26,500,000	6,892,000	7,153,000	...	...
Total Self-balancing Revenue.....	95,844,000	38,792,000	41,803,000	1,400,000	1,350,000
Total.....	...	352,181,194	348,127,913	27,889,235	22,672,198
EXPENDITURE	Estimate for the year 1936-37	Total Issues out of the Exchequer to meet Payments			
		April 1, 1935, to Oct. 12, 1935	April 1, 1936, to Oct. 10, 1936	12 days ended Oct. 12, 1935	10 days ended Oct. 10, 1936
ORDINARY EXPENDITURE					
Interest and Management of National Debt.....	224,000,000	123,183,651	122,381,514	17,357,256	17,139,010
Payments to Northern Ireland Exchequer.....	7,500,000	2,764,714	3,232,234	230,393	248,464
Other Consolidated Fund Services.....	3,200,000	1,522,561	1,349,460	2,297	213,408
Post Office Fund.....	600,000	...	...	...	...
Total.....	235,300,000	127,470,926	126,963,208	17,589,946	17,600,882
Total Supply Services (excluding Post Office)	570,969,000	253,780,099	273,078,679	17,314,000	17,046,000
Total Ordinary Expenditure.....	806,269,000	381,251,025	400,041,887	34,903,946	34,646,882
SELF-BALANCING EXPENDITURE					
Post Office.....	69,344,000	31,900,000	34,650,000	1,400,000	1,350,000
Road Fund.....	26,500,000	6,892,000	7,153,000	...	...
Total Self-Balancing Expenditure.....	95,844,000	38,792,000	41,803,000	1,400,000	1,350,000
Total.....	...	420,043,025	441,844,887	36,303,946	35,996,882

† Estimated Expenditure as per Financial Statement (H.C. 77)	797,897,000
Add:—	
Supplementary Estimates.....	83,972,000
Less:—Provision made in the Budget.....	25,600,000
	8,372,000
	806,269,000

The aggregate revenue from April 1 to October 10, 1936, is shown below:—

(000's omitted)	
Expenditure.....	400,042
Revenue.....	306,325
Decrease in Balances.....	124
Gross borrowing.....	£98,729
Less:	
New Sinking Fund*.....	5,136
Net borrowing.....	93,593
	400,042

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

POSITION OF THE FLOATING DEBT

Movement	
	10 days ended Oct. 12, '35 Mar. 31, '36 Oct. 10, '36 Oct. 10, '36
Days and Means Advances Outstanding	
Advances by Bank of England.....	18,040,000
Advances by Public Departments.....	19,055,000
Treasury Bills outstanding.....	23,500,000
	+ 12,750,000
	832,485,000*
	— 20,220,000
Total Floating Debt.....	920,425,000
	782,170,000
	855,985,000
	— 7,470,000

* Includes £3,000, the proceeds of which were not carried to the Exchequer within the period of the Account.

TREASURY BILLS BY PUBLIC TENDER

PROVINCIAL

(000's omitted).

	Week ended		Month of September		Inc. or Dec.	Aggregate Totals January 1 to October 10	
	1935	1936	1935	1936		1935	1936
No. of working days :	25	26					
BIRMINGHAM	1,945	2,229	8,333	10,426	+25-1	95,175	104,133
BRADFORD	925	1,017	3,734	3,890	+4-1	35,918	38,951
BRISTOL	1,151	1,304	4,689	5,498	+17-2	47,864	51,099
DUBLIN	6,056	6,039				215,862	227,110
HULL	812	767	3,007	3,452	+14-7	29,605	32,331
LEEDS	643	740	3,631	3,648	+0-4	36,903	37,300
LIVERPOOL	710	680	2,549	2,975	+16-7	26,727	29,246
MANCHESTER	5,276	6,318	21,014	25,795	+22-7	231,471	246,165
NEWCASTLE	9,180	10,165	38,233	42,473	+11-0	393,101	406,157
NOTTINGHAM	1,070	1,204	4,798	5,422	+13-0	53,548	52,499
SHEFFIELD	429	478	1,737	1,943	+11-8	19,094	20,325
	725	867	3,549	4,042	+13-8	34,456	40,373
	28,892	31,808	95,274	109,564	+14-9	1,219,724	1,286,289

* 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. Estonia in September 19. New Zealand in September 26. Canada, Egypt in October 3. Argentina, Danzig, Denmark, International Settlements, Lithuania, Poland, Portugal, The Reichsbank, Java, Bulgaria, Greece, Hungary, Federal Reserve Reporting Members in October 10.

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

	Oct. 17, 1935		Sept. 24, 1936		Oct. 1, 1936		Oct. 8, 1936		Oct. 15, 1936	
	1935	1936	1935	1936	1935	1936	1935	1936	1935	1936
Gold Certificates on hand and due from the Treasury	6,898,650	8,384,680	8,384,680	8,527,880	8,527,880	8,581,380				
Total reserves	7,136,010	8,664,590	8,664,590	8,792,370	8,792,370	8,845,850				
Total cash reserves	218,900	267,060	267,060	252,250	252,250	251,330				
Total bills discounted	9,420	7,030	9,450	7,540	7,540	8,160				
Bills bought in open market	14,680	8,100	8,100	3,100	3,100	3,100				
Total bills on hand	14,100	10,130	12,550	10,640	10,640	11,280				
Industrial advances	32,480	28,550	28,140	27,140	27,140	26,480				
Total U.S. Govt. securities	2,430,190	2,430,230	2,430,230	2,430,230	2,430,230	2,430,230				
Total bills and securities	2,476,950	2,468,910	2,468,910	2,467,960	2,467,960					
Total resources	10,495,510	11,826,010	11,826,010	11,961,820	11,961,820	12,268,710				
LIABILITIES										
Federal Reserve notes in actual circulation	3,504,560	4,033,850	4,049,140	4,077,720	4,077,720	4,093,190				
Aggregate of excess member-bank reserves over requirements	2,910,000	1,740,000	1,840,000	1,950,000	1,950,000	2,070,000				
Deposits—Member-bank—reserve account	5,534,330	6,224,640	6,356,950	6,478,950	6,478,950	6,616,920				
Government deposits	5,990	388,350	252,740	195,790	195,790	135,250				
Total deposits	5,990	6,613,030	6,609,690	6,674,740	6,674,740	7,000,900				
Capital paid in and surplus	298,700	302,750	302,750	302,700	302,700	302,830				
Total liabilities	10,495,510	11,826,010	11,862,200	11,961,820	11,961,820	12,268,710				
Ratio of total reserves to deposit and F.R. note liabilities combined	75-9%	79-5%	79-5%	79-8%	79-8%	79-7%				
U.S.F.R. BANKS AND TREASURY COMBINED										
Monetary Gold Stock	9,584,000	10,788,000	10,845,000	10,971,000	10,971,000	11,003,000				
Treasury and National Bank Currency	2,404,000	2,509,000	2,511,000	2,509,000	2,509,000	2,512,000				
LIABILITIES										
Money in Circulation	5,696,000	6,239,000	6,266,000	6,305,000	6,305,000	6,316,000				
Treasury Cash and Deposit with Federal Reserve Banks	2,693,000	2,787,000	2,711,000	2,636,000	2,636,000	2,556,000				

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

	Oct. 17, 1935		Sept. 24, 1936		Oct. 1, 1936		Oct. 8, 1936		Oct. 15, 1936	
	1935	1936	1935	1936	1935	1936	1935	1936	1935	1936
Total gold reserves	2,892,300	3,216,170	3,182,910	3,292,800	3,256,130					
Total bills discounted	6,780	4,670	7,600	5,600	6,020					
Bills bought in open market	1,790	1,100	1,100	1,100	1,100					
Total U.S. Govt. securities	744,320	660,560	660,560	645,240	645,240					
Total bills and securities	760,240	678,400	675,620	658,380	658,380					
Deposits—Member-bank—reserve account	2,644,000	2,702,780	2,752,380	2,832,930	2,848,890					
Ratio of total res. to dep. and Federal Res. note liabilities combined	80-8%	84-2%	84-1%	85-0%	84-7%					

AUSTRALIAN COMMONWEALTH BANK.—In £'s (000's omitted)

	Oct. 7, 1935		Sept. 14, 1936		Sept. 21, 1936		Oct. 5, 1936		Oct. 12, 1936	
	1935	1936	1935	1936	1935	1936	1935	1936	1935	1936
Gold and English sterling	15,994	16,002	16,002	16,002	16,002	16,002	16,002	16,002	16,002	16,002
Other coin, bullion and cash	5,884	6,559	6,509	6,215	6,329	6,117				
Money at short call—London	15,153	19,528	21,405	21,629	19,245	19,266				
Short-term loans	8,903	6,321	6,826	7,020	8,172	8,144				
Securities	70,388	75,296	75,296	75,295	75,295	74,785				
Discounts and advances	7,132	8,349	8,443	8,544	8,533	8,542				
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	68,449	70,484	71,331	71,186	70,330	69,960				

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

	Oct. 11, 1935		Sept. 11, 1936		Sept. 18, 1936		Oct. 2, 1936		Oct. 9, 1936	
	1935	1936	1935	1936	1935	1936	1935	1936	1935	1936
Gold coin and bullion	25,746	22,930	22,931	22,930	22,930	22,930				
Bills discounted: Foreign	6,796	4,816	5,951	5,116	5,200	5,646				
Investments	1,728	1,734	1,733	1,733	1,733	1,733				
Other assets	13,471	11,722	11,166	10,990	11,734	11,676				
LIABILITIES										
Notes in circulation	12,803	14,433	13,951	14,097	15,545	14,675				
Government deposits	2,001	3,006	3,990	3,389	2,248	2,631				
Bankers' deposits	27,893	19,525	19,221	17,994	18,251	19,055				
Ratio of cash reserves to liabilities to public	57-1%	59-9%	58-8%	60-3%	59-3%	58-7%				

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

	Oct. 11, 1935		Sept. 25, 1936		Oct. 2, 1936		Oct. 9, 1936	
	1935	1936	1935	1936	1935	1936	1935	1936
Gold coin and bullion	44,42,17	44,42,17	44,42,17	44,42,17	44,42,17	44,42,17		
Rupee coin	58,19,79	68,14,68	67,67,99	67,67,99	67,67,99	67,67,99		
Balances abroad	12,65,08	6,94,96	6,94,96	6,94,96	6,94,96	6,94,96		
Sterling securities*	68,18,83	67,31,71	67,31,71	67,31,71	67,31,71	67,31,71		
Indian Government rupee securities*	25,51,51	23,41,66	23,41,66	23,41,66	23,41,66	23,41,66		
Investments	5,43,29	5,57,57	5,57,57	5,57,57	5,57,57	5,57,57		
LIABILITIES								
Note circulation	1,61,96,99	1,64,45,94	1,67,01,18	1,68,66,01				
Deposits:								
Government	10,91,86	12,72,43	12,43,50	8,41,89				
Other	29,28,08	27,87,54	24,73,59	26,11,86				
Ratio of gold and sterling to liabilities	57-0%	55-0%	55-1%	55-1%				

* Held against notes.

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

	Oct. 11, 1935		Sept. 18, 1936		Sept. 25, 1936		Oct. 2, 1936		Oct. 9, 1936	
	1935	1936	1935	1936	1935	1936	1935	1936	1935	1936
Gold	77,122,424	52,691,762	50,111,284	57,358,742	62,358,742					
Advances on Gold Coin	1,172,428	1,287,227	1,278,822	1,172,428	1,172,428					
Commercial Bills	7,794,107	6,804,772	7,522,232	7,932,756	7,750,496					
Treasury Bills	1,007,948	750,000								
Bills bought abroad	3,398,703	4,243,156	4,243,156	4,391,053	4,684,692					
Advances on securities										
Loans to State without interest										
(a) general	3,200,000	3,200,000	3,200,000	3,200,000	3,200,000					
(b) provisional		14,583,423	15,903,423	12,304,183	12,302,602					
Negotiable Bonds	5,800,402	5,639,818	5,639,818	5,639,780	5,639,780					
Sinking Fund Debt										
Other assets (excluding forward exch.)	3,865,156	3,823,277	5,175,801	3,881,591	3,878,085					
LIABILITIES										
Notes in circulation	83,023,045	83,764,539	83,749,386	86,026,816	85,778,169					
Public deposits	2,941,930	1,546,780	1,679,094	2,129,657	2,284,620					
Private deposits	9,944,052	6,393,328	6,511,296	6,616,533	9,212,820					
Other liabilities	2,271,395	2,544,098	2,504,607	3,815,874	3,925,953					
Ratio of gold reserve to sight liabilities	75-1%	57-4%	54-4%	60-5%	63-4%					

* The gold stock is for the first time based on the franc at 49 milligrams.

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

UNITED STATES GOVERNMENT (continued)											
ASSETS		Oct. 10, 1935	Sept. 10, 1936	Sept. 17, 1936	Sept. 24, 1936	Oct. 1, 1936	Oct. 8, 1936				
Gold		3,471,185	3,707,762	3,716,878	3,725,559	3,798,926	3,788,778				
Silver and other coin		54,244	50,561	53,164	54,425	53,207	50,969				
Securities		1,371,612	1,353,936	1,559,836	1,367,073	1,395,812	1,395,222				
Advances		116,630	75,408	73,496	73,280	74,932	76,883				
LIABILITIES											
Notes in circulation		241,196	4,518,425	4,505,184	4,506,246	4,577,278	4,563,893				
Deposits: Govt.		18,390	24,200	24,958	33,852	62,429	28,943				
Other		972,495	833,996	851,295	859,888	862,429	862,429				

Comparison with previous weeks—

Short Loans		Bank Bills			Trade Bills		
		3 Months	4 Months	6 Months	3 Months	4 Months	6 Months
1936	%	%	%	%	%	%	%
Sept. 17	1-1	1-1	1-1	1-1	2-2	2-2	2-3
Oct. 1	1-1	1-1	1-1	1-1	2-2	2-2	2-3
" 8	1-1	1-1	1-1	1-1	2-2	2-2	2-3
" 15	1-1	1-1	1-1	1-1	2-2	2-2	2-3

LONDON RATES OF EXCHANGE

I.—Spot Rates (Range of the day's business)

London on	Par of £	Oct. 9, 1936	Oct. 10, 1936	Oct. 12, 1936	Oct. 13, 1936	Oct. 14, 1936	Oct. 15, 1936
New York, \$	4.86	4.89-90	4.90-91	4.90-91	4.89-90	4.89-90	4.89-90
Montreal, \$	4.86	4.89-90	4.90-91	4.90-91	4.89-90	4.89-90	4.89-90
Paris, Fr.	124.21	104-105	105-106	104-105	104-105	104-105	105-106
Brussels, Bel.	35.00	29-30	29-30	29-30	29-30	29-30	29-30
Milan, L.	92.46	92-93	93-94	93-94	93-94	93-94	93-94
Zurich, Fr.	25.22	21-22	21-22	21-22	21-22	21-22	21-22
Athens, Dr.	375	540-560	540-560	540-560	540-560	540-560	540-560
Hels'fors, M.	193.23	226-227	226-227	226-227	226-227	226-227	226-227
Madrid, Ptas.	25.22	46-47	46-47	46-47	46-47	46-47	46-47
Lisbon, Esc.	110	110-110	110-110	110-110	110-110	110-110	110-110
Amst'd'm, Fl.	12.107	19-20	19-20	19-20	19-20	19-20	19-20
Berlin, Mk.	20.43	12-15	12-15	12-15	12-15	12-15	12-15
Registered Marks...	(a)	46-51	46-51	46-51	46-51	46-51	46-51
Vienna, Sch.	24.58	25-27	25-27	25-27	25-27	25-27	25-27
Bu'pest, Pen.	77.82	16-17	16-17	16-17	16-17	16-17	16-17
Prague, Kc.	164	130-137	130-137	130-137	130-137	130-137	130-137
Danzig, Gul.	25.00	25-26	25-26	25-26	25-26	25-26	25-26
Warsaw, Zl.	43.38	25-27	25-27	25-27	25-27	25-27	25-27
Riga, Lat.	25.22	24-25	24-25	24-25	24-25	24-25	24-25
Bucharest, Lei	813.8	660-680	660-680	660-680	660-680	660-680	660-680
Const'ple, Pat	110	612	612	612	612	612	612
Belgrade, Din.	276.32	209-219	209-219	209-219	209-219	209-219	209-219
Konovo, Lit.	48.66	281-291	281-291	281-291	281-291	281-291	281-291
Sofia, Lev.	673.66	390-420	390-420	390-420	390-420	390-420	390-420
Tallinn, Kr.	18.159	171-181	171-181	171-181	171-181	171-181	171-181
Oslo, Kr.	18.159	185-195	185-195	185-195	185-195	185-195	185-195
Stockholm, Kr.	18.159	185-195	185-195	185-195	185-195	185-195	185-195
Copenh'gen, Kr.	18.159	22-25	22-25	22-25	22-25	22-25	22-25
Alex'ria, Pat.	97	97-1	97-1	97-1	97-1	97-1	97-1
Br. India Rup.	18d.	18-1	18-1	18-1	18-1	18-1	18-1
Hong Kong, \$	14.14	14-15	14-15	14-15	14-15	14-15	14-15
Kobe, Yen.	24.58	14-14	14-14	14-14	14-14	14-14	14-14
Shanghai, \$	24.58	14-14	14-14	14-14	14-14	14-14	14-14
Singapore, \$	24.58	14-14	14-14	14-14	14-14	14-14	14-14
Batavia, F.	12.11	9-13	9-13	9-13	9-13	9-13	9-13
Rio, Mil.	15.869	2-11	2-11	2-11	2-11	2-11	2-11
B. Aires, \$	11.45	17-00	17-00	17-00	17-00	17-00	17-00
Valparaiso, \$	40	131-1	131-1	131-1	131-1	131-1	131-1
M'video, \$	51d.	25-26	25-26	25-26	25-26	25-26	25-26
Lima, Sol.	17.88	19-50	19-50	19-50	19-50	19-50	19-50
Mexico, Pes.	9.76	17-60	17-60	17-60	17-60	17-60	17-60
Manila, Pes.	24.66d.	24-1	24-1	24-1	24-1	24-1	24-1
Moscow, Rbls.	22.22d.	22-22	22-22	22-22	22-22	22-22	22-22
B'ngkok, Baht	21.82d.	22-22	22-22	22-22	22-22	22-22	22-22

Usage: T.T., except Alexandria (Sight); Rio de Janeiro, Lima, Valparaiso (90 days).
 † Pence per unit of local currency. ‡ Par 8-23¢ since dollar devaluation on February 1, 1934.
 § Par 197-10¢ since koruna devaluation on February 17, 1934.
 (a) Prior to devaluation on April 2, 1935. (b) Official Rate. (c) Per cent. discount.
 (d) Latest "export" rate. (e) Official rate is 4½d. sellers. (f) Official rate for payments is 5½d. sellers.
 (g) Average remittance rate for importers. (h) 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	Oct. 9, 1936	Oct. 10, 1936	Oct. 12, 1936	Oct. 13, 1936	Oct. 14, 1936	Oct. 15, 1936
New York, cent.	1 Month (a) 1-1	1 Month (a) 1-1	1 Month (a) 1-1	1 Month (a) 1-1	1 Month (a) 1-1	1 Month (a) 1-1
Paris, fr.	1 Month (b) 1-1	1 Month (b) 1-1	1 Month (b) 1-1	1 Month (b) 1-1	1 Month (b) 1-1	1 Month (b) 1-1
Amsterdam, c't	1 Month (c) 1-1	1 Month (c) 1-1	1 Month (c) 1-1	1 Month (c) 1-1	1 Month (c) 1-1	1 Month (c) 1-1
Brussels, cent.	1 Month (d) 1-1	1 Month (d) 1-1	1 Month (d) 1-1	1 Month (d) 1-1	1 Month (d) 1-1	1 Month (d) 1-1
Geneva, cent.	1 Month (e) 1-1	1 Month (e) 1-1	1 Month (e) 1-1	1 Month (e) 1-1	1 Month (e) 1-1	1 Month (e) 1-1
Milan, lire	1 Month (f) 1-1	1 Month (f) 1-1	1 Month (f) 1-1	1 Month (f) 1-1	1 Month (f) 1-1	1 Month (f) 1-1

(a) Premium, i.e. "under spot." (b) Discount, i.e. "over spot."

NEW YORK MONEY AND EXCHANGE RATES
The Irving Trust Company cables the following money and exchange rates in New York:—

	Oct. 16, 1936	Sept. 16, 1936	Sept. 23, 1936	Sept. 30, 1936	Oct. 7, 1936	Oct. 14, 1936
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 acceptance	1 1/2	1 1/2	1 1/2	1 1/2	1 1/2	1 1/2
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

Par Level	Oct. 16, 1936	Sept. 30, 1936	Oct. 7, 1936	Oct. 14, 1936
London—				
60 days	4.86	4.89-90	4.89-90	4.89-90
Cable	4.86	4.89-90	4.89-90	4.89-90
Cheques	4.86	4.89-90	4.89-90	4.89-90
Paris—				
Cheques	6.63	6.59-12	6.59-12	6.59-12
Brussels	23.54	18-84	16-915	16-83
Switzerland	32.67	32.55	23-02	23-01
Italy	8.91	8-1450	7-82	5-264
Berlin	40.33	40-25	40-10	40-22
Vienna	23.82	18-88	18-88	18-81
Madrid	32.67	13-66	13-66	13-66
Amsterdam	68-06	67-76	55-00	53-35
Copenhagen	21.925	22-09	21-89	21-86
Stockholm	24.68	24-86	24-605	24-60
Athens	25.325	25-51	25-25	25-24
Montreal	1.294	0-94	0-94	0-94
Yokohama	169-31	861	100	100
Shanghai	84-40	28-71	28-86	28-83
Canton	37-12	29-82	29-82	29-56
Calcutta	61-80	37-11	37-40	37-03
Buenos Aires	32-74	32-99	32-62	32-62
Rio de Janeiro	11-96	8-28	8-34	8-25

The French Bank Rate was reduced on October 15 from 2½ to 2 per cent. Other Overseas Bank Rates, together with South African, Central and South American and Australasian Exchange Rates appeared on pages 41 and 42 of the *Economist* dated October 3rd.

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 October 11th to 20th at 142.04 per cent. The previous rate was fixed as from October 1st at 136.58 per cent.

GOLD AND SILVER

The following statistics of imports and exports of gold and silver for the week ended October 15, 1936, are issued by the Statistical Department of H.M. Customs and Excise.

IMPORTS AND EXPORTS OF GOLD
(Into and from United Kingdom)

Imports	From	Bullion*	Coin†	Exports	To	Bullion*	Coin†
British S. Africa	3,111,323	£	£	Palestine	£	£	£
Tanganyika	11,709	...	...	British India	222	...	4,000
Kenya	13,678	...	...	Denmark	230	...	...
Uganda	3,528	...	...	Germany	8,730	...	...
British India	408,491	...	...	Belgium	138,324	...	...
British Malaya	21,185	...	...	Switzerland	828,130	...	13,526
Australia	16,565	...	...	U.S.A.	3,685,096	...	70,215
New Zealand	34,234	...	...	Other countries	450	...	...
Germany	12,058	1,030	...				
Netherlands	83,889	...	...				
Belgium	2,668	...	...				
Belgian Congo	138,874	...	1,655				
France	59,304	...	82,725				
Switzerland	982,083	...	431,537				
Greece	1,832,493	...	2,700				
Morocco	8,463	...	923				
Venezuela	9,595	...	10				
Other countries	3,327	...	1,099				
Totals	6,753,447	55,435	436,244	Totals	4,662,182	17,526	70,215

IMPORTS AND EXPORTS OF SILVER

Imports	From	Bullion*	Coin†	Exports	To	Bullion*	Coin†
British Malaya	2,700	£	£	Irish Free State	£	£	£
New Zealand	3,019	...	...	British India	198,235	...	1,146
Germany	4,579	272	390	Straits Settlements	1,650	...	...
Belgium	4,832	...	...	Sweden	2,620	...	...
France	95	74	...	Norway	1,903	...	...
Japan	28,480	...	...	Denmark	2,598	...	...
Other Countries	435	875	195	Germany	437	...	...
		13,901	...	France	1,276	...	...
		2,940	...	Portugal	2,940	...	...
		5,501	...	Hungary	2,940	...	...
		274,662	...	Egypt	5,501	...	...
		1,863	...	U.S.A.	274,662	...	...
		...	...	Other Countries	1,863	...	...
Totals	44,140	1,147	649	Totals	507,586	71	1,151

* 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
Oct. 9	Nil	Oct. 9	Nil
" 10	Nil	" 10	Nil
" 11	Nil	" 11	Nil
" 12	Nil	" 12	Nil
" 13	Nil	" 13	Nil
" 14	Nil	" 14	Nil
" 15	Nil	" 15	Nil
Total	Nil	Total	Nil
Movement Oct. 9, 1936, to Oct. 15, 1936 (inclusive)	Nil	Movement during year 1935	Nil
Movement during year 1935	Nil	Movement during 1936 (January 1 to Oct. 15, 1936, inclusive)	7,745,822 in
Movement April 29, 1925, to Oct. 15, 1936 (inclusive)	48,609,214 in	Movement April 29, 1925, to Oct. 15, 1936 (inclusive)	48,609,214 in
Movement September 21, 1931 (gold standard suspended) to Oct. 15, 1936 (inclusive)	489,569,411 in	Movement September 21, 1931 (gold standard suspended) to Oct. 15, 1936 (inclusive)	489,569,411 in
			411,971,908 in

GOLD MARKET

Messrs. Samuel Montagu and Company write on October 14, 1936:—
 The Bank of England gold reserve against notes amounted to £248,660,346 on October 7th as compared with £248,649,668 on September 30th. No purchases of gold by the Bank have been announced during the week under review. The open market continued to be active, but liquidations have been on a much smaller scale. About £3,000,000 was available at the daily fixing and was taken mainly for the Continent, the demand maintaining prices at a small premium over the dollar exchange parity. An official announcement was issued by the Treasury on October 12th to the effect that arrangements for technical co-operation with the monetary authorities in the United States of America have now been completed and a new regulation is being published by the Secretary of the United States Treasury which will enable gold to be obtained in the United States in exchange for dollars by any country which gives reciprocal facilities to the United States. The British Government has arranged for such facilities to be afforded in London to the United States authorities. Under the regulations existing in the United States hitherto, gold could only be sold to countries on the gold standard and had they remained in force, Great Britain and France would have been debarred from converting into gold any dollars acquired through the working of their Exchange Equalisation Funds. The new arrangement, which is a sequel to the monetary agreement made between Great Britain, the United States of America and France, provides for a reciprocal exchange of currencies into gold to give fuller effect to the working of the agreement. The price at which the United States Treasury will sell gold is \$35 per fine ounce plus ½ per cent. handling charge; no announcement has been made as to the price at which gold will be sold by the British and French authorities, so it is supposed that it will be on the basis of market rates. The s/s "Narkunda," which sailed from Bombay on October 10th carries gold to the value of about £1,279,000.

SILVER MARKET

There have been no new features and the price has shown little movement; there was a decline of ¼d. on October 9th to 20d., at which it remained unchanged for the rest of the week. China sales have been made fairly freely, but buying by the Indian Bazaars continued and purchases were also made for America, whilst speculators have both bought and sold. The market appears fairly steady at the present level, and price movements are expected to keep within narrow limits.

Quotations for gold and silver are shown below:—

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MISCELLANEOUS

BENGAL IRON COMPANY, LTD.—Resolutions agreeing to the scheme of arrangement and amalgamation with the Indian Iron and Steel Company, which were submitted at special meetings of preference and ordinary shareholders of the Bengal Iron Company on October 12th, were approved.

BOWATER'S PAPER MILLS, LTD.—Bowater's Paper Mills, Ltd., announces that, in addition to the controlling interest in the ordinary capital of the Edward Lloyd Investment Company, Ltd., acquired in July last, they have since acquired the remaining shares of that class, and now own 100 per cent. of the ordinary capital of that company.

BURBERRYS, LTD.—Profit for year to March 31, 1936, £85,321, comparing with £70,650 for year to March 31, 1935. Fixed dividend on preference shares for eight months to May 31, 1933, absorbed £50,000, leaving to be carried forward £91,167. No provision has been made in the balance sheet dated March 31, 1936, for the fixed dividend on the preference share capital accrued from June 1, 1933, to March 31, 1936, amounting to £212,500. Since the date of the balance sheet the company paid on August 1st a dividend of 2½ per cent. on account of these arrears, and a further dividend of 2½ per cent. will be paid on November 14, 1936. These two payments amount to £50,000. Since the date of the last balance sheet mortgages on the company's property, amounting to £97,655, have been repaid and there is now no charge on the company's assets. Meeting, November 6th, at Carlton Hotel, S.W.1, at noon.

CARONI SUGAR ESTATES (TRINIDAD).—Shareholders of Caroni Sugar Estates (Trinidad) at a meeting on October 12th approved the agreement with Tate and Lyle and the capital reorganisation scheme.

EBBW VALE STEEL.—The trustees have declared that the security for the 6 per cent. first debentures has become enforceable. They have appointed Mr J. Ivan Spens, of Messrs Brown, Fleming and Murray, 4b Frederick's Place, E.C.2, receiver and manager. Directors of Ebbw Vale Steel, Iron and Coal Company have issued a statement in which they say that the trustees for the debenture holders have now put in a receiver. The directors add that there can be no prospect of any return of capital to the shareholders.

RANSOME AND MARLES BEARING COMPANY.—The report for the year ended June 30, 1936, shows a rise in gross profits from £125,125 to £192,667. A sum of £32,480, compared with £28,782, has been written off for depreciation, and £43,378, against £23,359, is provided for tax. This leaves the net profit £43,825 higher at £116,809. The dividend for the year is raised 5 per cent., to 15 per cent., and £50,000, compared as against £26,239 brought in. The balance carried forward is £35,860.

SALTS (SALTAIRE), DEAL.—Salts (Saltaire), Ltd., has acquired the share capitals of Pepper, Lee and Company, Ltd., worsted manufacturers, of Bradford, the Wike Mill Company, Ltd., and Popplewell and Ingham Prospect Mills, also of Bradford. The fusion operates from October 1st.

STAVELEY TRUST, LTD.—The accounts to July 31, 1936, disclose a rise in profits from £28,619 to £44,435. After deducting expenses amounting to £6,064, there is a balance of £38,371, to which is added £2,699 brought in, making £41,070. Income tax takes £8,605, against £4,476, leaving a balance of £32,465, and the directors propose maintaining the distribution for the year at 7 per cent., less tax. The reserve allocation is doubled at £10,000, raising this account to £35,000, which leaves £2,308 to go forward.

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 and Distilleries											
Seager, Evans and Company	July 31	32,357	90,158	122,515	...	33,360	12½	57,489	31,666	32,357(b)	Nil
Electric Lighting & Power											
Perak River Hydro-Electric Power	July 31	11,947	195,709	207,656	34,594	63,682	6	100,000	9,380	108,482	Nil
Financial Land, etc.											
African Lakes Corporation...	Jan. 31	1,698	13,791	15,489	...	12,500	5	...	2,989	6,200	2½
International Financial Society	Sept. 30	...	10,365	10,365	13,725	...	...	Dr. 3,360	...	10,220	Nil
San Paulo Coffee Estates	Dec. 31	Dr. 23,146	Dr. 2,766	Dr. 25,912	...	...	...	...	Dr. 25,912	5,668	Nil
Waihi Investments &c.	Sept. 30	...	6,707	6,707	...	5,672	3	...	1,035	(a)	(a)
Hotels, Restaurants, etc.											
Hamiltons Taverns	July 31	...	4,838	4,838	...	3,431	6	1,000	407	(a)	(a)
Iron, Coal and Steel											
Braithwaite & Co. (Engineers)	Mar. 31	Dr. 6,560	21,687	15,127	8,578	...	...	500	6,049	6,650	...
Sheffield Steel Products	Mar. 31	Dr. 21,726	Dr. 13,907	Dr. 35,633	...	...	...	...	Dr. 35,633	6,687(c)	Nil
Motor and Cycle											
Standard Motor Co.	Aug. 31	56,612	337,532	394,144	...	87,688	25	249,261	57,195	210,905	20
Rubber											
Batu Rata (Sumatra)	June 30	4,091	6,801	10,892	...	5,625	3½	1,200	4,067	1,797	Nil
Bernam-Perak	June 30	2,968	2,582	5,550	...	2,482	5	835	2,233	1,498	Nil
British Rubber of Java...	June 30	15,743	590	16,333	...	...	...	...	16,333	5,982	Nil
Central Sumatra	June 30	7,189	6,641	13,830	248	4,839	5	873	7,870	3,547	3
Federated (Selangor)	June 30	510	3,884	4,394	...	2,890	5	779	725	2,539	3
Indian Peninsula	June 30	318	Dr. 1,795	Dr. 1,477	...	...	...	...	Dr. 1,477	Dr. 1,592	Nil
Karmen	May 31	8,918	5,345	14,263	...	4,000	4	...	10,263	4,864	4
Layang	June 30	15,081	4,267	19,348	...	5,147	3	...	14,201	7,137	4
Lewa	June 30	848	7,612	8,460	2,088	4,757	2½	...	1,615	2,557	1½
Morib	June 30	2,588	3,922	6,510	...	3,500	5	...	3,010	3,508	5
Parit-Bruas (Malay)	June 30	153	6,495	6,648	...	5,500	11	1,000	148	3,960	7
Sengat	June 30	5,787	7,018	12,805	...	6,800	4	...	6,005	6,157	4
Sunkap Para	June 30	4,406	5,976	10,382	...	5,250	7½	...	5,132	6,069	7
Shipping											
Manchester Liners	June 30	23,453	44,352	67,805	22,886	16,973	5	...	27,946	46,231	5
Tea											
Gudalur (Nilgiri)	June 30	Dr. 7,869	Dr. 1,238	Dr. 9,107	...	...	...	...	Dr. 9,107	Dr. 798	Nil
Lanka Plantations	June 30	1,988	11,600	13,588	1,800	7,500	5	2,000	2,288	13,137	5
Trusts											
British Canadian Trust	Aug. 31	9,039	13,515	22,554	4,336	6,776	7	2,000	9,442	12,782	6
Cables Investment Trust	June 30	...	105,725	105,725	67,623	15,000	1½	15,000	8,102	(a)	(a)
Second American	Aug. 31	5,678	19,816	25,584	22,630	...	...	Dr. 12,277	15,231	23,289	Nil
Second Broadmount Trust	Sept. 14	4,313	11,779	16,092	6,919	3,336	8½	500	5,337	12,399	8½
Other Companies											
Brown, Hopwood & Gilbert	June 30	12,121	14,561	26,682	1,240	11,885	12½†	1,000	12,557	14,477	15†
Burberrys, Ltd.	Mar. 31	55,846	85,321	141,167	50,000	...	...	...	91,167	70,650	Nil
Castle Brothers (Furniture)	Aug. 4	1,740	17,618	19,358	2,114	8,421	10	7,500	1,323	(d) 12,342	Nil
Erinoid Limited	July 31	6,746	31,752	38,498	2,537	20,968	10	8,560	6,433	35,008	10
London United Laundries...	June 27	6,211	8,317	14,528	...	4,235	7	4,000	6,293	8,665	7
Paterson, Laing and Bruce	July 31	Dr. 64,414	6,669	Dr. 57,745	...	...	...	...	Dr. 57,745	6,268	Nil
Press Caps, Ltd.	June 27	3,118	32,751	35,869	331	9,594	10	...	3,872	25,561	10
Rayne (H. and M.), Ltd.	Aug. 20	26,371	26,361	52,732	...	22,188	17½	22,072	2,500	26,143	17½
Steel Ceilings, Ltd.	June 30	1,297	15,501	16,798	...	8,625	5	5,750	2,423	11,421	Nil
Ste. Madeleine Sugar	June 30	49,781	82,772	132,553	...	38,477	5½	37,244	56,832	79,414	5
Venesta, Ltd.	June 30	100,389	111,929	212,318	28,000	43,942	10	86,837	53,539	82,245	Nil

† Free of income tax. ‡ After providing £39,914 for two years' debenture interest to November 21, 1935, with interest on arrears against a sum of £20,632 for this purpose in accounts dated March 31, 1935. (a) No comparable figures. (b) Sixteen months. (c) Ten months. (d) Period from December 5, 1934, to August 3, 1935.

AUSTIN MOTORS

YEAR TO 31st JULY, 1936

Dividends & Cash Bonus { 20% Preferred Ordinary
50% Ordinary and 'A' Ordinary Shares
Debenture Interest & Dividends for year gross - - - £611,376

TRADING PROFIT Inc. £370,842 brought for'd. - - - £1,867,538

TO :—
MAINTENANCE AND DEPRECIATION - - - 704,623
RESERVES - - - 125,320
FEES AND INCOME TAX (£165,000 due 1/1/38) - - - 167,000
DIVIDENDS (net) AND DEBENTURE SERVICE - - - 496,640
CARRY FORWARD - - - 373,955

£1,867,538

TOTAL ASSETS £6,249,441 - - - LIQUID ASSETS £3,033,248
CASH AND SECURITIES - - - 1,496,197
RESERVES AND CARRY FORWARD - - - 1,248,955

TEN FINANCIAL PERIODS (9 years 10 months)

1st Oct., 1926, to 31st July, 1936

Average p.a.

Gross Trading Profit - - - £12,093,241 £1,229,821
Maintenance and Depreciation - - - 4,721,646 480,167
Capital Expenditure - - - 2,689,030 273,461
Income Tax - - - 1,478,177 150,323
Debenture Interest and Dividends (Inc. Arrears) gross - - - 4,666,611 474,571

COMMERCE AND TRADE

SURVEY OF COMMODITY MARKETS

THE leading commodity markets were active during the past week, and the general tendency of prices was upwards. Quotations for wheat futures in Liverpool, for example, rose from 8s. 0½d. per cental (December delivery) to 8s. 6½d. per cental, the highest level reached in any corresponding month since 1929. The sharp advance was due mainly to the sustained improvement in the demand by importing countries, and the realisation that neither Argentine nor Australia are likely to harvest bumper crops this season.

Quotations for raw sugar were marked up, and cocoa was also dearer. The market in tea showed a slightly firmer tendency. At Smithfield market, Argentine beef was cheaper. Both Australasian and Danish butter was cheaper, but prices of English eggs continued their seasonal rise.

Among industrial raw materials, copper, lead and spelter were marked up, but tin was slightly cheaper. In order to prevent a further marked increase in copper prices, the concerns adhering to the international restriction scheme decided to increase their output from 80 to 85 per cent. of "assessed" capacity as from October 15th. Quotations for rubber were firmer on an improvement in demand. The market is already discounting an increase of 5 per cent. in export quotas for the first half of 1937 at the next meeting of the International Rubber Regulation Committee on October 27th. Raw cotton prices have tended upwards, despite the fact that the latest American crop estimate was higher than anticipated, and it is expected that the volume of hedge-selling may soon diminish. The trend of raw wool prices at the auctions in Australia remains firm.

Quotations for primary products in the United States, too, showed a rising tendency. Moody's index of staple commodity prices rose from 183.0 (December 31, 1931 = 100) on October 7th to 184.6 on October 14th, compared with 186.1 a month ago and 173.6 last year.

COAL

SHEFFIELD.—Demand for nearly every grade of fuel in this area is good and most of the output is taken up by contract deliveries. There is an increase in export business and inquiries for forward delivery are more numerous. All supplies of coke are readily taken up. The increased demand for fuel for conversion into electric current and for central-heating is reducing the amount available for large patent-oven coke. Home industry is taking a fair supply and merchants in the household market are still completing orders received before the rise of prices in October.

NEWCASTLE-ON-TYNE.—Last week's shipments of coal and coke from the Tyne, at 301,263 tons, were the best this year. At other ports on the North-East Coast shipments are expanding, mainly as a result of the improvement in home trade. Northumberland steam collieries continue very firm and have little coal to offer over the winter. Graded sorts are in good demand from home consumers, whilst screened find a ready market in Scandinavia. Durham collieries are working much more regularly, the gas section being better placed with the approach of winter, whilst coking and manufacturing coal is finding an outlet in the home market.

GLASGOW.—The market remains very steady in tone. There is a lull in new buying for export at the moment, but this is expected to be temporary, for inquiries remain quite promising. Meantime, industrial demand continues on a large scale, and the coastwise trade is expanding. The improvement in the coastwise trade is reflected in last week's shipments from the Clyde. With the exception of one week, shipments, at 116,000 tons, were the highest since the last week in 1933. Nuts generally remain in limited supply, and the market in steam sorts is strong in Lanark and Ayrshire.

CARDIFF.—The volume of traffic at the South Wales ports is being well maintained. Coal shipments in the foreign and coastwise trades last week totalled about 340,000 tons, compared with 362,600 tons in the corresponding period last year, when the French import quota was 10 per cent. greater than it is to-day, and when the sanctions policy of the League of Nations had only just commenced to react on coal exports to Italy. Inquiries are a little more active, and hopes are entertained of a substantial improvement during the next few months. Stocks of large coals are very heavy, but of the smaller and sized classes there is a comparative scarcity. The substitution of approved for minimum prices, while securing for the Control Board a greater measure of administrative freedom, has not affected the determination of the industry to improve its revenue position, and this week the prices of several classes of small coals were higher than a week ago. Coke is in active demand at firm prices, while patent fuel is steady.

IRON AND STEEL

LONDON.—The weekly report of the London Iron and Steel Exchange indicates that in spite of the record production of steel demand appears to be growing more rapidly than output. In most departments of the industry manufacturers are concentrating upon distributing their output equally amongst customers rather than upon seeking new business. Most consumers have covered their prospective needs as far forward as producers are prepared to commit themselves; but it is not easy to arrange satisfactory delivery dates for new transactions.

Business in pig iron is limited by the inability of producers to add to their already crowded order books, and in some districts it has been found necessary to ration consumers. Considerable imports of Russian iron, arranged by British producers, have relieved the stringency in the basic iron department; but consumption of foundry iron appears to be growing and tight conditions seem likely to rule in that section of the market for some time.

The works producing semi-finished steel are operating at capacity; nevertheless difficulty is experienced in meeting consumers' requirements. Consumers' fears that a shortage will develop later in the year, however,

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have been allayed by arrangements for an increase in the imports of this class of material during the fourth quarter.

Demand for finished steel of all descriptions shows no signs of relaxing; and it is practically impossible to place orders except for far forward delivery.

MIDDLESBROUGH.—In spite of the inability at the present time to increase the production of Cleveland foundry pig iron and East Coast hematite, producers are able, by rationing supplies, to keep home consumers furnished with a sufficient quantity to keep them regularly employed. During the past week a further cargo of about 865 tons of foundry pig iron was shipped to Grangemouth, and 590 tons of hematite were despatched to Denmark. Prices are unaltered, and makers are not prepared to discuss prompt business, as they have sufficient contracts on their books for some time. Owing to the difficulty of obtaining increased supplies of foreign ore, it is unlikely that production of hematite pig iron will be increased at the present time. Arrivals of foreign ore in the Tees during the first 13 days of October amounted to 65,445 tons, practically the same quantity as during the corresponding period in September.

Steel producers are in some cases still in arrears with deliveries, the demand for all classes of finished steel exceeding the supply. The price of heavy steel melting scrap is now not less than 60s. per ton, delivered at the works. The price of ferro-manganese has been increased by 10s. per ton to home users, the quotation now being £11 15s.-£12 5s. per ton. Good Durham blast furnace coke is maintained at 24s. 6d. per ton, delivered at the furnaces.

SHEFFIELD.—Business in the iron and steel market continues brisk. Owing to contract commitments there are very few parcels of foundry iron coming to the market, and these, although small, are eagerly taken up. Consumers are prepared to place contracts as far as June, 1937, but producers are unwilling to commit themselves beyond the first quarter. The increased output of Derbyshire iron has done little so far to ease the situation. There are rumours of a rise in pig iron prices at the turn of the year in consequence of the increased cost of production. East and West Coast hematite are in good demand, with supplies barely equal to requirements. In finished iron common and marked bars are in active demand, but business in crown bars is rather slow. Demand is brisk in every section of the steel market, but producers are hesitant about committing themselves to early delivery. Demand for both acid and basic billets shows steady expansion. Heavy business is being done in bars, strip and wire rods. Stainless steel sheets are a good feature. Foundries, forges and rolling mills in this area are working at capacity, and the current level of activity appears assured for months to come.

GLASGOW.—In Glasgow and the West of Scotland intensive activity continues at practically all works. Yet, it is becoming increasingly difficult to give the deliveries desired by users. While heavy plates seem in most urgent demand, there appears to be a ready market for all the products of the heavy and lighter industries of the West of Scotland. Manufacturers of all products have much work on hand and are experiencing some difficulty in obtaining materials in sufficient quantity to ensure the regular working of plants and to meet their commitments. In all branches in this district work on hand is sufficient to keep men and machinery employed for many months to come.

CARDIFF.—Conditions in the tinplate industry continue on the whole favourable, and deliveries in both the inland and export markets are expanding. Prices, however, are unaltered. There has been a slightly better inquiry for galvanised sheets, while the pressure on the heavier sections of the industry is as great as ever. Steel sheet and tinplate bars are unchanged at £6 per ton delivered.

OTHER METALS

COPPER.—The standard cash quotation advanced this week by no less than £1 3s. 9d. to £40 18s. 9d. per ton—the highest level since 1932. The increase was due to a strong demand from British and Continental quarters. Since it appears that leading London metal merchants, as well as speculators and consumers, are taking a rather bullish view of the market outlook, a further price advance is not impossible, despite Thursday's increase in production quotas to 85 per cent. of capacity. In the United States, too, an improvement has been recorded and an early rise in the domestic price from 9.75 to 10 cents is expected. The president of the Kennecott Corporation recently stated that he was not opposed to an increase in prices, provided this is justified by the market position. The opposition of the Kennecott group has hitherto made an increase impossible, but the situation seems likely to change shortly, especially in view of the fact that consumers who have been out of the market for two months are likely to make larger purchases during the next few weeks. The position is further discussed in a Note of the Week.

Sales on the London Metal Exchange: 2,900 tons on Monday, against 1,600 tons last week, 3,800 tons on Tuesday, against 1,800 tons last week; 3,850 tons on Wednesday against 1,700 tons last week. Domestic spot was quoted at 9.72½ cents per lb. in New York on Wednesday, against 9.50 cents a week ago and 9.67½ cents a month ago. Wednesday's official closing price for standard cash in London was £40 18s. 9d. to £41, compared with £39 15s. to £39 16s. 3d. a week ago. Stocks of refined copper in British official warehouses at the end of last week, at 48,597 tons, show a decrease of 530 tons, while stocks of rough copper, at 1,891 tons, show a decrease of 101 tons.

LEAD AND SELLER.—Both markets were slightly firmer. The improvement in lead was not surprising for supplies are rather scarce and consumption is running on a high level. World output of smelter lead outside Spain, according to the *Metallgesellschaft*, again declined from 117,439 metric tons in July to 111,120 metric tons in August, despite an increase in Australia to the highest level of the year.

Zinc production also registered a decline during August, from 125,744 to 123,428 metric tons; but the United States was chiefly responsible for the movement, so that the European market does not benefit. During the week reports have been current that negotiations for the renewal of the International Cartel have been abandoned. The improvement in spelter, notwithstanding these rumours, must be attributed to better reports from consuming trades and to the wide margin between the price of spelter and that of lead.

Sales of lead on the London Metal Exchange: 650 tons on Monday, against 700 tons last week; 550 tons on Tuesday, against 550 tons last week; 700 tons on Wednesday, against 700 tons last week. The New York quotation on Wednesday was 4.65 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 5s. per ton, compared with £18 1s. 3d. a week ago.

Sales of spelter on the London Metal Exchange: 575 tons on Monday against 600 tons last week; 450 tons on Tuesday, against 1,100 tons last week; 950 tons on Wednesday, against 1,650 tons last week. Wednesday's quotation in East St. Louis was 4.85 cents per lb., against 4.85 cents the week before and 4.85 cents a month earlier. Wednesday's official closing quotation in London for "good ordinary brands" for shipment during the current month was £14 3s. 9d. per ton, against £13 17s. 6d. last week.

TIN.—This metal was subject to wide fluctuations and, although the market closed on Wednesday well above the week's lowest, the undertone was slightly easier. The outlook is at present very uncertain. It became known on Wednesday that the October meeting of the International Tin Committee will be held on Wednesday next, but it is by no means certain that the problem of Siam will then be disposed of. But the course of the market may be considerably affected by the outcome of next week's meeting.

Sales of tin on the London Metal Exchange: 220 tons on Monday, against 225 tons last week; 250 tons on Tuesday, against 190 tons last week; 245 tons on Wednesday, against 320 tons last week. The New York quotation on Wednesday was 44.55 cents per lb., against 45.00 cents a week ago and 44.50 cents a month ago. Wednesday's official closing quotation in London for standard cash was £200 to £200 5s. per ton, compared with £202 to £202 5s. a week ago. Stocks of tin in London and Liverpool at the end of last week totalled 846 tons, an increase of 124 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 £13 17s. 6d. to £13 18s. per flask of 76 lbs., as against £13 5s. to £13 5s. 6d. last week. Chinese antimony was quoted at £56 per ton ex warehouse, the same as last week. Chinese wolfram for "October-November" shipment was quoted at 28s. to 29s. per unit c.i.f., the same as last week. Refined platinum was quoted at £10 5s. per ounce, as against £12 last week.

TEXTILES

COTTON.—Manchester.—The general tone of the market continues more encouraging. During the past week most spinners and manufacturers have been able to report an increased inquiry and some producers have sold more freely. The raw cotton market tends to become stronger. The American Government estimate of the crop, at 11,609,000 bales, was slightly larger than expected, but prices this week have gone against buyers on an active demand and bullish figures concerning consumption. There are indications that hedge selling is coming to an end and that the peak of the movement has about been reached.

The market in piece-goods continues well supplied with inquiry. Most of the offers for India have been unworkable, but scattered transactions have been put through, chiefly for Calcutta and Karachi. A slightly improved demand has been experienced for Egypt. More business has been reported for the outlets of South America. Some makers have done more business for the Continent, especially in heavy materials for Germany. Printed and dyed cloths have attracted increased attention for the Dominions, chiefly Australia and South Africa. Manufacturers' quotations have been firmer and wide looms are better employed than for a long time.

The tone of the yarn market has been healthier. In the American section some substantial weights have been booked in coarse and medium counts. The sales of some mills have been larger than current output. Rather more activity has shown itself in medium Egyptian numbers.

COTTON PRICES

	1936				Corresponding Date	
	Sept. 23	Sept. 30	Oct. 7	Oct. 14	1934	1935
Raw Cotton—Mid. American..... per lb.	6.63	6.66	6.66	6.69	6.68	6.42
Sakellaris Fully Good Fair Egyptian..... per lb.	10.15	10.33	10.57	10.94	8.28	8.67
Yarns—32's twist..... per lb.	10½	11	11	11½	10½	10½
40's twist..... per lb.	10½	11	11	11½	10½	10½
60's twist (Egyptian)..... per lb.	10½	10½	10½	10½	10½	10
32-in. Printers, 116 yds., 16 by 16, 32's and 50's.....	18 0	18 1½	18 3	18 6	19 2	17 6
36-in. Shirtings, 75 yds., 19 by 19, 32's and 40's.....	25 8	25 4½	25 6	25 10½	24 3	24 6
38-in. ditto, 38 yds., 18 by 18, 10 lb.....	9 2	9 2	9 2	9 4	10 0	10 4
39-in. ditto, 37½ yds., 16 by 16, 10 lb.....	9 1	9 2	9 2	9 4	10 0	9 3½

RAW COTTON STATISTICS.—The United States Government cotton crop estimate published at the end of last week of 11,609,000 bales against 11,121,000 bales a month earlier was rather larger than expected, the New York and Liverpool markets having discounted a figure of 11,500,000 bales. It is estimated that supplies during the current season will be about 1,000,000 bales less than in the previous year. Following the American crop forecast markets met with substantial buying orders and there was a small advance in prices. This week prices have again hardened on bullish advices with regard to consumption, especially in the United States. It is anticipated that hedge selling will come to an end very shortly and the supply-demand position points to higher prices.

WOOL.—Bradford.—Raw wool is selling on a larger scale than anticipated, and there is nothing to indicate a decline in prices. Australian markets are firm, with prices for straight combing wools tending upwards in spite of the absence of Japanese purchases. In South Africa, Germany and Japan are competing keenly. As a result, prices have been driven to higher levels than those ruling in Australia for similar merino combing wools.

During the past fortnight there has been a considerable movement in wool and tops in Bradford, Halifax and Huddersfield. Prices for merinos moved against buyers, and crossbreds also remain firm. There has been some improvement at the spinning and manufacturing end of the industry. Active preparations are now being made for next spring and summer, especially as there is nothing to indicate any decline in raw wool prices.

GRAIN MARKETS

WHEAT.—Although the fundamental position of the market appears to have undergone little change, prices have been mounting steadily during the past week in response to an active demand. Quotations have reached new high levels for the current season.

On Wednesday last, "December" futures were quoted in Chicago at 116½ cents per bushel, against 113 cents the week before and 112½ cents

a month ago. Quotations in London, Wednesday: No. 1 Northern Manitoba, ex ship, 45s. 3d. per 496 lbs., against 43s. 9d. a week ago; No. 2 Northern Manitoba, ex ship, 44s. 6d., against 43s. 3d. a week ago. According to the *Corn Trade News*, total shipments of wheat and flour last week totalled 1,300,000 quarters, against 1,439,000 in the previous week and 1,325,000 quarters in the corresponding week a year ago.

FLOUR.—Prices have risen further this week on a firm demand. Wednesday's London quotations (excluding quota payments) were: Straight run, delivered Home Counties, 38s. 6d. per 280 lbs., against 38s. 6d. a week ago; delivered inner London, 36s., as compared with 35s. 6d. a week ago. Manitoba patents, ex store, 34s. to 35s. 6d., against 33s. to 34s. 6d. a week ago. Australian, ex store, 30s. to 30s. 6d., against 29s. 6d. to 30s. a week ago.

BARLEY.—After another week of active trading, prices of imported feeding barley are again higher. Meanwhile, samples of English barley on offer show wide quality variations. "October" futures were quoted at 62½ cents per bushel in Winnipeg on Wednesday, against 60½ 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, 47s. to 58s., against 46s. 6d. to 58s. last week; Chilean, brewing, ex ship, 36s. 6d. to 42s., against 35s. 6d. to 39s. a week ago.

OATS.—On Wednesday, "December" futures were quoted at 41½ cents a bushel in Chicago, against 41½ cents a week ago and 42½ cents last month. Quotations in London, Wednesday: "English Black" (new), at farm, 20s. per 336 lbs., against 19s. to 20s. a week ago; "English White" (new), at farm, 20s., against 19s. to 20s. a week earlier; mixed Canadian feed (Vancouver), landed, 21s. per 320 lbs., compared with 21s. last week.

MAIZE.—After easiness in the early part of the period under review, prices registered a recovery and closed higher on the week. Meanwhile, the statistical position of the market shows little change. "December" futures were quoted on Wednesday at 95½ cents per bushel in Chicago, against 94½ cents a week ago and 95½ cents last month. Quotations in London, Wednesday: "Plate," landed, 24s. 6d. per 480 lbs., compared with 24s. 3d. a week ago; "Plate," ex ship, 23s. 6d., as against 23s. 3d. a week ago; "Plate," "October," 23s. 9d., as against 23s. 3d. a week ago; yellow maize meal, ex wharf, was quoted at £6 10s. per ton, as against £6 5s. to £6 10s. 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	Oct. 16, 1935	Dec. 31, 1935	Oct. 7, 1936	Oct. 14, 1936
Winnipeg (No. 1, Manitoba) — Cents per 60 lb.	65½	82½	88½	84½	108½	114½
Chicago (No. 2, Winter) — Cents per 60 lb.	84½	98½	100½	75½	113	116½

The visible supply of wheat in Canada amounts to 86,843,000 bushels, against 86,244,000 bushels last week, and 141,499,000 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 October 10	392,971	426,155	495,987	306,492
6 weeks to October 10	2,392,671	3,227,887	2,915,023	1,673,883
Average price of English wheat per cwt.	s. d. 4 11	s. d. 5 0	s. d. 5 11	s. d. 8 3

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
October 8, 1932	Cwts. 333,392	Cwts. 246,045	Cwts. 80,464	s. d. 5 8	s. d. 7 11	s. d. 6 3
October 7, 1933	392,971	458,285	64,916	4 11	10 7	5 5
October 13, 1934	426,155	453,715	68,250	5 0	9 8	6 7
October 12, 1935	495,987	587,548	58,078	5 11	9 7	6 3
October 3, 1936	308,451	359,188	61,691	7 11	10 3	6 10
October 10, 1936	306,492	453,111	63,863	8 3	10 0	6 10

OTHER FOODS

BACON.—Firm conditions have prevailed, and prices have advanced. The official quotations (per cwt. for No. 1 Sizable) which formed the basis for dealings on the London Provision Exchange this week were: English for 94s.; Canadian, 90s.; Danish, 100s.; as against 88s. to 94s.; 87s. and 92s. last week. Arrivals in London last week included Danish, 12,275 100s.; Canadian, 4,898; Dutch, 2,078; Lithuanian, 1,873; and Polish, 2,265; bales; as against 12,155, 4,578, 2,232, 1,541 and 3,131 bales, respectively, in the previous week.

BUTTER.—The market has been slow, with prices easier. Quotations (per cwt.) on the London Provision Exchange on Wednesday were: New Zealand, finest salted, 96s.; Australian, choicest salted, 96s. to 97s.; Danish, 122s. to 124s., compared with 101s. to 102s.; 102s. and 126s., respectively, a week ago.

CHEESE.—New Zealand cheese has been steady at the lower level of quotations, showing little change. Quotations (per cwt.) on the London Provision Exchange on Wednesday were as follows: English, finest farmers, 82s. to 84s.; Canadian, finest coloured, 68s. to 70s.; English, finest farmers, 82s. to 84s.; against 80s. to 84s.; 69s. to 70s. and New Zealand, finest coloured, 65s., against 80s. to 84s.; 69s. to 70s. and 66s. to 66s. 6d., respectively, a week ago.

COCOA.—The trend of quotations, both in this country and in America, remains upwards. The spot quotation in New York on Wednesday was 8½ cents per lb., as against 8 cents per lb. last week. In London, on Wednesday last, good fermented new crop, "November-January," was quoted at 38s. per 250 kilos, c.i.f. Continent, against 35s. 6d. a week ago. Last week's movements of cocoa in London were as follows: Landed, 887 bags;

delivered, for home consumption, 5,479 bags; exported, 35 bags; stocks, 152,892 bags, against 130,503 bags a year ago.

COFFEE.—The New York spot market has displayed a firmer tone, but in London quiet conditions have prevailed. 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 8 cents per lb. a month ago. Movements of coffee in London last week were as follows: Brazilian, landed, nil; delivered, for home consumption, 108 cwt.; exports, 76 cwt.; stocks, 9,852 cwt., against 13,119 a year ago. Central and South American, landed, 1,167 cwt.; delivered, for home consumption, 3,142 cwt.; exported, 517 cwt.; stocks, 73,239 cwt., against 106,840 last year. Other kinds: landed, 1,029 cwt.; delivered, for home consumption, 4,404 cwt.; exported, 1,284 cwt.; stocks 106,833 cwt., against 128,988 last year.

EGGS.—The market was firm for all selections, with English showing a further sharp improvement. At Smithfield on Wednesday, English (ordinary packing, Grade I, about 15-15½ lb.) realised 21s. to 22s. 6d. per 120, as against 17s. 6d. to 18s. 6d. last week, while Danish (15½ lb.) made 14s. to 14s. 3d. per 120, as against 13s. 6d. to 14s. last week.

FRUIT.—Business at Covent Garden has been rather quiet this week, states *The Fruitgrower*. Supplies of apples remain heavy, but inferior grades are being cleared. Although cooking apples remain at a low figure, dessert varieties are in rather better demand at hardening prices. Good supplies of English pears sell at rather easy rates, while plums are now almost over. Grapes are in plentiful supply, and prices are lower. Cobnuts are firmer on a more active demand, while blackberries are in shorter supply. Demand for oranges is not quite so keen, and prices are lower, while lemons remain dear. Grapefruit have been in heavy supply at rather easy rates this week.

MEAT.—Business at Smithfield has again been somewhat slow, some prices having declined this week. On Wednesday last, Argentine chilled hindquarters were quoted at 3s. 4d. to 3s. 10d. per 8 lbs., as compared with 3s. 9d. 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 10,137 tons, an increase of 411 tons on the corresponding week last year. Beef and veal accounted for 5,321 tons, mutton and lamb 2,649 tons, and pork and bacon 1,323 tons, as compared with 4,695, 2,921 and 1,326 tons, respectively, in the same week of 1935.

MILK.—Information relative to the operation of the Milk Marketing Scheme during September, as issued by the Milk Marketing Board, is given in the following table, together with comparable statistics for earlier months:—

	Sept., 1935	June, 1936	July, 1936	August, 1936	Sept., 1936
	d.	d.	d.	d.	d.
Regional pool prices* (per gallon):					
Northern	12½	9	9½	9½	11½
North-Western	12½	9	9½	9½	11½
Eastern	13	9½	9½	9½	11½
East Midland	13	9½	9½	9½	11½
West Midland	12½	9½	9½	9½	11½
North Wales	12½	9	9½	9½	11½
South Wales	13	9½	10	10	12
Southern	12½	9½	9½	9½	11½
Mid-Western	12½	9½	9½	9½	11½
Far Western	12½	9½	10½	10½	12½
South Eastern	13½	9½	10½	10½	12½
Liquid milk price (per gallon, all regions)	16	12	13	13	15
Manufacturing price (per gallon, average)	5-54	4-941	5-05	5-256	5-656
Total sales under contract	66-06	87-56	84-58	80-00	73-65
For liquid consumption	46-01	46-67	47-29	45-82	46-80
For manufacturing	20-05	40-89	37-30	34-18	26-85

* 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, 6 tons; delivered, 7 tons; stocks, 1,783 tons, against 1,533 tons a year ago. White, landed, 44 tons; delivered, 48 tons; stocks, 11,984 tons, against 16,110 tons a year ago.

RICE.—The spot price of Burma No. 2, cleaned, new crop, was 9s. 1½d. per cwt., ex warehouse, on Wednesday, as compared with 9s. 3d. per cwt. a week ago. "October-November" in singles to Continent and U.K. was quoted at 7s. 10½d. per cwt., against 8s. last week. Movements in London during the past week were as follows: Landed, 261 tons; delivered 7 tons; stocks, 2,089 tons, against 7,903 tons a year ago.

SUGAR.—The New York market has been rather easier, but in London prices have shown a firmer tendency. The spot price in New York on Wednesday was 3-35 cents per lb., as compared with 3-40 cents per lb. last week and 3-60 cents per lb. a month ago. Wednesday's sales of raw sugar in London included December delivery at from 4s. 5½d. to 4s. 6d., against 4s. 3½d. a week ago. The movements of raw sugar at public warehouses in London and Liverpool last week and 3,692 tons in the same week of last year, against 35,824 tons last week and 26,070 tons last week and 14,985 tons last year; stocks 116,870 tons, against 114,875 tons last week and 154,964 tons last year.

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OVERSEAS TRADE RETURNS

IMPORTS (Value C.I.F.)

	Month ended September 30		Nine Months ended September 30	
	1935	1936	1935	1936
I.—Food, Drink and Tobacco—				
A. Grain and Flour	4,413,920	5,923,429	39,076,255	48,596,432
B. Feeding-stuffs for Animals	530,995	678,628	5,502,571	5,756,422
C. Animals, Living, for Food	505,712	699,330	3,563,423	4,986,099
D. Meat	5,807,244	6,559,009	59,702,510	59,086,581
E. Dairy Produce	4,999,303	6,542,181	42,535,192	49,714,897
F. Fresh Fruit and Vegetables	3,155,052	2,196,663	29,836,688	28,531,379
G. Beverages and Cocoa Preparations	3,806,504	4,275,555	29,150,791	31,883,529
H. Other Food	3,549,836	4,003,569	32,211,289	33,583,073
I. Tobacco	2,811,651	1,978,411	9,455,468	10,067,354
Total, Class I	29,583,317	32,856,775	251,034,187	270,195,766
II.—Raw Materials and Articles Mainly Unmanufactured—				
A. Coal	1,255	1,802	13,932	24,755
B. Other Non-Metalliferous Mining and Quarry Products and the like	313,229	378,387	2,650,118	3,137,752
C. Iron Ore and Scrap	493,492	641,814	3,810,042	6,591,018
D. Non-Ferrous Metalliferous Ores and Scrap	956,123	1,086,032	8,360,467	8,998,330
E. Wood and Timber	3,906,528	5,431,039	25,443,910	30,109,935
F. Raw Cotton and Cotton Waste	1,832,560	2,897,168	22,325,006	31,067,559
G. Wool, Raw and Waste, and Woollen Rags	1,332,824	1,903,153	28,039,450	33,816,143
H. Silk, Raw, Knobs and Noils	1,100,470	1,600,008	960,832	1,385,721
I. Other Textile Materials	340,801	670,933	7,180,461	7,769,745
J. Seeds and Nuts for Oil, Oils, Fats, Resins and Gums	1,997,795	2,121,463	18,854,560	21,642,890
K. Hides and Skins, Undressed	1,158,471	1,528,159	10,367,711	13,808,496
L. Paper-making Materials	783,908	1,001,851	7,666,926	8,578,539
M. Rubber	786,829	336,209	8,432,436	3,532,560
N. Miscellaneous Raw Materials and Articles mainly Unmanufactured	1,234,274	1,395,039	7,062,094	7,410,069
Total, Class II	15,292,259	19,553,057	151,165,945	178,175,612
III.—Articles Wholly or Mainly Manufactured—				
A. Coke and Manufactured Fuel	1,739	5,387	32,549	61,814
B. Pottery, Glass, Abrasives, etc.	605,324	663,511	5,171,653	5,311,667
C. Iron and Steel and Manufactures thereof	712,470	1,136,812	6,292,011	9,109,899
D. Non-Ferrous Metals and Manufactures thereof	2,515,944	3,119,123	19,851,191	23,842,814
E. Cutlery, Hardware, Implements and Instruments	530,446	570,216	4,476,002	4,968,649
F. Electrical Goods and Apparatus	267,428	343,234	2,084,920	2,592,175
G. Machinery	1,006,555	1,519,098	9,755,177	13,224,936
H. Manufactures of Wood and Timber	444,152	585,165	4,425,915	5,566,567
I. Cotton Yarns and Manufactures	211,868	259,740	2,015,137	2,515,137
J. Woollen and Worsted Yarns and Manufactures	226,981	293,891	1,808,289	2,200,525
K. Silk Yarns and Manufactures	236,212	247,051	2,270,467	1,918,357
L. Manufactures of other Textile Materials	582,026	702,064	5,006,252	5,402,987
M. Apparel	665,645	908,781	6,481,891	7,253,153
N. Chemicals, Drugs, Dyes and Colours	1,028,106	1,190,251	8,218,055	9,167,565
O. Oils, Fats and Resins, Manufactured	2,696,773	2,866,635	24,684,442	27,058,904
P. Leather and Manufactures thereof	649,096	852,189	5,929,096	7,107,751
Q. Paper, Cardboard, etc.	1,304,198	1,340,450	9,968,211	10,820,796
R. Vehicles (including Locomotives, Ships and Aircraft)	288,599	240,599	3,344,369	3,595,735
S. Rubber Manufactures	41,574	424,544	426,608	435,200
T. Miscellaneous Articles wholly or mainly Manufactured	1,490,650	2,245,794	12,594,647	14,243,635
Total, Class III	15,505,786	19,132,535	134,429,355	155,898,356
IV.—Animals, not for Food	186,638	159,325	1,303,812	1,459,471
V.—Parcel Post	257,113	189,836	1,505,483	2,278,413
Total	60,822,113	71,891,528	539,438,782	608,007,618

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
Oct. 10, 1935	15-63	12-87	16-98	12-74	10-88	11-80	15-42
Sept. 3, 1936	15-14	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
Sept. 17, "	14-29	12-13	13-32	11-03	9-96	11-53	13-56
Sept. 24, "	13-86	12-04	13-29	10-75	9-85	11-46	13-29
Oct. 1, "	13-39	11-95	13-41	10-91	9-90	11-55	13-09
Oct. 8, "	13-22	11-92	13-62	10-81	9-85	11-63	13-03

The quantities catalogued for the public auctions in Mincing Lane this week comprised 51,037 packages of Indian and 21,182 packages of Ceylon tea. Demand for Indian grades was fairly good, and prices showed little alteration. At Tuesday's Ceylon auctions, quality teas sold at rather higher prices.

VEGETABLES.—Supplies of tomatoes are declining with the advance of the season, and prices have been firmer at Covent Garden. According to *The Fruitgrower*, cucumbers are also firm on shorter supplies. Cabbage and savoy are, however, plentiful and cheap, while cauliflower shows a similar tendency. Sprouts and tops sell well at firm rates. Celery is more plentiful and much cheaper, but parsnips, carrots and turnips meet a better demand. Meanwhile, supplies of potatoes at London markets have declined and, with demand showing an improvement in response to the rather colder weather, the better samples are firm in price. At the Borough on Tuesday, best siltland King Edwards realised from 8s. to 9s. per cwt., against 8s. to 8s. 6d. a week earlier.

EXPORTS OF PRODUCE AND MANUFACTURES OF THE UNITED

KINGDOM (Value F.O.B.)

	Month ended September 30		Nine Months ended September 30	
	1935	1936	1935	1936
I.—Food, Drink and Tobacco—				
A. Grain and Flour	139,729	140,534	1,390,493	1,306,697
B. Feeding-stuffs for Animals	32,752	35,000	430,102	428,441
C. Animals, Living, for Food	224	93	5,118	2,471
D. Meat	79,418	84,328	807,473	724,518
E. Dairy Produce	92,841	116,944	763,025	891,278
F. Fresh Fruit and Vegetables	6,792	9,701	131,502	87,360
G. Beverages and Cocoa Preparations	854,275	1,133,825	6,573,335	9,070,094
H. Other Food	1,218,201	1,060,003	8,821,593	8,807,013
I. Tobacco	332,175	379,512	3,156,433	3,325,515
Total, Class I	2,756,407	2,959,940	21,879,078	24,743,387
II.—Raw Materials and Articles Mainly Unmanufactured—				
A. Coal	2,427,892	2,611,045	23,534,723	21,475,123
B. Other Non-Metalliferous Mining and Quarry Products and the like	86,353	119,248	806,300	823,111
C. Iron Ore and Scrap	27,034	38,668	325,147	267,669
D. Non-Ferrous Metalliferous Ores and Scrap	128,307	171,290	1,244,588	1,544,525
E. Wood and Timber	5,195	7,754	69,706	70,272
F. Raw Cotton and Cotton Waste	64,200	87,022	871,896	631,060
G. Wool, Raw and Waste, and Woollen Rags	525,685	613,457	5,962,328	5,111,151
H. Silk, Raw, Knobs and Noils	1,449	1,331	9,844	10,538
I. Other Textile Materials	24,477	42,954	272,478	381,506
J. Seeds and Nuts for Oil, Oils, Fats, Resins and Gums	161,954	244,450	2,145,843	2,491,385
K. Hides and Skins, Undressed	88,491	78,711	718,078	1,321,335
L. Paper-making Materials	82,191	102,920	807,508	889,860
M. Rubber	12,603	10,154	117,286	131,053
N. Miscellaneous Raw Materials and Articles mainly Unmanufactured	110,942	127,804	1,875,676	1,926,478
Total, Class II	3,714,803	4,264,808	38,761,381	37,083,939
III.—Articles Wholly or Mainly Manufactured—				
A. Coke and Manufactured Fuel	264,835	268,280	2,111,855	2,082,728
B. Pottery, Glass, Abrasives, etc.	676,503	734,316	6,107,221	6,365,775
C. Iron and Steel and Manufactures thereof	2,853,920	3,122,495	26,361,940	26,143,792
D. Non-Ferrous Metals and Manufactures thereof	1,177,096	995,764	10,469,677	9,176,551
E. Cutlery, Hardware, Implements and Instruments	862,016	681,156	5,919,816	5,945,149
F. Electrical Goods and Apparatus	890,876	846,350	6,804,786	7,121,288
G. Machinery	3,135,049	3,378,296	28,868,934	30,300,351
H. Manufactures of Wood and Timber	84,818	94,520	765,271	871,510
I. Cotton Yarns and Manufactures	4,589,540	4,959,619	45,012,267	45,248,872
J. Woollen and Worsted Yarns and Manufactures	2,563,791	2,787,977	22,874,211	24,367,550
K. Silk Yarns and Manufactures	93,866	111,502	816,709	908,617
L. Manufactures of other Textile Materials	1,273,402	1,460,798	11,677,610	12,686,362
M. Apparel	1,107,094	1,236,817	8,110,283	8,845,621
N. Chemicals, Drugs, Dyes and Colours	1,677,807	1,736,888	15,518,736	15,427,686
O. Oils, Fats and Resins, Manufactured	363,107	408,951	3,894,462	3,684,304
P. Leather and Manufactures thereof	322,303	349,882	2,707,029	3,030,150
Q. Paper, Cardboard, etc.	564,768	616,704	4,809,042	4,855,709
R. Vehicles (including Locomotives, Ships and Aircraft)	2,201,973	2,590,822	22,130,716	23,194,769
S. Rubber Manufactures	117,630	123,398	1,131,653	1,178,491
T. Miscellaneous Articles wholly or mainly Manufactured	2,109,571	2,315,219	16,743,558	18,194,816
Total, Class III	26,729,965	28,819,754	242,835,776	249,629,591
IV.—Animals, not for food	64,560	71,387	467,175	755,952
V.—Parcel Post	832,530	844,848	7,852,374	7,879,290
Total	34,088,265	36,960,737	311,795,782	320,092,129

MISCELLANEOUS COMMODITIES

VEGETABLE OILS AND OLSEEDS.—The market remains quiet and business is of a "hand-to-mouth" character. An important factor is the outlook in Argentina, where the yield of the new linseed crop is expected to be at least two million tons, if the weather between now and the harvest is favourable. The revised estimate of area issued by the Argentine Government is 7,422,000 acres, or 136,000 acres more than in August. The growing plants have had a good start. The question arises whether in these circumstances the present fixed price will be maintained by the Government. Until this is known definitely crushers hesitate to buy forward or to do more than cover current requirements. The surplus of old crop, together with what may come from India, is put at slightly over 300,000 tons, or 25 per cent. less than the quantity actually shipped in the remainder of last year. In view of the slow sale of oil and cake this is considered about sufficient until the new Plate seed is marketed. The United States is taking larger quantities from both South America and India in order to make up for the domestic shortage. Trade in linseed oil is quiet and the current quotation ex Hull for October-December delivery is around £24 10s. per ton, naked.

Cotton seed is quiet and lower in sympathy with the American cotton outlook, and trade in oil has dropped to small dimensions. Egyptian crude, ex Hull, is now offered at £28, and refined at £28 10s. per ton, prompt.

RUBBER.—In response to a good trade demand, prices have firmed up this week. It is reported that substantial quantities have been sold on c.i.f. terms for shipment over the whole of next year. Attention now centres on the meeting of the International Committee, to be held on October 27th. 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 last week. In forward positions, business has been done at 7½d. for "November" shipment, as against 7½d. a week ago. Stocks in London and Liverpool at the end of last week totalled 100,617 tons, against 103,015 tons a week earlier. A year ago stocks amounted to 176,544 tons.

FURS.—The autumn series of general fur sales opened in London on Monday with an irregular tendency. The attendance of foreign representatives is quite good, the countries of the former gold bloc being better represented than at the preceding sales. Supplies are not as heavy as in recent years, but the quality of the goods offered is about the same as last

October. Owing to the uncertain international position and the many trade barriers from which the fur market is suffering, buyers showed some reserve and prices of beaver, otter, blue foxes, cross foxes, red foxes, white foxes and fisher were marked down by 5 to 7.5 per cent., as compared with July last. On the other hand, musquash, marten, ermine and mink showed considerable resistance, and were not affected by the slightly easier tendency. None of the latter furs, however, was able to record an appreciable price rise. The tendency of the first days of the sale does not necessarily indicate that prices during the entire series will be easier. Indeed, it is commonly expected that prices will firm up to some extent in the immediate future. It is possible, therefore, that an improvement will occur before the close of the present series, which will last for two or three weeks.

WHOLESALE COMMODITY PRICES

UNITED KINGDOM

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

LONDON, October 14th		The prices in the following are revised with the assistance of an eminent firm in each department	
CEREALS AND MEAT		POTATOES—	
GRAIN, Etc.—	s. d. s. d.	English King Edward	s. d. s. d.
Wheat—		per cwt.	8 0 9 0
No. 2, N. Man. 496 lb.	44 6 4 6	SPICES—	
Eng. Gaz. av. per cwt.	10 0	Pepper, per lb.—	
Barley, Eng. Gaz. av. ...	6 10	Black Lampong	0 2½
Oats—		White Muntok	0 5
Maize, La Plata, landed	24 6	Cinnamon—1st sort, per lb.	0 8½
480 lb.	34 9	Cloves—Zanzibar per lb.	0 8
280 lb.	7 10½	Glacé—per cwt.	85 0
Rice, No. 2 Burma, per cwt.	7 10½	African—	
MEAT—		Jamaica, ord. to good	60 0 85 0
Beef, per 8 lb.—		Mace—	2 0 2 8
English long sides	3 4 4 2	Nutmegs, 65's	0 11
Argentine chilled hinds	3 4 3 10	SUGAR—	
Mutton, per 8 lb.—	5 8 4 4	(Duty, 11/8 per cwt.)	
English wethers	3 0 3 8	Centrifugals, 96% prpt.	
N.Z. frozen	4 6 5 4	shipped, c.i.f. U.K./Cont.	4 6½
Lamb, per 8 lb.—	5 10 6 6	B.W.I., crystallised	16 6 18 9
Pork, English, per 8 lb.—		Java, white, c. & f. India	
		Oct.-Dec.	Nominal.
		Refined—London—	
		Yellow Crystals	17 9
		Cubes	22 0 22 6
		Crushed	20 3
		Granulated	18 1½ 19 0
		Home Grown	17 10½ 18 3
		TEA—	
		Indian—per lb.—	
		Pekoe	0 11½ 1 2½
		Broken Pekoe	0 11½ 1 4
		Orange Pekoe	0 11½ 2 4
		Broken Orange Pekoe	0 11½ 2 7½
		Ceylon—per lb.—	
		Pekoe	0 11½ 2 4½
		Broken Pekoe	0 11½ 1 5
		Orange Pekoe	1 1 2 3
		Broken Orange	0 11½ 2 10
		COCOA—	
		(Duty, British grown,	
		11/8; foreign, 14/- cwt.)	
		Acro, f.i. per cwt.	38 0 38 6
		Trinidad	56 0 64 0
		Grenada	59 0 64 0
		COFFEE—	
		(Duty British grown	
		4/8; foreign, 14/- cwt.)	
		Santos sup. c. & f. cwt.	43 0
		Colombian, good	48 0 58 0
		Costa Rica, med. to good	50 0 78 0
		English Cheddard	50 0 68 0
		Kenya, medium	50 0 65 0
		BGGs—	
		English	21 0 22 6
		Danish	14 0

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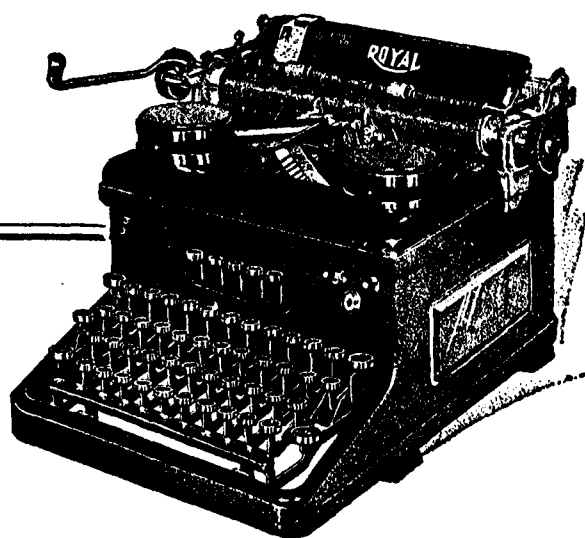
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THE FINANCIAL NEWS

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

MONDAY, OCTOBER 19—SWITZERLAND AFTER DEVALUATION. Of the three gold bloc countries which last month abandoned their traditional currency parities, Switzerland alone has adopted a more or less definite stabilisation rate. In this article a Special Correspondent examines Switzerland's economic policy since devaluation and analyses the effect which the long term policy thus indicated will have upon the economic and financial position of the country.

TUESDAY, OCTOBER 20—MOUNT MORGAN. Our Special Mining Correspondent, MINOTAUR, in his usual Tuesday article, this week examines the position and prospects of this famous Australian Gold Mine—a mine which, though old established, has only comparatively recently attracted the attention of Investors in this country.

WEDNESDAY, OCTOBER 21—COMPANIES AND THEIR PROFIT-EARNING CAPACITY—No. 24. Our series of articles on "Companies and Their Profit-Earning Capacity" is resumed by an article on BORAX CONSOLIDATED. The article will trace the growth of this old-established Company with special reference to its predominating position in the industry, and will analyse in detail its earnings record in the past. On this basis its future earning capacity will be examined in the light of the growing diversification of the uses for Borax and Borax Products.

THURSDAY, OCTOBER 22—THE OUTLOOK FOR WHEAT. The price of Wheat has risen by 45% since last June. In this article a Special Correspondent shows how the statistical position of the commodity has been greatly affected by the disastrous crop failures in Canada and the U.S.A. and discusses the prospects of a continued rise, with particular reference to the coming crop in the Southern Hemisphere.

FRIDAY AND SATURDAY, OCTOBER 23 AND 24—COPPER IN THE LONG RUN. Despite the persistence and extent of the recent rise in Copper, the market still finds the short term outlook very favourable. These two articles describe the general background of the whole Copper position and on this basis seek to assess the ultimate likely level of Copper prices in the very long run.

THE FINANCIAL NEWS

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THE ECONOMIST

Vol. CXXV

SATURDAY, OCTOBER 24, 1936

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(With this issue appears our Monthly Trade Supplement.)

PARLIAMENT AND OPINION

PARLIAMENT meets next week, at a time when criticism of both the Cabinet and the Labour leaders by their own supporters is heard on every hand. In two current by-elections, one at prosperous Erdington, held by the Government with a reduced majority this week, and another at less prosperous Clay Cross not yet decided, the electors are having to choose between an embarrassed and divided Government and an embarrassed and divided Opposition.

It is constantly said that the chief strength of the present Government is the weakness of the Labour Opposition. How much truth is there in this? Those who on the whole take a favourable view of the Government's record would not of course admit it. They would put forward a case for the Government based mainly on the fact of recovery, and they would attempt to show that the chief causes of recovery were not the abandonment of gold but the tariff and the "confidence" alleged to have been inspired by the Government. They would add that the India Bill had been successfully passed, and that housing measures and further expansion of the social services were resumed after the crisis was over. And as for the terrible deterioration of international relations in Europe and the world, they would claim as the Government's greatest achievement that it had kept us out of war and thereby given effect to the nation's most ardent desire.

The critics, on the other hand, would attribute recovery almost entirely to the depreciation of sterling and hardly to Government action at all; and they would allege that it was mainly the British Government's continuous ineffectiveness and lack of decision in foreign policy that had brought the threat of world war ever nearer. They would accuse the Government of insincerity. And in particular they would cite the insistence of British Ministers during the Manchurian affair that America was holding them back, when really she was pushing them on; their complaint of impotence against Italy, when really they had no wish to unseat Signor Mussolini; and their complacency, in the name of "neutrality," in a victory of

the anti-democratic forces in Spain. They would say that to anyone who had ever shared the post-war ideal of a peaceful and liberal Europe nothing could have been more bitterly ironical than the events of last autumn; when the Italian Liberals were looking to England to rescue them at last from an irresponsible despotism, and some members of the British Cabinet, which contained both "National Labour" and "Liberal National" representatives, were saying in private that military sanctions were impossible because they might end in the overthrow of Signor Mussolini and in social disorder in Italy. Finally, the critics would say that indecision of policy, engendered by lukewarm enthusiasm for the League and distrust of the company in which British Ministers found themselves at Geneva, had resulted in the sacrifice of the Empire's strategic interests.

The average man, unattached to party, who is in fact in a substantial majority, probably gives the Government the benefit of the doubt in the controversy over the causes of recovery. For the inexpert, naturally enough, *post hoc propter hoc* is a legitimate working hypothesis. He probably also under-rates the Government's share of responsibility for the growing danger of world war. At the same time, he inclines to support what appears to be the Government's present policy of re-armament *plus* isolation.

This is not to say, however, that he has much faith in the *personnel* of the present Cabinet. Indeed, the lack of convincing personalities, either in the Cabinet or the Labour Party, seems to be more responsible than anything else for the current political malaise. The Cabinet itself is elderly and cumbered with dead wood. In Mr Baldwin's case, what now unsettles the public is not so much perhaps the memory of last winter's *débâcle* as a feeling that he remains Prime Minister not because he has a mission but because he cannot yet make up his mind to retire. Mr Ramsay MacDonald is a spent force. Mr Chamberlain, the great success of the Cabinet, certainly inspires confidence

among business men, who regard him as a prototype of themselves; but he does not inspire enthusiasm. Nor is there anyone even among the younger men who now challenges these older hands.

The radical weakness of the National Cabinet, in fact, is that, with the possible bad exception of protectionism, it has never had a philosophy to unite it. Hence the appearance of indecision and insincerity. There has been, and still is, no sign of constructive or of generous enthusiasm, but only opportunism and compromise.

What, then, of the Labour Party? Where the Government is all adaptability and no conviction, the Labour Party, as manifested once again at Edinburgh, is all conviction and no adaptability. Mr Lansbury and Lord Arnold are for the Sermon on the Mount; Sir Stafford Cripps believes that a capitalist Government can do no right; and the laudable attempts of Mr Attlee, Dr. Dalton and Mr Morrison to bring these aspirations down to earth have so far only left the public worse confounded. The ordinary man may well complain that Labour's objects are at present no more clear to him than those of the Government. Indeed, when one estimates the degree of confidence felt by the public either in the Cabinet or the Opposition leaders, it is a great relief to recall that Sir Oswald Mosley inspires no confidence at all.

Yet there was perhaps never a time when there was more political thinking and feeling going on in this country, and more ardent, though ill-organised, allegiance to the ideals of social progress, peace and liberty. Common observation shows every day that the Government might have aroused a great crusading spirit in defence of international justice last autumn. That chance is now gone; and the public disillusion is profound. But there are at least some other abandoned threads still waiting to be picked up. A bold decision to stamp out ruthlessly the new menace of extremist disorders would win the Government an immediate access of popularity; and there is a strong and widespread desire to see a little more money spent on public health and nutrition, involving something more imaginative than a mere campaign for physical drill.

The decisive issue, however, lies abroad. Does the Government stand for the revivification of the League; or does it desire to destroy the Franco-Soviet pact and to allow Germany a free hand in the East? No foreign policy can succeed unless it has behind it the majority of the nation. But the country cannot rally to mere vagueness and contradiction. Until both Cabinet and Opposition can give a clear account of their intentions, British policy will fall increasingly into disrepute and the elector will mark his disapproval by staying away from the polling booth.

BELGIUM AND EUROPE

THE motives behind King Leopold's speech last week on future Belgian foreign policy ought not to be difficult for English readers to divine. They are transparently akin to those which have been impelling the Government of the United Kingdom, for some time past, to retreat towards isolation as they advance towards re-armament. Any Government which has come to the conclusion that, in the present state of Europe, it must re-arm whatever its foreign policy may be, is in effect driven to adopt the selfish and short-sighted policy of proclaiming that the increased armaments are only to be used for purposes of national defence in the narrowest definition of the term. In King Leopold's words:—

A unilateral policy . . . rightly or wrongly arouses dissensions at home. . . . We must pursue a policy "exclusively and completely Belgian" [in the words of a recent speech of the Belgian Prime Minister]. This policy must aim resolutely at putting us outside the conflicts of our neighbours.

With the substitution of "British" for "Belgian," these words would fit into almost any recent speech by any member of H.M. present Government in this country. The concrete situation which the Belgians particularly dread is to find themselves committed, in the event of a

war between Germany of the one part and a Franco-Russian alliance of the other, to giving passage to French troops to attack Germany across Belgian territory. The Belgians also know—and this not only from the recent experience of Abyssinia and China, but from their own experience in 1914-18—that a country which is militarily weak, either through being small or for any other reason, is certain if once it is involved in a war to suffer the horrors of war in their extreme degree, even if, at the end, the victim happens to find itself on the winning side. Now, supposing that King Leopold's suggestions for the future course of Belgian foreign policy are translated into action; will this be compatible with Belgium's obligations under the Covenant of the League, under the interim Anglo-Franco-Belgian arrangement in lieu of the Pact of Locarno, and under the post-war Franco-Belgian military convention?

Under the first head, the Belgian Ministry of Foreign Affairs would almost certainly be able to find chapter and verse, in declarations made by the French and British Governments during the Manchurian and Abyssinian crises, which would entitle Belgium to maintain—at any rate against England and France—that she was fulfilling her obligations under the Covenant even if she were in fact observing a pre-League kind of neutrality in a war in which either or both of her two Western neighbours might be engaged with Germany. It seems to be agreed that, under Article XVI, military sanctions are in any case optional; and among the statesmen of the ex-neutral countries there has been, since the abandonment of Abyssinia to her conqueror, a tendency to declare that in future all sanctions, even those of the non-military kinds, must be treated as being optional likewise. As for the Anglo-Franco-Belgian Staff talks, to which the Belgian Government is provisionally pledged, it is theoretically possible—though politically difficult—to work out the technical arrangements for taking action in a certain event without becoming pledged so to act if the case does arise. There remains the Franco-Belgian military convention of 1921; but there can be no profitable discussion of this, as its terms have never been made public. So far as we know, the policy foreshadowed in King Leopold's speech could be adopted by Belgium without any formal breach of her existing obligations.

This, however, is cold comfort; for the important thing about the new Belgian policy is its intention. And that is only too plain:—

Our military policy, like our foreign policy, by which it is necessarily determined, must aim not at preparing for a more or less victorious war as the result of an alliance, but at keeping war away from our territory.

As the Belgian Foreign Minister said this week, collective security has been proved unreliable. Thus, King Leopold's speech is more a recognition of facts than a departure of policy. That, however, does not minimise its international effects.

The German and Italian Governments, for their part, have not been able to conceal their gratification; and no doubt King Leopold's speech will be taken, in both Rome and Berlin, as a happy overture to the important meeting between Herr Hitler and Count Ciano this week. The only rueful countenances are the French and the British. The nemesis for the Franco-British abandonment of Abyssinia, and for their joint passivity over the remilitarisation of the Rhineland, has, indeed, come with exemplary speed. During the months when the small or weak countries that are in an overwhelming majority in the membership of the League were shuddering at the spectacle of the cold-blooded butchery of one of their own number, and were calling upon the two Western Great Powers to prevent the consummation of a crime which would be a precedent, French and British statesmen reiterated that, as the brunt of the labour and peril involved in genuinely executing the Covenant would fall upon French and British shoulders, it was for France and Britain to lay down how far they proposed to fulfil the Covenant. Now the smaller Powers are following where the British and the French led.

But what shook Belgium even more than the British and French *débâcle* over Abyssinia was the German remilitarisation of the Rhineland and its effects. Belgium had not even given Germany the excuse of signing a pact

with Russia; yet the Rhineland opposite Belgium was unilaterally militarised and fortified. Though the British Government reaffirmed its guarantee of the French and Belgian frontiers after this stroke, and authorised military conversations, the Belgians may well have cast one eye on the fate of Abyssinia, the other on the Rhineland *coup*, and decided to invite, by a declaration of "neutrality," Britain and France to define their common policy over the security of Western Europe. For the temporising tactics of the German Government in the last year have made it plain that they do not intend to allow discussions over a new "Western Locarno" to extend to European security as a whole. Again, the Belgian announcement last week serves domestic as well as foreign policy. The Rexist Party, a Fascist organisation on the usual totalitarian prototype, has been raising its own nuisance value by attacking the Belgian Government for "truckling" to Socialist France and her "Communist ally," Russia. The Flemish Nationalists have joined with it. It has also demanded better relations with Nazi Germany; and it has powerful friends beyond the frontiers of Belgium. King Leopold's declaration was clearly intended to consolidate domestic political forces in Belgium.

Yet, after all these things are borne in mind, will Belgian neutrality work any better in 1937 or 1938 than it worked in 1914? In the same paragraph in which King Leopold stated that the fundamental aim of Belgian policy must be to keep the next war out of Belgium, he also stated that Belgium was now again in almost the same international position as she had been before the last war. How can Belgium alone prevent Germany and France from fighting on Belgian soil once again? Even if Belgium were to burst herself in expanding her armaments, it cannot be supposed that any attainable increase in Belgian armaments would turn the scale of Germany's policy. Evidently the importance of Belgium's new departure does not lie in any effect that it might have in the event of war breaking out in Western Europe. Its importance lies rather in its bearing on the question whether the next war, if it comes, shall be pan-European, like the last, or East European only.

From this point of view, King Leopold's speech may have been a trial lever to prise France away from the Franco-Russian alliance. Belgium's gesture of rejoining the ranks of the European neutrals may be of momentous importance, if it leads not only the United Kingdom, but also France, to follow suit. And, if all the West European States-members of the League tend to "go neutral" in Belgium's footsteps, we may be absolutely certain that Germany will give them every encouragement. All the evidence indicates that the Germans do not want another war in Western Europe, any more than West Europeans want it. What the Germans do want is *carte blanche* from all their Western neighbours to pursue in Eastern Europe whatever policy Germany chooses, and by whatever means she wills. Granted this, Germany can dictate to the West at her leisure after she has settled accounts with the East. Will Belgium's move force France into giving Germany a free hand to play this deadly Eastern game? That is the question.

The importance of the Belgian declaration of last week is really its challenge to France and Britain. Belgium by herself cannot refashion European policy. Her geography conditions her own policy even more than official declarations. But she has bluntly faced the British and French Governments with the need to define their attitudes, both to their own security and to the wider European security on which it depends. And it is surely high time someone did that.

BRITISH MONETARY POLICY—II

If we assume that the kind of internal monetary policy outlined in our article of last week would tend to preserve internal equilibrium, and that the present pound-dollar-franc rates are reasonably near the equilibrium rates, what should our exchange policy be, both in the immediate and more distant future? Exchange policy is a controversial subject; but there are at any rate some points on which practically everyone is now agreed. We are

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agreed, first, that short-term fluctuations ought to be "ironed out" by exchange fund methods; secondly, that ephemeral flights of capital should be offset by exchange fund operations and not allowed to affect internal credit policy; and thirdly, that deliberate *under-valuation* designed to secure an advantage for one's exports is in no circumstances justifiable.

This, however, leaves entirely undecided the question how major international adjustments ought to be made. And here it is impossible to avoid discussing, not merely the immediate future, but the kind of long-term regime towards which we ought to conceive ourselves to be moving. If, for instance, a substantial and sustained fall takes place in the demand for a country's exports, the resulting over-valuation of its currency must be met either by a cut in internal money costs or a devaluation of the currency. Such a maladjustment, it should be noticed, can arise (and often does arise owing to the changes in relative prices resulting from the trade cycle) without any internal credit inflation having occurred or any wrong parity having been originally chosen. The periodic appearance of international disequilibrium, in fact, is unavoidable, even if perfectly correct internal policies have been everywhere pursued.

What, then, is the correct remedy? The argument for preserving a regime of permanently fixed exchanges, and altering money costs, rests on the supposed difficulty of conducting international trade and lending on any other basis than that of rigid exchange rates. There is certainly much substance in this argument. But it has certainly also been greatly over-stated. Other things being equal, it is, of course, most convenient to the international trader and financier to be able to count on rigid exchange rates. But it is absurd to suggest that slight or occasional fluctuations, or the risk of them, mean that virtually no trade will be carried on at all. The volume of international trade depends partly on the absence of exchange fluctuations, but also on the prosperity of the countries concerned; and the last three years have shown that the sacrifice of internal monetary stability to the preservation of fixed exchanges may actually reduce the volume of international trade. Tariffs and quotas imposed to buttress an over-valued exchange rate have become a commonplace in contemporary Europe; and last month's crop of tariff reductions, the first for many years, followed the abandonment of untenable exchange rates.

It is a great mistake, therefore, to discuss this question as though it were a choice between economic nationalism and internationalism, or simply a question how Great Britain can preserve her "freedom of action." France, in adopting devaluation, was in fact rejecting the alternative of economic nationalism. The real question is: What international regime will achieve the greatest volume both of production and trade? And, in considering this question, there are strong grounds for thinking that absolute exchange rigidity is not merely the more painful way of achieving international adjustments, but that it is not a way of achieving it at all. The experience of Great

Britain in 1925-31, and of the gold bloc in 1932-36, suggests that in modern social conditions the attempt to reduce money costs is almost bound to fail unless the necessary adjustment is very small. Absolute exchange rigidity, therefore, in the case of serious maladjustments, may mean not merely that a prolonged deflation will be imposed on a country but that in the end it will be forced to devalue after all.

If, however, we reject absolute exchange rigidity even as an ultimate goal—for it will not become more workable with time—there is every reason to prevent all exchange movements which are not indubitably necessary. How can we obtain the greatest possible stability in the short and medium period without committing ourselves to absolute rigidity? Various suggestions have been made for the establishment of a regime of movable gold parities in which all countries would agree not to alter their parity more than a certain percentage in a certain period. It might alternatively be possible to undertake to maintain certain gold points (with, perhaps, a 5 per cent. or 10 per cent. margin) for certain periods. Or, again, it might be best simply to announce that such and such gold points would be maintained until further notice. The exact form which such an agreement should take would probably have to be decided by practical experience.

If some such objective as this is contemplated, what immediate policy should we pursue? There is, at least, good reason to hope that serious over-valuation crises may be avoided in the next few years because the increased supply of gold is exerting an expansionist influence on all countries alike. Perhaps we may envisage, therefore, an approach to normality in three successive stages. First, policy in the next few months will presumably be guided by the existing "gentlemen's agreement" not to vary exchange rates more sharply than can be helped. No actual rate, however, has yet been the subject of declared international agreement; and rigidity in the coming months, before the newly devalued currencies have "found their own levels," would, in fact, be most undesirable. In particular, it is widely believed that sterling at \$4.89 is appreciably over-valued and that an adverse pressure may develop unless receipts from our invisible exports recover substantially.

Secondly, at a later date, if and when agreement on rates could be reached, a pair of gold points (with, perhaps, a 10 per cent. margin) might be assigned to each currency. Already France, Switzerland and America have such gold limits, and the adoption of similar ones by Great Britain would bring practically the whole world into the system. Such an agreement would have to be made initially for a trial period and would probably have to be subject to denunciation at six months' notice. Even so, however, it should be able to be coupled with a mutual low-tariff agreement as well as with the continuance of exchange fund co-operation; and some resumption of international lending might be expected as a result.

Finally, in the third phase, which should, perhaps, be regarded as a possibility rather than a probability, a general convention might be arranged providing for definite limits (with a margin of, perhaps, 5 per cent.) in the case of each individual currency. These would in effect be gold points in the case of America, France, Switzerland, Great Britain and a few others, and "sterling" points in the case of those countries which preferred not to adopt a direct link with gold. It might then be possible for each country to guarantee not to alter the limits more than, say, once a year, or by, say, two or three per cent., and then only if a marked gold movement justified it. Even with this amount of latitude, however, it could not be certain that the agreement might not have to be broken, or at least denounced. For if, for instance, the price of commodities like coffee, wheat or wool were to fall 30 per cent. in a few months, countries like Brazil or Australia would be forced to devalue in order to avoid an internal convulsion (unless large international loans could be rapidly arranged). In the last resort exchange policy is within the sovereign rights of a self-governing country; and no system which neglects this fact will long survive.

The truth is that the old rigid gold standard is not able to cope with fluctuations and disturbances on the scale customary to-day, and that no equally automatic method

can be devised to succeed it. A gradual narrowing of the gold (or sterling) "points" by international agreement consequently seems the most practical policy. And for Great Britain, both in the immediate and remote future, there are still two chief dangers to be avoided: on the one hand, excessive fluctuations, which hamper international trade and lending; and, on the other, an excessive rigidity, which might impose internal deflation on the whole sterling area.

INDUSTRIAL EARNING POWER

If industrial recovery is destined imperceptibly to pass, now or later, from revival to boom, movements in our industrial profits figures will be an index in a special sense. Over a large part of the British field the profit-making motive still largely determines the force and direction of individual policy. Rising industrial earnings, again, have, beyond all doubt, been the major force in a Stock Exchange movement which has raised the Actuaries' Index of 178 ordinary shares by 106 per cent. since June, 1932. Our quarterly surveys of the results of a large number of British companies show that profits fell steeply between 1929 and 1932, began slowly to recover in 1933, and (as we showed in the *Economist* of July 18th last, page 10) have returned to within approximately 8 per cent. of their pre-depression level. The detailed tables given on page 187 show that the tale of revival was continued by the 382 companies whose reports reached us during the quarter ended September 30th. The most significant figures are these:

	Reports published in	
	1935	1936
Profits (after deb. interest)...	£25,359,334	£28,974,570 (+14.3%)
Proportion of Total:—		
Paid in dividends.....	76.3%	70.3%
Added to reserves, etc. ...	23.7%	29.7%
Average rate of ordinary dividend	6.7%	7.6%

Here is recovery writ large enough to stimulate a desire to measure its actual dimensions a little more closely. Of really up-to-date information of industrial profits from official sources there is an unfortunate dearth. The latest index figures recently published by Sir Josiah Stamp in a contemporary, for example, are based on Revenue data only up to 1933, later figures being based on our own quarterly surveys. All indices of the volume of industrial profits, however, have a further disadvantage, to which Sir Josiah drew attention when publishing his latest figures. They afford no precise indication of the rate of return on capital, since the amount of capital employed in earning profits may have changed considerably between, say, 1929 and 1936. "Capital" in the economist's sense may be inexpressible in clear-cut numerical terms, but it is possible to obtain an accurate measure of the capital, in the legal sense, of all the companies included in our regular surveys. We propose, therefore, in the following article, to use the returns of the 382 companies whose figures appear on page 187, as an example of the method involved. Similar data are available in our columns for many years past. Though the companies included in our "sample" have never been identical in any two years, their composition has been sufficiently similar, over short periods, to afford a basis for comparison in relative rather than absolute terms.

Our latest tables show that the 382 companies which earned £28,974,570, after payment of debenture interest, in their latest year, had a total issued capital, at par, of £82,222,584 in debentures, £118,994,208 in preference shares, and £192,354,801 in ordinary shares. What was the average rate of earnings on this aggregate capital of £393,572,000? Our published tables do not show the total amount paid in debenture interest, but they give its weighted average rate, namely 4.8 per cent. On this basis the companies paid £3,046,000 before striking the profits shown in our table. Their earnings before debenture interest, would therefore have been £32,920,000, equivalent to 8.37 per cent. on their issued capital of all kinds. This figure, though not exact, is unlikely to be far out, so far as

the debenture "adjustment" is concerned, for only a very small minority of distressed British companies, in fact, fail to meet their debenture interest in full. Similar "overall" indices of earning power for every year from 1929 onwards are shown below:—

EARNINGS ON TOTAL ISSUED CAPITAL (Reports published in September Quarter of each Year)

Year	No. of Companies	Total Capital (Deb., Pref. and Ord. (£'000))	Total Profits before Deb. Interest (£'000)	Ratio of Profits to Capital (%)	Same, 1929 = 100
1929	257	258,128	25,726	9.98	100
1930	329	340,137	27,492	8.09	81
1931	320	421,085	19,063	4.53	45
1932	303	418,611	18,195	4.34	43
1933	307	369,202	18,980	5.14	51
1934	318	330,876	20,401	6.17	62
1935	345	370,348	26,338	7.11	71
1936	382	393,572	32,920	8.37	84

The rate of earnings, on this showing, fell from just under 10 per cent. in 1929 to a nadir of less than 4½ per cent. in 1932, and has since recovered steadily to nearly 8½ per cent. These, however, are "overall" figures. What was the rate of return on ordinary—i.e. risk-bearing—capital alone? Our returns show that the 382 companies, in 1936, paid out total preference dividends of £5,729,000. If we presume that this figure represented their full preference requirements (an assumption which may be broadly true to-day, but may be somewhat optimistic in depressed years), then we may regard residual profits as inuring to ordinary shareholders. This figure, for 1936, is £23,246,000, equivalent to 12.1 per cent. on an ordinary capital of £192,355,000. The average ordinary dividend, as we have seen, was 7.6 per cent. It is clear, therefore, that, even if our earning-power figure is a little on the high side, the dividend policy of these companies has been conservative.

Similar figures for earlier years are shown below:—

EARNINGS ON ORDINARY CAPITAL (Reports published in September Quarter of each Year)

Year	Total Ordinary Capital (£'000)	Earnings for Ordinary Shareholders (£'000)	Ratio of Earnings to Capital (%)	Same, 1929 = 100
1929	139,715	19,169	13.7	100
1930	178,664	19,158	10.7	78
1931	212,160	10,060	4.7	35
1932	225,695	10,171	4.5	33
1933	175,807	10,038	5.7	42
1934	161,187	12,912	8.0	58
1935	174,159	16,922	9.7	71
1936	192,355	23,246	12.1	88

Average ordinary earnings fell, approximately, from 13¾ per cent. in 1929 to 4½ per cent. in 1932 and have now recovered to a little over 12 per cent. But "reserves" are receiving a larger and shareholders a smaller part of actual earnings to-day than in 1929. This tendency to "plough back" may be partly a legacy of the bad days of 1931-33, when the reserves of some companies were depleted, but it also throws a direct light, say, on such a contemporary phenomenon as the reduced demand for bank advances.

Taking the figures as they stand, there has been a rise, during the "recovery period" between 1932 and 1936, of 93 per cent. in the rate of earning power on all capital and of an appreciably larger percentage in the rate on ordinary capital. The rise in Stock Exchange values has thus had a substantial foundation in increased earnings, although the average rate of dividend paid has risen, during the same period, only by 77 per cent.

It is possible, similarly, to calculate the rate of earnings for individual industries, but as the "sample" in each case is necessarily much smaller, the results must be accepted with greater reserve. We show at the head of the next column the resulting figures, for 1929 and 1932-36, of five groups of companies which have a fairly substantial representation in the September quarter's returns. Broadly, the steel and engineering companies have shown most recovery and the brewing concerns have been most stable. Rubber and tea were fellow-sufferers during depression, but have shared recovery unequally. Earnings in the textile trades have similarly shown wide fluctuations.

GROUP PROFITS AND DIVIDENDS (September Quarter Companies)

	1929	1932	1933	1934	1935	1936
Coal, Steel, Engineering:—						
No. of Companies	21	25	26	28	30	34
Profits (%) overall	7.0	Dr. 0.1	1.5	4.6	6.4	9.6
Profits (%) Ord.	8.1	Dr. 1.6	0.9	5.5	8.2	12.8
Divs. (%) Ord.	5.1	1.7	2.2	3.4	4.6	5.7
Textiles:—						
No. of Companies	15	17	29	27	40	35
Profits (%) overall	8.1	Dr. 1.7	0.1	10.7	2.4	9.4
Profits (%) Ord.	8.9	Dr. 3.0	Dr. 0.7	11.7	2.0	10.0
Divs. (%) Ord.	8.1	2.1	2.2	7.9	2.7	7.1
Breweries:—						
No. of Companies	17	20	20	18	20	23
Profits (%) overall	15.0	11.1	10.3	12.2	13.0	13.5
Profits (%) Ord.	21.8	16.8	14.9	19.0	18.8	19.8
Divs. (%) Ord.	17.7	14.7	13.4	15.3	15.2	15.5
Rubber:—						
No. of Companies	59	55	49	64	59	74
Profits (%) overall	9.7	Dr. 0.7	Dr. 0.9	3.1	5.3	4.5
Profits (%) Ord.	10.2	Dr. 2.0	Dr. 1.8	2.4	5.0	4.2
Divs. (%) Ord.	7.8	Nil	0.2	2.3	3.8	3.3
Tea:—						
No. of Companies	15	17	29	27	40	35
Profits (%) overall	8.1	Dr. 1.7	0.1	10.7	2.4	9.4
Profits (%) Ord.	8.9	Dr. 3.0	Dr. 0.7	11.7	2.0	10.0
Divs. (%) Ord.	8.1	2.1	2.2	7.9	2.7	7.1

The September harvest of company reports is usually the leanest of the year. Future figures will give a more representative indication of the trend of earning power. Nevertheless, results of the past three months justify the broad conclusion that recovery has been reflected in industrial earning power, and that the pace of revival has been fully maintained—and even slightly accelerated—during recent months. But directors are evincing a certain caution in passing on the fruits of revival to shareholders. And it would appear that recovery has not yet fully restored earning power per unit of issued capital, in industry as a whole, to the level of 1929. If industrial activity continues, but costs tend to rise, future analyses will afford early and valuable evidence of any resulting check to increased earnings.

MINING ROYALTIES—I

(BY A CORRESPONDENT)

IN redemption of the pledge given to the electors last year the Government will shortly introduce into Parliament a Bill for the unification or nationalisation of mining royalties. Another Bill is also promised to take the place of that withdrawn earlier in the year, which had the object of increasing the powers of the Coal Mines Reorganisation Commission. These two Bills, if passed, will be much the most important legislation affecting the mining industry since the Coal Mines Act of 1930.

The present legal status of ownership in ungotten minerals, with the exception of gold and silver, dates back to the reign of Elizabeth. For nearly 400 years the law has followed the precedent of a decision of the Courts in 1568 that, with the exception of the two precious metals, all minerals are the property of the landowners, i.e. that the ownership is not confined to the surface but extends to the centre of the earth. Broadly speaking, Great Britain and the United States are the only coal-producing countries where this principle obtains. In almost all other countries the State owns the coal, and either works it or grants concessions to do so.

Every tribunal which, in recent years, has inquired into the condition of the mining industry has agreed that private ownership of the minerals has operated greatly to the disadvantage of the industry. Even the Sankey Commission, which issued seven separate reports, and the members of which differed on almost every other issue on which they had to report, was unanimous in this. The disadvantages are various in character. Some are technical. Thus, the layout of a minefield has to be governed largely by surface boundaries and surface rights; a mine-owner sinking a shaft has to obtain leases from a multiplicity of landowners (the average number is five), and any one of these may, if he chooses, cause endless trouble and expense by refusing to lease or demanding unreasonable or exorbitant terms; barriers of coal have to be left between the property of one royalty owner and that of another. Other disadvantages are financial. The charges

levied for royalties and for wayleaves, both surface and underground, are very heavy. The average royalty charge is 5.78d. per ton (1935); but the highest recorded is 1s. 9d. per ton (in South Wales). The total sum paid out in 1935 was £4,806,139. Even between whole districts there are very wide variations. Thus the average in South Wales is 8.48d. per ton and in South Derbyshire 3.82d. per ton of coal commercially disposable. Broadly speaking, the charges are heaviest in the least profitable districts, and especially in the export districts. Finally, the private ownership of royalties has a series of political disadvantages: the workers are embittered by the knowledge that very large sums are paid every year to fortunate individuals who contribute nothing to the carrying on of the industry.

The post-war changes in the position of the industry have not only emphasised the seriousness of the burden of royalties in general, but revealed also the inequalities and injustices of the existing system. In the main, royalties were fixed in a period of phenomenal expansion in the industry. In the forty years from 1874 to 1914 production increased from 127 million tons to 287 million tons per annum. Moreover, the most rapidly expanding section of the industry was the export trade, for while home consumption increased from 109 million tons to 189 million tons, the export figures rose from 17 million tons to 98 million tons. Demand from abroad was increasing rapidly in the years just before the war, and in these circumstances it was not unnatural that the average rate of royalty should have been fixed at a higher figure in the export districts than in those mining coal for the domestic market.

Royalties are usually fixed as a certain sum on each ton of coal mined, or an equivalent charge based on the area and thickness of the coal worked. But in some cases there is a "fixed rent," a minimum charge which must be paid whether coal is worked or not. In other cases, there is a sliding scale based on the selling price of the coal produced.

Since the war the prosperity of the industry has vanished, and the export districts, which were formerly the most prosperous, have been the hardest hit. But the incidence of royalties has not been altered. Thus in 1934 Yorkshire, North Derby and Notts, South Derby, Leicestershire and Cannock Chase together produced 72½ million tons and paid £1,429,000 in royalties. South Wales produced 31 million tons and paid £1,115,000. The inland areas not only have a sheltered market, but they have gained most from the tariff policy of the Government through their close connection with the iron and steel industry. Compared with 1913, total domestic consumption in 1934 had fallen by 22 million tons, or 12 per cent.; exports, however, had fallen off by 41 million tons, or 42 per cent. In the five pre-war years the annual profit of the whole industry was roughly £13,000,000 per annum. In the five years 1930-34 the "profits" (before charging interest on debentures, bank loans, etc.) were about £3,000,000 per annum, and more than all of this profit was made by the inland districts since the export areas had an annual loss of nearly £200,000.

The royalty owner, meanwhile, was on velvet. None of the adverse factors under which the industry was labouring affected him except the reduced output. The average royalty in the five pre-war years was 5.64d. and in 1930-34 it was 5.43d. per ton. In the five pre-war years profits were more than twice as much as royalties. In the last five years royalties were nearly twice as much as profits. Since 1913 profits have been reduced by £10 millions per annum; but the royalty owner's income has been reduced by only £1,000,000 per annum.

The heaviness and the unequal burden of these charges would alone make a strong case for some relief being extended to the industry. When the hindrances which the existing system imposes upon efficient working are also taken into account, the case is unanswerable. The two great needs of the coal-mining industry are to increase the financial return to those engaged in it, and to increase its technical efficiency. The private ownership of royalties obstructs both.

Since mining royalties have for 400 years been a fully recognised form of private property, there can be no question of expropriating them without fair and just compensation. It may also be taken for granted that the State is not prepared to assume the whole cost itself. Royalties are, indeed, only a form of rent, and there can be no case for relieving one industry entirely of its rent burden without simultaneously relieving others. It may therefore be assumed that royalties will continue to be paid. Nevertheless, their nationalisation, or purchase by the State, would have very considerable advantages. The terms and conditions of leases could be standardised. The technical disadvantages of a multitude of separate royalty owners could be done away with. Obstructions to efficient working could be removed. Above all, the financial burden could be equalised. It will be noticed that all these things could be done without a reduction in the total amount paid in royalties by the industry as a whole.

Ten years ago the Samuel Commission made an exhaustive study of the cost of nationalisation. It came to the conclusion that the probable price to be paid for all existing royalties and underground wayleaves was £92 millions. Adding £8,000,000 for contingencies, the Commission accepted £100 millions as a maximum figure. Since then the fall in the rate of interest might be held to justify an increase in the figure; but on the other hand the financial position of the industry has worsened. The Samuel Commission's estimates were based on figures supplied by the Inland Revenue. On the assumption that the same sum would continue to be paid in royalties, the Commission reached the conclusion that the transaction would have practically no effect on the national Budget. In making this calculation factors such as diminished income tax yield and loss of mineral rights duty have to be taken into account, as well as interest and sinking fund charges.

In a second article consideration will be given to some of the technical problems connected with the nationalisation of mining royalties.

NOTES OF THE WEEK

The East End Question.—It is reported that the Government hope to introduce legislation next session to cope with the threat to civil peace by uniformed political demonstrations. The measure should not involve discriminatory treatment, or the grant of undue discretion to the police; for, as we observed last week, uniforms, military formations, and meetings called in places which constitute provocation of a whole class of citizens, are all things susceptible of fairly precise definition. At least they can be defined as precisely as obstruction, nuisance, negligence, driving to the public danger, assault, and a host of other elements of English law. Sir John Simon urbanely informed the Labour deputation from the East End which waited on him on Monday, that the Government were not allowing the matter to escape their attention. But urbanity

is not so evident in suburbs. Social workers, magistrates, and doctors working in the East End testify to the political indifference of the vast majority of the inhabitants, who are disposed to cry on Fascists and Communists alike, "A plague on both your houses!" But when political formations proceed in column of line to enemy strongholds, hurling imprecations and insults with equal ferocity, the threat to the peace, to life and limb, and—as streets of broken Jewish shop-windows in the East End now testify—to property, is a matter beyond Party politics. It is a matter for the law. No citizen's so-called "rights" enable him to exercise them *in terrorem populi*. The Government would be well advised not to under-estimate the extent to which this sentiment is spreading, on all sides.

Motor Manufacturers and the Air Programme.—An unexpected hitch has arisen over the manufacture of aeroplane engines for the Government's air programme by the leading British motor manufacturers. The Government's White Paper on Defence last March announced that extensions of industrial plant necessitated by the increased re-armament contracts, or extensions to be held in reserve at the Government's disposal, would be undertaken on a Government financial guarantee. Also contract prices and costs were placed under supervision by independent accountants and special committees. Subsequently, some of the leading automobile manufacturers—Austin, Rover, the Rootes concerns, Singer, Standard, Daimler and Wolseley—entered into negotiations with the Air Ministry for contracts. In some cases work was begun almost immediately, mainly under licence, on a basis which left costs and prices to be determined as work progressed. On May 29th Sir Thomas Inskip, the new Minister for the Co-ordination of Defence, told the House of Commons that these manufacturers had agreed on "a cut and dried programme" which would proceed with the absolute minimum of delay occasioned by shortages of skilled workers and machine tools, etc. (Imports of the latter were speeded up from Germany, France and the United States.) Now, this week, Lord Nuffield has sprung a surprise by announcing that the Wolseley concern has withdrawn its offer to co-operate in the "shadow" scheme; and it has reasonably been inferred that a serious difference has arisen between the Ministry and Lord Nuffield's concerns. This is confirmed by the report that Government contracts for the Wolseley company crossed the company's notice of withdrawal in the post. Not only has the Wolseley car company withdrawn from the Government's "shadow" scheme for airframes, but Lord Nuffield has closed down the works of the Wolseley Aero Engine concern—which has been designing and making its own aeroplane engines for some years. The causes of the quarrel appear to be—not that Lord Nuffield objected to the methods of supervision of costs, profits, etc., established by the Air Ministry—but that he distrusted the method of making aero-engines by distributing orders for the separate component parts among a number of factories, and (2) that he objected to building a brand new aero engine factory with Government money when he already had a factory ready for production. Whether this is the whole story or not remains to be seen—for we may assume that Lord Nuffield's statement on Thursday will be amplified by an explanation by the Minister for Air. What is certain, however, is that the public will regard it as a serious defect in the Government plans if one of the greatest units in our motor industry is given no part to play in an effort which we are so repeatedly reminded is of the greatest national urgency.

Refortification in the Pacific.—The British Government have taken the initiative in proposing to discuss with the Governments of Japan and the United States the situation which will arise when the Washington Naval Treaty of 1922 expires, at the end of the present calendar year, over Article 19 of that instrument. Under that Article the parties agree, so long as the treaty remains in force, to keep their fortifications and naval bases in their respective insular possessions in a defined area of the Pacific at a level of strength and efficiency not exceeding the *status* at the time when the treaty came into force. The good results of the Washington Treaty system during the first decade of its operation have been destroyed by three Japanese acts: first, the Japanese war of aggression against China, which was launched in the autumn of 1931 and has not yet ceased; second, the (suspected) fortification of the Japanese insular possessions, including the Japanese mandated territory within the prohibited zone; third, the Japanese refusal to renew the ratios agreed upon for capital ships at Washington in 1922, and for other naval craft at London in 1930. But Japan has an Achilles heel. She is vulnerable from the air: from Vladivostok first, but soon perhaps from Hawaii and Singapore. Article 19 of the Washington Naval Treaty cannot be scrapped by Japan with impunity.



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SKANDINAVISKA KREDITAKTIEBOLAGET

Madrid in Extremis.—After moving troops, tanks, and heavy guns up to their semicircular lines round Madrid, the rebel Generals Franco and Mola launched their big offensive against the capital on Wednesday. On Monday and on Tuesday they rolled back the Government forces along the road from Toledo to Illescas—twenty miles from the capital. Their semicircle is now extending from Sigüenza in the north-east, round the Guadarrama range to Navalcarnero (which they captured on Wednesday) and so eastward again up to Aranjuez. So far the latter railway junction, the key town on the Madrid-Valencia railway, has held out. But the position of the capital is desperate; and desperate measures have been taken by the Government, who have sent every man they could lay hands on to the fronts. On both sides, barbarities are increasing as the crisis approaches; and the British Government's attempts to secure an exchange of hostages have so far failed to commend themselves to fanatical leaders on both sides. At Cartagena, on Wednesday, the militia shot out of hand all their hostages as a reprisal for repeated aerial bombardment of the town by the rebel forces.

The Powers and Non-Intervention.—The Spanish rebel forces have an immense superiority of equipment—notably in brand-new tanks, aeroplanes, heavy guns, and unlimited munitions. The Government are short of the latter, which hampers their plans. This is the measure of tragedy which clouds the farcical exhibition of the so-called Non-intervention Pact. It has effectively served the purpose which many observers predicted it would serve, which the delaying activities of Italy, Germany and Portugal have furthered: the unilateral blockade of the Spanish Government and its troops. Nothing which the Russian Government or the French and British Liberals and Labour have done has so far availed to galvanise the supervisory Committee into activity. It is announced, however, as we go to press, that a meeting of the Committee has been called for Friday of this week. Despite reports that H.M. Government were "concerned" about the delay of Germany, Italy and Portugal in replying to the Russian Government's allegations, Mr Baldwin on Wednesday was able to refuse the Labour Party's request for the convocation of Parliament over Spain in terms which recall the apocryphal Austro-Hungarian Imperial *communiqué* during the war: "The situation is hopeless, but not critical." (The German reply on Wednesday simply charged Russia with sabotage.) So much for our first foretaste of the new international co-operation between the Great Powers of Europe. Meanwhile, in Spain the Government have made arrangements to retire into Catalonia and capitalise the great local patriotism there in a last stand for an independent Socialist Catalan Republic. Even so, we fear that Generals Franco, Mola, and Queipo de Llano, with due assistance from their friends abroad, will carry the war thither. In that case, the British and French Governments will find the position in the Balearic Isles and in North Africa turned greatly to their discomfort. The last

of the Spanish rebellion will not be heard with the fall of Madrid; and when it is heard, it will prove highly unpalatable, we fear, to the British and French Governments.

* * *

Roosevelt v. Landon.—As the American Presidential Election campaign nears its end—the election is on November 3—the onslaught of the Republicans on the New Deal does not become any less fierce. When Mr Landon was nominated, there was a great deal of talk of the new Liberal influence which he would inject into the Republican Party. For the first few months of the campaign Mr Landon himself did something to justify this belief. His criticism of the Roosevelt Administration was moderate and constructive; he made no wild charges; and his speeches were refreshingly devoid of personalities. But from the start his chief manager, Mr Hamilton, and the Vice-Presidential candidate, Colonel Frank Knox, laid no such curb on their tongues. Their speeches have been full of what, from the European side of the Atlantic, seem to be the veriest absurdities, such as the alleged Communist sympathies of the President, or the imminent danger to bank deposits and life insurance policies if he is re-elected. Recently, however, Mr Landon himself has been taking this attitude. He still leaves abuse to his opponents, but he is repudiating all the symptoms of Liberalism with which he was once credited. He now declares, for instance, that he would cancel Secretary Hull's reciprocal trade treaties. Formerly he accepted the principle of Social Security while attacking the details of the existing Act; but lately the denunciation of details has almost swamped the acceptance of the principle. In the last few days, perhaps with the desperation of impending defeat, he has invaded California and wooed the supporters both of Mr. William Randolph Hearst and of the egregious Dr. Townsend. In the light of recent speeches, the dream of a Liberal Republican President is fading; the appellation of "Kansas Coolidge" is beginning to appear only too just. To all this Mr Roosevelt has one supremely effective reply. In the American phrase, he is "standing on his record." He invites the voters to consider whether they are better off than they were in March, 1933, when he came into office, and to draw the obvious political conclusion. Prophecy is hazardous; but the present indications are that this argument is winning the day over the somewhat hysterical assertions of the Republicans. "Straw votes," as usual, are confusing the picture. One of them, which has been surprisingly accurate in the past, predicts a victory for Mr Landon. But its rivals argue, with considerable apparent justification, that this election is the first in which the poor will vote differently from the rich, and that a ballot taken from owners of telephones and motor-cars is therefore not sufficiently representative. In short, there are predictions to suit every fancy, and the American public is getting an excellent show for its money.

* * *

Italy and Germany.—The return visit of Count Ciano, Foreign Minister of Italy, to Berlin, has been paid this week. Despite protestations of amity and solidarity of outlook on European questions by the two countries' representatives, it may be assumed that the real discussions were concerned with two things. First, Central Europe; and secondly, the common Italo-German attitude to the British and French Governments over the now receding "Western Locarno," over the Mediterranean, and the Spanish aftermath. As to Central Europe, the meeting of the three Rome Protocol Powers—Italy, Austria, and Hungary—is due early next month in Vienna; and it may be that Germany will now obtain the right to send an observer. More important, however, are the informal discussions between Italians, Austrians, Roumanians and Czechs, which have been going on for some time; and Count Ciano's Berlin talks can scarcely alter Italy's real interest in keeping Germany out of Austria and away from the Adriatic. The lightning visit of the Roumanian Prime Minister, M. Tatarescu, to Belgrade on Wednesday—reported to be in connection with Belgium's neutrality declaration, and the growing Roumanian and Yugoslav nervousness over the Czecho-Soviet Pact—may be taken

as evidence that Central Europe as a whole is becoming more self-conscious. To that extent, and especially after the recent devaluations (the lira among them), there seems no reason to expect anything like joint Italo-German activities, both political and economic, in Central Europe. Over Western Europe, Spain, and the Mediterranean, however, it would be little short of sheer foolishness if Italy and Germany did not together continue to keep the British and French Governments diplomatically "on the run." Their joint diplomatic successes so far have been encouraging them to further joint action; and we in Britain may certainly expect a common Italo-German attitude over Western European security.

* * *

Mediterranean Balance of Power.—In a *communiqué* reporting the information which Signor Mussolini laid before a Cabinet Council at Rome on October 10th, the head of the Italian State has announced to the world a formidable intensification of Italy's efforts to strengthen her armaments on land, at sea, and in the air. Between the lines of this document it can be noted that the Italian announcement is a reply to the declarations made by Sir Samuel Hoare after his recent visit, as First Lord of the Admiralty, to the British possessions in the Mediterranean. Sir Samuel announced that, while this country has no intention of making her naval and air power in the Mediterranean a menace to any other country, she also has no intention of evacuating the Mediterranean, but means to ensure that her hold on this essential line of maritime communications between different parts of the British Empire shall be at least as strong as ever. In the same strain, the inspired commentary on Signor Mussolini's *communiqué* in the Italian Press announces that "Italy excludes any aggressive plans," but adds that she must have in her hands the means of safeguarding, in all eventualities, "the vast system of national life which has been created between the Italian Peninsula and Abyssinia," and that one of these eventualities is the possibility of "a compulsory conflict brought on by others' irresponsibility." The truth is that the short route between the British Isles and India, Australia and New Zealand—a route which has been under British strategic control ever since the British occupation of Egypt in 1882 followed the opening of the Suez Canal in 1869—is now traversed by the cross-route from Italy to the Italian colony of Libya. It is also shadowed, in the Levant, Suez Canal and Red Sea by the other new Italian imperial highway from Genoa or Naples to Massawah. Italy now considers herself just as much entitled to protect her maritime route to Ethiopia as Great Britain may be to protect hers to India; and as it is impossible for both Italy and Great Britain simultaneously to possess the desirable margin of superiority in strength over all comers in these waters, the new situation that has been created by the Italian conquest of Abyssinia is big with possibilities of a most dangerous Anglo-Italian competition. In this competition Italy is much less at a disadvantage than she would have been 30 or 40 years ago, owing to the potency of air-power in narrow seas. Malta, and perhaps even Aden, is already overshadowed by the wings of the Italian air force; and our British command over the Straits of Gibraltar has now likewise been placed in jeopardy by the entente between Italy and the Spanish insurgents.

* * *

Exit the German Colonial League.—The "No! No! Never" resolution about the ex-German colonies, which Sir Samuel Hoare allowed the Conservative Party Conference to pass a few days ago, has met with a prompt response. It has moved Herr von Ribbentrop, the German Ambassador-designate to the Court of St. James's, to put his foot down on the soft pedal of Dr. Goebbels' propaganda organ in Berlin. On October 14th it was made known that Herr Hitler's Deputy, Herr Hess, had given orders, not only for the cancellation of the forthcoming conference of the German Colonial League, but for the dissolution of the whole organisation—and this at a moment when its activities had been on the point of being vastly extended. This sensational move is a signal victory for Herr von Ribbentrop. (He will now come to Carlton House Terrace as *persona grata* to the back-bench supporters of His

Majesty's Government.) But is it a victory for the Conservative Party and for this country? No doubt the Die-hards will be jubilant. "This will show you," they will say to the rest of us, "that we can be firm when we choose; and we are only firm in British—not in Abyssinian—interests. We have only to stamp our foot, and the bullies who threaten our British interests immediately back down. First the Arabs, then the Germans! Why, we have confounded two enemies in one week!" A shrewder observer, however, will be left wondering whether a hastily resuscitated John Bull has really heard the last either of Arab claims in Palestine or of German claims in Africa. It seems more probable that the Conservative Party resolution has achieved no more than to make Herr Hitler swerve back into the line of foreign policy laid down so clearly in *Mein Kampf*. "First things first" is Herr Hitler's motto in setting himself to avoid the late Kaiser's disaster and surpass even Bismarck's success. The first thing for Herr Hitler, if he does go on the warpath, is to obtain from Britain and France a free hand for making himself master of all Central and Eastern Europe. After that he will be so immeasurably stronger than all the West European Powers together that, in the West, there will no longer be any question of fighting. He will tell us what we are to do, and we shall have no choice but to obey. If our Conservatives have simply pushed the Führer back into this dangerous road, they have done as gross a disservice to England as to Europe. It is vitally important that Mr Baldwin should not now take the Conservative resolution and the German response as an excuse for dropping the whole attempt to find a solution for the colonial problem. If we push Germany into fighting a second time for world power—this time on a single eastern front—she will not only take back her own former colonies in her own good time. She will also hold the entire British Colonial Empire in fee.

* * *

Gleichschaltung at Danzig.—The last refuge of Weimar democracy has been taken from it. Last week the Nazis started to do in Danzig what they did in the Reich itself during the first six months of 1933. On October 14th the Police President of Danzig issued an order dissolving the Social Democratic Party and all its affiliated organisations in the territory of the Free City. The pretext is the illegal possession of arms; and on that pretext some two hundred members of the Party have been thrown into prison. The Catholic Centre and Conservative National Parties have been given a broad hint that they will incur the same fate unless they anticipate it (as they did in the Reich in 1933) by dissolving themselves. Already the leader of the Conservative Party in Danzig has been accused of tax evasion and been reported to be on the point of resigning his leadership for reasons of health. So the complete "co-ordination" of the political life of Danzig is already in sight. Presumably the Nazi Government of the Reich would not have given the Nazi Government of Danzig the word to open fire if they had not ascertained beforehand that there would be no reply from Poland, to whom the Council of the League seems to have given a kind of mandate for looking after—or neglecting—the stake which the League was given in the regime at Danzig by the Treaty of Versailles. The Poles are in a quandary. If they intervene in Danzig they run the risk of driving the last nail into the coffin of the Polish-German entente of January, 1934, in a quarrel which, in the Poles' eyes, is not their own. If they allow the domestic liberties of Danzig to be swept away in defiance of the terms of a statute on which the whole post-war status of Danzig is founded, then the Poles give the Third Reich an excellent precedent for disposing of Poland's own vital interests at Danzig in the same unceremonious fashion. In the present craze for taking short views, we may expect to see Poland lie low. We may then expect the Council of the League to take the line that, if Poland is satisfied, then they also are content. The decline in the League's efficacy—and therefore in the prestige of its two guiding members, Britain and France—has been precipitous during the last six months. Are H.M. Government satisfied by the degree of British isolation in European and world affairs which their hesitancy and indifference have now achieved?

Wise Economic Counsels.—The plan published by the International Chamber of Commerce in Paris last Sunday for the progressive removal of trade restrictions deserves careful examination and a warm welcome. It urges the conclusion of multilateral conventions to increase the volume and extent of trade, "open to all comers." Outside this ambit, the most-favoured-nation clause might be denounced; inside it, retained in its unconditional form. As a preliminary, bilateral treaties containing the unconditional clause might be used to lower restrictions. The import quota should be abolished after appropriate monetary and trade measures have been taken; and for a transitional period the "tariff" quota should supersede the import quota. The plan advocates international currency agreements for the future maintenance of the correct relations between currencies, on the lines of the tripartite Anglo-Franco-American agreement; and it proceeds to urge a joint declaration by the leading World Powers, renouncing currency depreciation as a form of competition. Finally, the plan advocates progressive removal of exchange clearings as and when international debts can be settled, foreign lending resumed, and flights of capital controlled. All these are desirable things; they are also, after the gold *bloc* devaluations, expedient; for the danger to-day is that of many unco-ordinated rises in national price-levels, as an outcome of extended bases of credit, rising commodity prices, etc. If national prices are not to rise out of all relation to those of other countries, thus bringing new price- and exchange-disequilibria and new currency maladjustments, the area within which currencies are kept relatively stable and trade expands must be widened without delay. Only in that way can the worst evils of protectionism during the depression be prevented from entangling each country in the toils of purely domestic booms, and further and further economic controls.

* * *

Road-Rail Test Case.—An issue involving the future of the long-distance road haulage business was settled last Monday when the Metropolitan Licensing Authority, Mr Gleeson Robinson, allowed the application of Messrs Bouts-Tillotson for renewal of their public carrier "A" licences. The railways had asked that all "trunk" services by road should be eliminated. They argued that the railways were "under-utilised" and were capable of handling all the applicant's trunk traffic. Road operators, they declared, were carrying this traffic at rates lower than the railways could afford, because railway rates were fixed in the interests of traders and the public generally. Mr Robinson accepted these points in his judgment, but declared his conviction, nevertheless, that premature action to provide a quick remedy for existing evils would be short-sighted, and that the prudent course was to maintain the *status quo*. Road transport contractors are therefore now assured of a life longer than the two years' currency of their licences, unless this decision is upset on appeal. Since Messrs Bouts-Tillotson applied for no more than the renewal of their existing licences, and received licences only for vehicles actually in use, the road transport business is secure on its present scale. But what will be the attitude of the Authorities to future expansion of the industry now that the original licence period of two years is expiring? The answer will be in doubt until applications for additional vehicles are decided in other renewal cases.

* * *

Mr Duff Cooper is Annoyed.—Mr Duff Cooper's dislike of ecclesiastics who disagree with him is now well known to the public. But his attack on the Bishop of Birmingham in Staffordshire on Monday is, nevertheless, if correctly reported, a most surprising oration. The Bishop, Mr Duff Cooper is reported to have said, might have "found sufficient causes of a religious nature to preach about in the pulpit without entering into politics." Yet not only had he entered into politics; but he had made a "judicious," "impracticable" and "impossible" proposal, which (in Mr Duff Cooper's opinion) must have made his audience "laugh at him while he was preaching." And what was this eccentric, this outrageous proposal made by the Bishop? He suggested, we find, that the British

Crown Colonies should be transferred to the international authority of the League of Nations. Now there are arguments for and against the proposal for an international agreement to place colonies under the control of some sort of improved Mandatory system. But it is a proposal which must at least command the sympathy of all who sincerely regard the Colonial Empire as a trust to be conducted in the interests of the natives and not as an opportunity for Imperialistic domination. Yet Mr Duff Cooper considers that this proposal "would disgrace a street-corner orator." We are all in favour of demanding a high standard of statesmanship from street-corner orators; but it is a little hard on them that they should be debarred from urging a policy which scores of our most respected public men—from Lord Cecil downwards—have approved.

World Production and Prices in 1935-36.—In its new survey of world production and prices,* the League Secretariat shows that the recovery in world production, which began in 1932, continued throughout 1935. Total primary production was as large in that year as in 1928. The rise in industrial recovery accelerated, and the volume of world trade rose by 5 per cent. to 90 per cent. of the 1925-29 average. The survey shows that industrial activity in the world as a whole was greater in 1935 than in 1928, and only 5 per cent. less than the 1929 record. Yet unemployment was still very much higher than before the depression; which suggests that in 1935 a good deal of technological unemployment was still prevalent. The rise in prices is shown to have been general in 1935. As a whole, the survey gives us a picture of many countries fairly set on the upward swing of the trade cycle.

Distribution of Electricity Sales.—The annual return of engineering and financial statistics,† issued by the Electricity Commission last week, showed that the number of consumers of electricity in Great Britain increased by 791,000 to 6,901,000 between the years ended March, 1934 and 1935. The distribution of sales of electricity by Authorised Undertakers in 1933-34 and 1934-35 is shown below:—

SALES OF ELECTRICITY IN GREAT BRITAIN

	1933-34			1934-35		
	Units Sold	Percentage of Total Units Sold	Percentage contributed to Total Revenue	Units Sold	Percentage of Total Units Sold	Percentage contributed to Total Revenue
(Millions)				(Millions)		
Lighting, heating & cooking	3,916	34.2	61.6	4,535	34.8	62.0
Power	6,392	55.7	32.4	7,285	55.9	32.2
Public lighting	219	1.9	1.9	243	1.9	2.0
Traction	961	8.2	4.1	967	7.4	3.8
Total	11,468	100	100	13,030	100	100

The expansion of sales was most marked in the case of (mainly domestic) lighting, heating and cooking, and least marked for traction purposes. But while sales for lighting, heating and cooking purposes accounted for only about a third of total sales, they contributed nearly two-thirds of the total revenue, amounting to £64.9 millions in 1934-35. The average selling price per unit declined from 1.262d. in 1933-34 to 1.196d. in 1934-35. Although prices declined for all the four purposes enumerated in the table, the difference between the charges for domestic uses and power remains considerable. Thus, the price per unit for lighting, heating and cooking in 1934-35 was 2.129d. (2.276d. in 1933-34), compared with 0.689d. (0.733d. in 1933-34) for power; 1.258d. (1.300d. in 1933-34) for public lighting; and 0.614d. (0.628d. in 1933-34) for traction. The downward trend of prices is encouraging and, if continued, will provide a further stimulus to consumption.

* "World Production and Prices in 1935-36." League of Nations (Geneva). Allen and Unwin (London). 156 pages. 5s.

† H.M. Stationery Office. 15s. net.

Coal-Mining Results.—Production of coal during the second quarter of 1936 underwent a seasonal contraction; but despite the fall of 2,500,000 tons in exports and in the quantity shipped for the use of steamers, the disposable tonnage raised was 0.6 million tons higher than in the second quarter of last year. Home consumption in April-June, 1936, thus showed an increase of more than 3,000,000 tons over the corresponding period in 1935. Moreover, in spite of the increase in the energy derived from each ton of coal, home consumption is now as high as it was in 1929:—

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 11½	0 9	22.62	9 2½
1933							
1st quarter ...	49.9	8 9	13 1½	13 11	0 9½	22.67	9 1½
2nd " ...	42.8	8 11½	13 9½	13 4½	0 4½	22.07	9 1½
3rd " ...	42.1	9 11½	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 1½
4th " ...	52.0	8 6½	12 11	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 3½	13 0½	13 2	0 1½	22.93	9 3½
4th " ...	54.1	8 4½	12 7½	13 11½	1 4	23.89	9 4
1936							
1st quarter ...	54.4	8 11½	13 2½	14 8½	1 5½	23.95	9 11½
2nd " ...	48.2	9 3½	13 11	14 3½	0 4½	23.28	10 0½

† Excluding allowances in kind.

As usual, the profit per unit of disposable coal declined in the second quarter with the fall in production. But profits were 4d. per ton above the level of a year ago, against a loss of 3½d. per ton in the second quarter of 1929, when output was appreciably larger. Wages were nearly 8d. per ton higher than a year ago, but the rise in total net costs per ton was even more marked. The increase in profits, therefore, was due to the rise of 1s. 1d. per ton in proceeds. Durham and Wales were the only districts to show a debit balance for April-June. Wales has suffered seriously from the shrinkage of exports during the past year; but that district also stands to gain most if the French import quotas are increased, and if the devaluation of the gold bloc gives a fillip to international trade.

Another Year of Potato Marketing.—From the producers' point of view, the Potato Marketing Scheme is one of the most successful schemes operating under the Agricultural Marketing Acts. It is not surprising therefore, that in the Board's Report for the year ended August 31, 1936, just published, a note of complacency is frequently apparent. The past year, the reader is informed, was "a year of remunerative prices," and attention is drawn to a series of diagrams "which indicate that much higher levels of prices were maintained in 1935-36 than during 1927-28 and 1930-31, despite the fact that those seasons were seasons of good prices." Now it is open to the Board to argue that some part of this increase was due to the more "orderly marketing," which it has introduced into the industry; but the consumer will not fail to notice that the rise in prices may also be attributed to the restriction of supplies. Home production—according to the figures published in the Report—declined from 3,854,000 tons in 1927-28 (a "season of good prices") to 3,765,000 tons in 1935-36. Over the same period imports fell from 443,700 to 229,600 tons, so that total supplies—ignoring shipments from Northern Ireland and the Channel Isles, which are being limited by "friendly agreement"—were reduced by some 303,000 tons. The members of the Board may, therefore, justly claim that they are "ever mindful of the needs and interests of the registered producers whose trustees they are." These same producers will, perhaps, demonstrate their gratitude to the Board at their annual meeting on October 29th. But it is eminently desirable that in fulfilling their obligations to 65,000 registered producers during the coming winter, when supplies of potatoes will not be too plentiful, the Board will also endeavour to bear in mind the interests of the millions of consumers upon whose good-will the fortunes of the industry must ultimately depend.

OVERSEAS CORRESPONDENCE

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UNITED STATES

TARIFFS AND PARTIES

ONE phase of the rather nebulous Election campaign has developed a real clash of issues, and as would be expected in contemporary America, the issue does not divide along party lines. This issue is tariff policy, specifically as affected (a) by the Hull Agreements and (b) by agricultural policy.

Formerly the Democratic Party stood definitely for low tariffs; but as the Democratic South became industrialised, and as tariffs were applied on a variety of agricultural products, the Democrats divided into high-tariff and low-tariff groups. Secretary Hull holds to the older Democratic doctrine, and with his bi-lateral trade agreements made the first breach in America's protective system—a breach very considerably widened by the application of the "most-favoured-nation" principle to the bi-lateral parts. At the same time, the Administration's agricultural policy was directed to the somewhat contradictory end of making agricultural tariffs effective by the limitation of output; but the basic schism within the Party did not come to the surface. While this rift was developing within the Democratic party, an almost identical split was dividing the Republican party, traditionally ultra-protectionist. Even as long ago as the Hawley-Smoot tariff of 1930, some of the strongest opposition to that Act came from within the Republican Party; and in the ensuing six years, low-tariff opinion has grown among Republicans.

REPUBLICAN SUPPORT FOR MR HULL

The net result is that the bi-lateral trade agreements are always in conversation referred to as the Hull Agreements—as if they were Mr Hull's personal projects, rather than as elements of a party programme—partly because they were disliked by many Democrats and partly because they were equally liked by so many Republicans, even many Republicans to whom the New Deal was anathema. The Democratic Platform, in citing the accomplishments of the Administration, minimised reference to the Agreements, and in the paragraph allotted to foreign trade, placed its chief emphasis upon a promise of "adequate protection." It was probably the most equivocal tariff plank ever inserted in a Democratic platform. Yet, paradoxically, a large section of the Republican Party—at least the Eastern or Wall Street species—was literally shocked by the vigour of the Republican plank, with its forthright denunciation of the Reciprocal Trade Agreement Act, and its general advocacy of extreme protection. It is understood that this plank was inserted at the demand of what is called the progressive wing of the Republican Party.

Nothing could more perfectly illustrate the confusion that exists within party lines. On a really major issue—international economic relationships—the Administration has produced a solid achievement, which its platform not only did not boast of, but almost blanketed with contradictory affirmations; while the Republican opposition violently denounced that achievement, although a substantial fraction of its party membership regards it both in principle and in technical handling as one of the most commendable acts of any American administration in recent years.

By and large, since the war both parties had become officially protectionist, and consequently in no recent national campaign has the tariff figured as a major issue. In the last three years, with no clear demarcation between parties, Secretary Hull proceeded steadfastly with his policy, unmindful of inter-partisan praise and blame, with the praise rather more vocal than the blame.

Even when the Republican platform raised the issue, few (perhaps none) imagined it would develop importance in the campaign. It actually struck a responsive chord, particularly in the Middle West; and consequently it has been considerably emphasised by Republican spokesmen,

who alleged that the increased imports, notably of foodstuffs, reflected a failure to give the farmer adequate protection. At this juncture the currency understanding was negotiated, raising new hopes that the idea of economic nationalism was fading throughout the world. This, of course, was almost like an international endorsement of the principle of the Hull Agreements, and went an uncertain distance in neutralising the success of the protectionist campaign, although not necessarily in the same regions.

The international monetary undertakings of recent days have only moderate importance in themselves. They could lead to a reversal of the world-wide tendency toward autarky, provided there has been a fundamental change in public opinion, to support such a shift. American opinion has for years been not only isolationist, but to all appearance, increasingly isolationist, with the Hull Agreements standing out in contrasting relief.

No longer can one think of the Solid South as the citadel of free trade; that area has preserved its party designation but not its party principles of pre-war days. Nor can one think of the financial and industrial North-East as the enclave of high protection. That section, still largely Republican, has steadily drifted in the direction of low protection, and Wall Street in particular is often accused by the rest of the country of being internationally-minded—a term of reproach almost synonymous with that of a trafficker with the enemy.

The election itself is not likely to throw much light on the attitude of the American public. The tariff issue, with its broader implications of economic nationalism versus internationalism, ignored up to the end of August, has now definitely come to the fore; but not on well-defined party lines, at least as yet.

NEW YORK, October 13.

FRANCE

LOWER RATES OF INTEREST

THE increase of 5,000 million francs in the gold stock of the Bank of France—gold which was sold by the French Stabilisation Fund—from 57,000 millions to 62,000 millions, and the lowering of the rediscount rate of the Bank to 2 per cent.—the lowest point since 1931—were welcomed on the Stock Exchange, although the mystery surrounding the Bank returns prevents the real significance of the increase in gold being known exactly. Here and there, a certain revival of business is perceptible. But these favourable movements are being checked by politics.

The annual congress of the Radical-Socialist Party takes place this week at Biarritz. This Party very largely represents the peasants and middle-classes. The congress will give the provincial delegates a first opportunity to say to

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the revolutionaries of Paris what people think in the country about the recent attacks on property and the liberty of work. The importance of the Radical participation in the Government is such that the leaders of the Communists and Socialists have been scrupulously observing the principles of Radicalism in the last few weeks. The Communists are singing hymns to "order and property, which is the fruit of work and saving," and the Socialists are appearing as staunch supporters of order and discipline. But if the Radical M. Chautemps eight days ago began to threaten a dissolution of Parliament, M. Blum warned the Radicals that after a rupture with the Communists they would not gain the support of the Conservatives. M. Chautemps, in a new speech, then condemned "hereditary patronage" in the purest Communist tone. It is thus thought that the leaders will try to appease the delegates, and that the latter, after having expressed their protests, will only ask for assurances that the present armistice will not be denounced on the day after favourable resolutions at Biarritz.

Even so, the French people who have always been susceptible to politics, are reacting with the greatest sensibility to the polemics which are now issued by both the Right and the Left Press apropos of the smallest daily incidents, and these polemics are disquieting the Stock Exchange and the country. French observers contend, however, that the opposition of the farmers and middle classes will check Communist activity, as after the revolutionary days of 1848, when Blanquist theories about property and the agitation for an intervention in favour of Poland provoked a general return to good sense and wisdom. Others point out that the New Deal and even social disorders did not finally impede the recovery of business in America.

BALANCING THE BUDGET?

The Budget Bill, which the Minister of Finance, M. Vincent-Auriol, will soon lay before the Government, will, however, provoke new difficulties, all the more since it will be accompanied by an important reform of credit and taxation. Nobody knows the Budgetary situation exactly; for the present Government has banished to the museum of deflation the alarm bell of Budgetary equilibrium. But the Budget total has much changed since the 40,000 millions level of M. Laval. Much new expenditure has been decided on since then: 1,300 millions for the abrogation of the decree-laws on civil servants' salaries; 1,000 millions for the 1936 public works; 3,500 millions in "advances" to industry and trade; 2,700 millions in supplementary credits for re-armament in 1936 and 4,200 millions for 1937; and 3,000 millions to 4,000 millions for social insurance, etc. If the Budget Bill is to entail even moderate diminutions in taxes, and if M. Vincent-Auriol is to have any chance of passing his Bill victoriously through the Senate, with its accompaniment of new measures against fraud, he will certainly encounter many great difficulties. New polemics will support the Government's new offensive, and the stool of the accused will be occupied no more by the Fascists but by the taxpayer.

Total foreign trade in September was 3,052,492,000 francs, or 100 millions more than in August. Imports were 1,862,000,000 francs and exports 1,190,000,000 francs. The following table shows the results of the first three quarters of the year.

(In thousand francs)			
	First Nine Months of 1935	First Nine Months of 1936	Difference for 1936
<i>Imports</i>			
Foodstuffs	4,557,703	5,305,115	+ 747,412
Raw materials	8,315,289	9,445,918	+ 1,130,629
Manufactured goods ..	2,641,690	2,679,407	+ 37,717
Totals	15,514,682	17,430,440	+ 1,915,758
<i>Exports</i>			
Foodstuffs	1,779,406	1,618,649	- 160,757
Raw materials	3,135,706	3,003,961	- 131,745
Manufactured goods ..	6,512,320	6,044,367	- 467,953
Totals	11,427,432	10,666,977	- 760,455

These figures show an increase in the import surplus due to a further increase in imports and a further fall in exports (exports of manufactured products have fallen in volume and value). This growing import surplus must be

attributed to the former over-valuation of the franc, but also to political considerations such as the sanctions imposed against Italy and an unfavourable evolution of trade with Russia.

In the week ending October 10th unemployment increased seasonally to 411,536, against 408,589 in the preceding week. It was 372,329 in the same week of 1935.

FISCAL RECEIPTS

Fiscal receipts were 2,017 million francs in September, or 15 million francs less than the estimates, but 142 million francs more than in September, 1935. The yield of most items shows an improvement, particularly in turnover tax, which exceeds the estimates by 17 million francs and the yield of September, 1935, by 23 million francs. This improvement, however, results from the rise in prices much more than from any revival of business. For the first nine months of the year, the yield of indirect taxes is 20,000 million francs, or 500 million francs less than the estimates and 300 million francs more than the yield of the same period of 1935.

But prices, following the new social laws (though the 40-hour week is not yet in force), were rapidly rising before devaluation, as the following table shows:—

	End May	End September
Wholesale prices	377	404 (444 on Oct. 10)
Alimentary products ..	405	441
Industrial products ..	354	372
Retail prices	459	494

The official indices for the period after devaluation are not yet known. But certain price indices have been published, for instance, by the iron and steel industry:—

Index of Price per Ton	Sept. 25th	Oct. 9th	Per cent.
Steel ingots	252	354	+ 40
Billets	296	415	+ 40
Rolled products	358	500	+ 39
Joists	358	500	+ 39
Hoop iron	435	610	+ 40
Wire rod	445	625	+ 40

The Bordeaux cost-of-living index shows, for the third quarter of the year, an increase from 506 to 552.

PARIS, October 22.

GERMANY

GENERAL GÖRING'S NEW POWERS

A decree of October 18th gives General Göring unlimited authority for the execution of the Four-Year-Plan announced at the Nürnberg Party Congress. In Herr Hitler's words, the plan is to make the Reich "within four years entirely independent of all such raw materials as can in any way be home-produced by means of German ability, or by means of her chemicals and mechanical industries, as well as mining." Probably Agriculture and Forestry were also meant. This is, of course, not a Plan in the Russian sense; for there is no programme of production. If not qualified, the words "entirely independent" would indeed constitute a production programme; for the shortage of raw materials, at present made good by import, is approximately known; but the qualification "as can in any way, etc.," makes the "entirely independent" meaningless. It is clear that there is no Plan with an absolute objective, but rather a policy of increasing the supply of home-produced materials as far as may prove practicable. This merely means speeding up measures already under way. Technically (and assuming that the present partial compulsion to use inferior substitutes is extended) entire independence of all important raw materials except iron-ore could ultimately be attained. But an attempt to speed up this process would raise very difficult capital and labour questions, and would certainly aggravate the already deranged food situation.

It is not clear how General Göring's appointment as "raw materials dictator," as he is being summarily described, will operate. Even a policy of increasing the output of raw materials to the practicable limit (as distinguished from a Plan of absolute production) would require co-ordination in the capital, labour, and other domains. There is at present no instrument for this,

though there are instruments for regulating individual trades. Unco-ordinated regulation of production, including production of materials, is already in force. There are numerous isolated regulations directed against the "excessive" production of particular commodities. In official announcements of these restrictions it is always implied that capital, labour and the mechanism of production will be spared for production of goods of which an increased supply is desired; but no positive measures are taken in direct connection with the restrictions. There are, however, unconnected positive regulations which encourage or even practically compel the increased production of certain goods. The Minister of Economy has much the widest powers. The Cartels Law of July 15, 1933, authorises him to regulate production restrictively. Dr. Schacht has made wide use of this power. Independently of this law, he has general powers in economic matters which go even further than those now given to General Göring.

Unless a co-ordination authority is created, it is doubtful whether the empowering of General Göring to "direct uniformly" will bring any material change. "Economic dictatorships" seem seldom to lead to much change. In April this year, General Göring was given supreme authority in the foreign-exchange question (also Dr. Schacht's special domain), of which the raw material question is a facet. Since then, General Göring may have occasionally intervened as arbitrator in conflicts between the various departments that claim priority of exchange supply; but the main problems continued to be regulated by the old mechanism and by the old personnel; and the work is done by organs subject to Dr. Schacht as Minister of Economy, or as Reichsbank President. Certainly, General Göring, who has already numerous offices, could not personally handle the innumerable issues of a raw material campaign; and possibly, therefore, his appointment is merely a demonstration designed to give the appearance of a formal Plan to something less precise and less exacting. In general, the Second Four-Year-Plan seems to resemble the First, announced by Herr Hitler immediately after he became Chancellor.

DR. SCHACHT'S POSITION

Naturally, there are the usual conjectures about the position and attitude of Dr. Schacht. The Four-Year-Plan is, in some quarters represented as Socialistic. As such, it would be favoured by the Nazi Party Radicals, who dislike the Minister of Economy. As "autarky," the Plan must be differently regarded by these Party extremists and by Dr. Schacht. In this question, however, there are not two factions, but three. To Dr. Schacht, restriction of imports is an unavoidable evil, temporarily imposed by the trade policies of other countries, the debt to abroad, the depletion of the currency reserves, the lack of colonies, and so on. But Dr. Schacht has consistently implied (for the last time in connection with the gold bloc devaluations) that he would welcome freer international trade. His attitude towards autarky might, therefore, be called apologetic. Very many well-qualified Germans agree with him. The Radical Party men regard autarky as a thing in itself desirable. The third faction is not interested in autarky as an economic system; but considers that self-sufficiency in war must at all costs be maintained. This view, which was expressed also by Herr Hitler in Nürnberg, is naturally not rejected by the other two factions. In general politics, the extremist Party men seem to have increased their influence of late; and the new measure will certainly gratify them; but that does not mean that Dr. Schacht's position is shaken.

Production of pig-iron in September was 1,349,700 tons; and the output per working day continued to rise: in the first nine months, 11,407,000 tons was produced against 9,253,800 tons in the first nine months of 1935. There is great activity in the sheets-consuming industries, and exports in this industry have risen. The machine-manufacturing industry reports orders for four and a-half months ahead. In September, this industry was occupied to 84 per cent. of capacity as against 82 per cent. in August. The chief demand seems to be for industrial investment, in particular for blast-furnaces, steel mills and rolling mills

for power, building, and transportation machinery, and for machine-tools.

The Institute for Trade Research last week published an elaborate analysis of foreign-trade conditions and prospects, the substance of which is that those tendencies which brought a return to export surpluses in 1935 and 1936 will continue. The improvement is attributed to the New Plan restricting imports, and to the recovery of world-trade. An important factor is the disappearance of the once heavy import surplus with Russia, conditioned by repayment of the German trade-credits. As of the goods ordered by Russia under the last Rm. 200 millions credit, only Rm. 32 millions have been delivered (up to July 1st), a continuing improvement is certain. The active balance this year, says the Institute, will probably well exceed Rm. 400 millions, whereas debt-payments (including standstill interest) will be below Rm. 250 millions. This optimistic forecast is confirmed by the foreign-trade return for September, which shows an export surplus of Rm. 75 millions, the biggest since October, 1933. Imports, which are usually at about their lowest in September, were Rm. 9 millions below that of August, while exports, which had already risen considerably in August, were at the year's highest. The September increase, however, was entirely due to a rise in the average price. The active balance for the nine months is Rm. 320 millions. The figures are as follows:—

	Aug.	Sept.	Jan.- Sept.
(Millions of Marks)			
<i>Imports</i>			
1. Foodstuffs	109.2	110.6	1,102.1
(a) Livestock	8.4	8.4	67.1
(b) Animal foodstuffs ..	33.4	33.2	329.7
(c) Vegetable foodstuffs ..	67.4	69.0	705.3
II. Industrial goods	236.5	225.8	2,036.6
(a) Raw materials	128.7	121.5	1,158.4
(b) Semi-manufactured ..	73.0	71.7	592.0
(c) Manufactured	34.8	32.6	286.2
Total	345.7	336.4	3,138.7
<i>Exports</i>			
1. Foodstuffs	5.4	5.0	64.6
(a) Livestock	0.1	0.1	1.9
(b) Animal foodstuffs ..	0.6	1.0	6.7
(c) Vegetable foodstuffs ..	4.7	3.9	56.0
II. Industrial goods	403.6	406.6	3,394.0
(a) Raw materials	35.6	37.9	298.8
(b) Semi-manufactured ..	37.4	40.5	344.4
(c) Manufactured	330.6	328.2	2,750.8
Total	409.0	411.6	3,458.6

Money last week was plentiful owing to repayments of Reich Treasury bonds, and early this week, owing to temporary availability of Reich tax-subsidy funds. Large sums in Gold Discount Bank promissory notes were sold. On Monday, the market discount-rate was reduced from 3 to 2½ per cent. The Foreign Exchange Board has forbidden, with certain exceptions, arbitrage transactions in foreign securities. About 100 securities are affected, in most of which, however, very little business was done.

BERLIN, October 20.

SPAIN

DEFENDING MADRID

THERE is an old Spanish proverb which says that the Spaniard thinks intelligently—but tardily. It is to be hoped that the appointment of a Commissioner-General of War and of numerous delegate-commissioners will not prove altogether too tardy. But it is a step which might quite well have been taken earlier. After all, this is a political war; it is half war and half revolution. In the first few weeks everybody lent a hand; politicians, trade union leaders and other prominent personalities dashed to and fro to the various fronts patching up things here, organising supplies there.

But then there came the period when organisation behind the front began to absorb many energies; and especially after the republican-socialist Government was formed. There was a tendency to leave things in the hands of the military. Trips to the front became fewer. The grimy, overalled figures put on collars, ties and black suits, and packed

ambassadorial bags or filled antique chairs in this, that or the other ministry. The result was Oropesa, Talavera, Maqueda, Toledo.

So now things go back to where they started. Naturally. Because most of Spain's officers are on the other side. There is a handful of loyal officers. But loyalty does not always imply efficiency. And the loyal officers had to be widely spread. There are on what is generally called "the Madrid front," no fewer than twelve different sectors, each with no particular connection with the other; each of which is virtually a tiny army on its own. There are men, and to spare. But the officer problem is tremendous.

The choice of Commissioner-General is an excellent one; or so it would seem. Julio Alvarez del Vayo, a journalist who has worked long years in Berlin, Geneva and Madrid, writing for *La Nacion* of Buenos Aires, and the *Manchester Guardian*, is not only alert to judge situations, but he is a man who gets things done. It was not his fault that he did not get better results at Geneva, but the loss of Toledo came at a most unfortunate moment. As Foreign Minister he recently named a General Secretary of Foreign Affairs who doubtless will take much of the ordinary day-to-day work off his shoulders. It is all very late in the day, but if Vayo can get his delegates to work at the various fronts and build up a liaison service and give the men spirit by giving them the presence of political and trade union leaders they know, then a lot of good should be done.

To a correspondent such as the writer, who has travelled long distances over the fronts near Madrid since the revolt started, it has long been clear that some kind of action was necessary. There was no kind of leadership. Even strategic points were left without a trench or barbed wire or even a sandbag. That the private soldiers and militias did not think of this is, perhaps, not surprising. But the officers must have known better. Too often the Government front line consisted of a line of men out in open country without any kind of shelter.

LACK OF LEADERSHIP

Meanwhile, Madrid looks to Moscow and wonders whether or not she will get artillery and aviation in time to save the capital. The Russian intervention has given her some hope. Many acute political observers have been somewhat surprised by the activity of the Soviet Union in this connection. Apart from what is after all a platonic and secondary consideration, that is to say, the general encouragement of world revolution, Russia has, unlike Britain and France, no very direct interest in the triumph of the Spanish Republic, but the Madrileños who see themselves abandoned by the western democracies are naturally only too eager to welcome anyone who will plead their cause without asking questions about ulterior motives. Some real artillery, a few tanks, and some good bombing and fighting planes would make such a difference to the Government outlook.

The silver "duro" or five peseta piece is to disappear. The five and ten peseta notes are already in circulation. The duro weighs twenty-five grams. When melted down, the duro is to-day worth a good deal more than its face value.

Madrid has so far escaped any very far-reaching changes in her general economy, but in the regions of Valencia and Catalonia a good deal of experimenting goes on. The long distance from the firing line encourages revolutionary fervour; but how much of all this will stand after the war is over remains to be seen.

MADRID, October 18.

SWEDEN

THE NEW GOVERNMENT'S POLICY

FOLLOWING the formation by M. Per Albin Hansson of his new Cabinet, composed of eight Social-Democrats and four Farmers, and an official statement issued by the Prime Minister outlining a very moderate programme, public opinion has entirely recovered from the shock which the unexpected victory of the Social-Democrats in the Riksdag elections produced. Besides the popular M. Hansson, the

list contains M. Richard Sandler as Foreign Secretary; the retiring Prime Minister, M. Pehrsson-Bramstorp, as Minister for Agriculture; M. Moeller, the *enfant terrible* of the late Labour Cabinet, as Minister for Public Welfare; and, on the Left Wing, the Radical M. Wigfors as Minister of Finance. As long as the sturdy M. Hansson remains at the head of the Government, and as long as the present coalition of Social-Democrats with Farmers holds, it does not seem likely that the Government will proceed to any radical economic experiments besides preparatory measures for the socialisation of the petrol and beer industries. A coalition between the Social-Democrats and Communists seems under present conditions rather unlikely; and in case of a rupture with the Farmers, M. Hansson would prefer to govern with a pure Social-Democratic Cabinet than to enter into a coalition with the Communists.

The devaluation of the French franc and other currencies has been of minor importance to Sweden, for neither the Bank of Sweden, nor the joint-stock banks nor private investors had held French or Swiss stocks or deposits in franc currencies ever since the situation of the franc had become endangered. Some of the big international concerns, particularly the SKF and the Ericsson Telephones, carried in their portfolios stocks of French subsidiaries; it is hoped, however, that these book losses will be out-balanced by higher profits as a result of the generally expected business recovery in France. If news of the franc devaluation was received with the greatest satisfaction in Sweden, it was because it was considered as a first step towards international currency stabilisation and, what is still more important for Sweden—a step towards the abolition of international trade barriers. The Treasury and some of the big Swedish mortgage banks, which have floated loans in franc countries, will make a direct profit on the devaluation of their outstanding bonds. So will probably the Swedish Match Company, which owes to French and Swiss banks 232 million French francs and 22 million Swiss francs, though the question is at present subject to negotiations with French authorities.

EMPLOYMENT AND PRODUCTION STILL INCREASING

In spite of the troubled political outlook abroad and a certain political strain at home, necessarily connected with an election campaign, the business boom has not lost anything of its strength. On the contrary, throughout August business activity showed a growing liveliness. Thus foreign trade resulted in an active balance of Kr. 10 millions, as against an import surplus of Kr. 2 millions in August, 1935. August exports reached Kr. 136 millions, which is exceptionally high. Timber exports for the current year so far stand at 775,000 standards, and the quota for Swedish timber exports, as fixed by the European Timber Exporters' Convention, amounts to only 820,000 standards a year.

The general index of Swedish industrial production was 108 in August, as against 107 in July and 93 in August, 1935. Employment is also satisfactory in practically all branches of industry, and the number of unemployed remains around 21,000, which is the lowest August figure ever reached since the boom-year 1929. An increasing demand for labour is reported from the building as well as from the machine and timber industries. The iron and steel works have enough orders to keep them fully busy even during the first months of 1937.

The price level has showed a slightly rising tendency since July, and the general wholesale price index rose from 118 in June to 119 in July and 120 in August (1913 = 100). Stiffening prices for raw materials and wooden goods for building purposes mainly accounted for the rise.

The money market has experienced a growing easiness, and the total cash reserves of the joint-stock banks increased during August by Kr. 34 millions to a total of Kr. 417 millions. In spite of the prevailing liveliness in all branches of economic life, the joint-stock banks' total advances increased during August by only 7 millions owing to a slight increase in loans for building purposes, whereas home bills showed a contraction.

Stock Exchange prices moved downwards when the results of the Riksdag elections became known; but they quickly recovered.

STOCKHOLM, October 12.

POLAND

DISTRESS AND DISCONTENT

POLISH interest in such lively current topics as the Danzig question, the war in Spain, reform of the League and currency devaluation is overshadowed by the economic distress and political discontent at home. The hopes entertained a month ago that the inflow of arms credits from France would have an immediately beneficial effect on the internal situation have not been realised because progress on the Franco-Polish financial arrangements has been retarded by the monetary disturbance in France. Until more definite information becomes available on the size of these credits, and the use which is to be made of them, the disposition is to "go slow" in discounting the effect they may have towards alleviating the distress and discontent, which are clearly causing the authorities concern.

The actual statistical position of Polish agriculture and industry is not worse—it is, in fact, appreciably better—than it was a year ago; but it is not an unusual phenomenon for political unrest to become more manifest on a rising market. With population increasing by about 500,000 a year, and a present "surplus population," according to some reports, of "8,000,000, including 3,000,000 Jews," there is so much slack to be taken up that a 10 or even 20 per cent. improvement in economic activity may well mean that the underlying situation has not improved at all. Moreover, the price index of "products sold directly by farmers" fell from 100 in 1928 to 35.8 a year ago. It stands now at 37.2 per cent. of the 1928 level.

LAND DISTRIBUTION RESUMED

Several recent Decrees show that official consciousness of the underlying discontent is not lacking. Labour camps for unemployed youths not yet ready for the Army are being organised under military direction; as is also an auxiliary defence service for those not subject to immediate call in the event of mobilisation. More acceptable to the peasants, however, was the Decree of September 24th, providing for the resumption of land distribution; and a beginning has been made by the expropriation of 70,000 acres belonging mainly to members of the nobility.

The Agrarian Reform Law of 1925 contemplated an annual parcellation of about 220,000 acres. Parcellation, in fact, stopped several years ago owing, the Government recently announced, to "unfavourable economic conditions." The owners of the very large estates belong to the Pilsudski Party, formed after the *coup d'état* of May, 1926, so that there were presumably other than "unfavourable economic conditions" to account for the pigeon-holing of agrarian reform. Its resumption now, even though on a trifling scale, must be accepted as a move in the right direction by a Government which, since the death of Marshal Pilsudski eighteen months ago, appears to have lost touch with the masses.

Peasant leaders themselves admit in private that the most drastic expropriation of large estates would not solve the agrarian problem in Poland. Thorough-going agrarian reform, with extensive land irrigation and the draining of the eastern marshes (which would be very costly), it is estimated, might make available for parcellation some 10 million acres, on which 600,000 new farms could be established. This would provide direct employment for 400,000 families, or about 2,000,000 people. These authorities contend, however, that 5,000,000 peasants will be without work in Poland this winter; and, including 3,000,000 Jews, they arrive at a "surplus population" of 8,000,000. It presents a problem that needs to be tackled with urgency and in a national spirit without regard to vested interest or party ties.

Another indication that the Government is perturbed was the appeal made by the Polish representative to the Second Committee of the League Assembly at Geneva last week for "international collaboration" in seeking a solution of the problems of over-population and lack of raw materials essential for industrial development. This *démarche* was accompanied by the specific request—made for the first time by Poland—for an "international solution of the

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Jewish problem through emigration." There are about 3,500,000 Jews in Poland, and their "mass emigration," it is contended, requires that other territories besides Palestine be opened up, and that international support be obtained for the financing of Jewish emigration. The emigration of about 25,000 Polish Jews to Palestine in 1935 deprived Poland of nearly £2,000,000 in gold or foreign exchange.

It is a great misfortune for the Jews, and perhaps also for Poland, that the Government should have given—perhaps unwittingly, or, more likely, because of internal pressure—encouragement to the Nationalist and Fascist elements which attempt to hold the presence of 3,500,000 Jews primarily responsible for the prevailing distress. The leading Nationalist newspapers for several months now have been advocating that the Jews be "driven out of the towns," so that destitute peasants can find employment in those trade and handicraft industries which through the centuries have become almost Jewish monopolies.

It has been decided for the present to make no change in currency policy. The official view, as expressed at Geneva last week, is that "the development of international exchanges will not occur on a broad basis unless a quickening in the movement of goods is accompanied by a quickening in capital exchanges and in emigration."

After six years' deflation, with internal prices virtually adjusted to the enhanced value of the zloty, and the "closed economy" introduced with the exchange restrictions last April, there is felt to be no urgent reason why Poland should take the plunge.

WARSAW, October 12.

ROUMANIA

FALL IN IMPORTS AND EXPORTS

A COMPARISON of the June figures of foreign trade with those of the previous months shows a fall in the value of imports of about 11.5 per cent. and in that of exports of 15 per cent. The volume of imports has hardly changed, but the volume of exports has fallen about 11.5 per cent. The full figures for the first half of 1936 and 1935 are as follows:—

	Exports	
	Volume 100 kgr.	Value 1,000 lei
January to June, 1936	43,321,856	7,443,965
January to June, 1935	41,910,113	6,670,796
Increase in 1936	1,411,743	773,169
	Imports	
	Volume 100 kgr.	Value 1,000 lei
January to June, 1936	2,797,200	5,545,790
January to June, 1935	2,137,695	5,229,045
Increase in 1936	659,505	316,745

	Export surplus
	1,000 lei
January to June, 1936	1,898,175
January to June, 1935	1,441,751
Increase in 1936	456,424

Representatives of the principal petroleum companies of Roumania have called on the new Minister of Industry and Commerce, M. Valer Pop, chiefly in order to lay before him a series of crucial questions. The price of crude oil has fallen by 20 per cent. since the beginning of the year, and the price of transport represents now in certain cases more than twice the value of the product at the factory door. Other taxes amount to a similar figure. This has caused a reduction in exports and an agglomeration in the reservoirs which it is feared will soon prove insufficient for the quantity of stock held.

BUCHAREST, October 1.

U.S.S.R.

A RESTRAINED INTERNATIONAL POLICY

SOVIET RUSSIA'S determination to mind its own business during the "present historical stage" has been clearly indicated by Moscow's attitude towards the Spanish civil war. Soviet restraint has been a stabilising factor during this crisis; Moscow has not only accepted and faithfully observed an arms embargo, but has also avoided picturing the Spanish conflict as one between Fascism and Communism. Soviet speakers, soliciting money from workers to send food to Spain, have emphasised that the food was destined for "the women and children of the Spanish democratic republic."

Russia's present rulers are realists; M. Stalin and his associates have learned much during nineteen years in power. In recent critical weeks they have relegated even further to the background their underlying conception of "world revolution," meanwhile concentrating upon safeguarding their country's borders and increasing its self-sufficiency. The Soviet Union has become more than ever their paramount concern, and they have calmly pushed aside quixotic notions which might involve their country in a premature war.

Every Soviet citizen is being drawn into organised discussions of the new constitution which will be adopted by the Congress of Soviets in November and is described as "the most democratic constitution in the world." Of course, this is a gross over-statement. The new constitution does not curtail the Communist Party's political monopoly, which gives it complete control of the country's economy and social organisation. Russia remains under the new constitution a Party dictatorship. But the constitution does provide the Soviet Government, a well-controlled subsidiary of the Party, with a Parliament more nearly resembling those of western democracies, directly elected by the equal votes of all adults through secret balloting. The peasants, composing 70 per cent. of the population, are admitted to equality with the "proletariat"—industrial workers. The persistent Soviet emphasis upon democracy may ultimately have favourable results.

The Constitutional Congress is being used as an occasion to increase the quantity and quality of industrial production. Enterprises of every sort have pledged themselves to present as "gifts to the Congress" new production records. Soviet leaders use evangelistic methods to increase industrial efficiency. Their chief concern at the present and for some time to come will be the increase of every kind of production and its qualitative improvement. The successive "plans" are little more than guesses of the maximum production possible, and the rationing of limited raw materials and capital among various branches of production according to their estimated importance.

Demand far exceeds supply in everything. No consumers' goods, however defective, remain unsold; no raw materials, however inadequate, remain unused. The Soviet State, owning and operating all means of production and distribution, buys abroad as little as possible,

and compels its citizens, for the most part, to get along with what they can themselves produce. Consumers scramble for the limited output of consumers' goods; unfortunate late-comers do without. Industrial enterprises likewise contest for the available raw materials, and the unsuccessful fail to fulfil their "plans." Their directors and workers thus forfeit the premiums and bonuses given for fulfilment. The universal shortage inspires a spirit of competition as keen as that under any form of capitalism.

Meanwhile, Soviet leaders set aside as much of the national income as they dare for industrial expansion, concentrated in military and heavy industries. They are so intent upon building up a powerful Red Army and self-sufficient heavy industries that they reluctantly concede increases in consumers' goods. But they make an exception of agriculture and the food industry, in which supply now approximates demand. The State rations animal products, which are still insufficient, by fixing high retail prices.

SUCCESS OF MECHANISED INDUSTRY

The cereal grain harvests this year were considered a triumph for mechanised agriculture. Weather conditions were generally unfavourable, but were offset by the substantial increase of agricultural machinery and superior organisation of collective farms. The collective farms (kolkhozi)—in which individual peasants are permitted to cultivate private gardens and to own a limited number of private animals—have worked so well that the State has turned over to them an additional 15 million acres detached from State farms, which are owned and operated directly by the State. The State's monopolistic ownership of agricultural machinery ensures its firm control over collective farms, which cannot buy machinery but must lease it from State-owned machine-tractor stations.

The Soviet system is not static; organisational changes are made constantly. Some of these changes have been misinterpreted as a "return to capitalism." They are rather directed toward achieving Lenin's conception of the State as "one vast syndicate." Individuals are sometimes permitted greater freedom in the interests of efficiency, but always within the framework of State-ownership. Every change tightens rather than relaxes the State's control of every means of production and distribution.

Moscow, October 8.

CANADA

TRADE WITH THE UNITED STATES

CANADIANS are not impressed with the statement of Governor Landon at Minneapolis that President Roosevelt "sold the American farmer down the river" when he negotiated the reciprocity pact with Canada. Trade returns for the first eight months in which the agreement has been in effect—January to August inclusive—show that total Canadian exports to the United States were \$240 millions, compared with \$215 millions in the corresponding period of last year, and that exports of commodities affected by the trade agreement increased by \$27 millions, or about \$3½ millions a month. Canadian imports from the United States in the eight months ending August this year totalled \$235,948,000, against \$208,368,000 in the like period last year, an increase of \$27.6 millions, or about the same as the expansion in exports.

The Canadian-United States Trade Agreement has not ruined either the United States farmers or the Canadian manufacturers. Canadian cattle producers have undoubtedly benefited by the provisions which reduced the duty on beef cattle entering the United States from this country by \$9 per head. But it is doubtful if the price of a porterhouse steak has been reduced in any American city as a result of the influx of Canadian steers. Canada was also supposed to have secured a substantial concession on cream entering the United States; but only \$11,000 worth of cream has been shipped southward in the first eight months of the agreement. Similarly, the total exports of all potatoes from Canada to the United States during the

first eight months of this year were \$621,000, which would scarcely put an extra dollar in the pockets of Canada's half million or more potato growers. Canadian turnip growers were to get rich shipping their products to the American market; thus far they have sold \$381,000 worth of turnips. Maple sugar was considered of "prime importance," to quote the Canadian Government's statement issued on the consummation of the agreement. Total exports of that commodity thus far have been \$774,000. And though Canada did fairly well in selling \$1,109,741 worth of cheese to the United States for the first eight months of this year, even the much vaunted American lumber market has been disappointing. Thanks to the concessions in the agreement, Canada has increased her exports of lumber and its products from \$6,000,000 in the first eight months of last year to \$9,000,000 in the first eight months of this year; but in 1929 the American market absorbed \$38 millions' worth of Canadian lumber. Broadly speaking, Canadians feel that the trade agreement with the United States is a fair one and mutually profitable.

The cancellation of \$75 millions in tax, relief and interest bills affecting farmers in 158 drought-stricken municipalities of the Province of Saskatchewan is announced by Mr Patterson, Premier of the Province. About 50,000 farmers are affected. Mortgage interest rates on farms are cut to 6 per cent.

GENERAL BUSINESS RECOVERY

General economic conditions in Canada have shown substantial improvement during 1936, notwithstanding the partial failure of the western harvest. The index of business operations compiled by the Dominion Bureau of Statistics this summer reached the highest point since May, 1930. Exports continued to expand, and Canada's export surplus for the latest twelve-month period is \$350 millions. Wholesale prices have advanced sharply in the last three months. The market advance in high-grade bond prices continues, and bond yields are now at a lower level than at any time since 1919. Further expansion in productive operations was shown in August, when the index of the physical volume of business advanced from 110 to 113.2.

A board of seven directors has been appointed for the Canadian National Railways, replacing the three trustees who had managed the publicly-owned railway system during the greater part of the Bennett regime. The Canadian Radio Broadcasting Commission has also been replaced by a board of governors, and the Government has secured control of the Bank of Canada (Central Bank) by appointing a sufficient number of new directors to obtain voting control and by issuing 102,000 Class B shares to the Federal Minister of Finance.

The Dominion Government recently floated a \$100-million domestic loan, which was oversubscribed within two hours. Part of the issue consists of perpetual bonds, which is a new feature of Canadian financing. The bonds have no stated maturity date, but are callable any time after September 15, 1966, on sixty days' notice.

Meanwhile, in the first five months of the Dominion's fiscal year, April-August inclusive, an increase of \$28,392,821 in Federal revenues is reported. Total receipts were \$201,617,491. Expenditures, including \$22,700,000 for unemployment relief and public works designed to provide employment, totalled \$197,826,778. It seems probable, however, that the next Budget will show a deficit of at least \$50 millions when account is taken of the Canadian National Railway's deficit and the appropriation for the relief of the unemployed and the drought-stricken farmers of the Prairie Provinces.

The Dominion Bureau of Statistics has issued its first estimate of the present wheat crop at 232,973,000 bushels, of which 216,000,000 bushels is Manitoba spring wheat. The 1936 yield per acre is the lowest for 29 years. The crop is very high, however, in grade and quality. The Cabinet has decided not to set a minimum price for wheat unless the market at Winnipeg closed on any market day below 90 cents per bushel, when 87½ cents on the basis of No. 1 Northern wheat at Fort William would automatically become the fixed minimum price without any further action by the Government. There is a good prospect for the

liquidation of the huge Canadian carry-over of wheat, which has hung over the market for the last five years.

The Cabinet has also rescinded the Order-in-Council passed by the Bennett Government in February, 1931, imposing an embargo on imports from Soviet Russia, including coal, pulpwood, wood pulp, lumber, timber, furs and asbestos. In return for this concession the U.S.S.R. has removed its embargo on Canadian products.

OTTAWA, October 10.

LETTERS TO THE EDITOR

GOLD REVALUATION PROBLEMS

TO THE EDITOR OF THE ECONOMIST

SIR,—In your analysis of "Gold Revaluation Problems" there is one point which is not quite clear. In making good to the Bank its loss on current gold purchases, it would seem that the Exchange Equalisation Fund bears the loss itself. Gold for which the Fund has paid £1,000,000 is sold to the Issue Department of the Bank for, say, £600,000, the remaining £400,000 being "made good" in the form, presumably, of a "debt due from the Bank" in the Fund's accounts. This debt must have been piling up on every ounce of gold sold by the Fund to the Bank, and the reimbursement of the Fund must surely be a first charge on the revaluation of the Bank's gold.

If this is correct, it appears that, while the Government would receive a gross profit of £175,000,000, the net profit (available for debt redemption or other purposes) would only be about £90,000,000 (i.e. the proceeds of the re-valuation of the gold in the Bank on September 20, 1931, plus or minus the difference between the price on revaluation and the cost to the Fund of all the gold sold to the Bank).

"Marella," The Drive,
Hook Heath, Woking.

Yours faithfully,
J. C. JOHNSTONE.

[It is true that the Exchange Account has to make good to the Bank the loss incurred in gold purchases. But this loss is made good at regular intervals. And since Mr Chamberlain has repeatedly stated that the Exchange Account "shows a profit," it must be inferred that its jobbing profits exceed the Bank's losses. The available gold profit is therefore about £175,000,000.—Ed., *Econ.*]

"PLANNING" AND CHANGE

TO THE EDITOR OF THE ECONOMIST

SIR,—I should like to make certain remarks about the letter of Mr Fairweather on "Planning" and Change in a recent issue of the *Economist*.

The writer confuses the economic system of a country with a big business undertaking, which can and must be directed from a single centre. He recognises that planning is necessary for every business. Of course! Nobody can direct a business without a plan, if he wants to profit and make a living from it. Now, the greater the business, the more necessary the planning. But who is it that shall plan, who shall be the director in all these businesses? Only he who is bound to the business with a personal interest. If his own money is at stake, if he will profit by good planning, if he will lose by bad planning or by no planning at all, then the business will be well directed.

As for the rest, the so-called big businesses have their limits. Experience has shown that beyond a certain size even the best planning is of no avail; for the machinery is simply too complicated and goes beyond the power of human control. How can anyone seriously believe that it would be possible to control and to plan for every concern in the whole land, to guide the innumerable undertakings of industry from one single centre? If even a unified concern, such as a sugar factory, a bank, a gasworks or an electricity works is difficult to control when it exceeds a certain size, how will it ever be possible from one single centre to direct the aggregate of all these various concerns—which form the economic life of a people: industries, businesses, gasworks, sugar factories, shoe and textile factories, ironworks and everything conceivable!

The confusion of thought therefore consists in confusing the economic life of a people with a single great undertaking. The economic life of a people, however, is precisely not a single unified undertaking; it is the aggregate of thousands and thousands of individual businesses.

If each of these individual concerns is well-guided and well-planned, the economic life of the community will be healthy. But the individual concerns can be well directed only by those individual persons who are bound to the undertaking by their personal interest, by everything which they have, and who are competent to lead the business well by virtue of their own experience and their own knowledge. None of these conditions is fulfilled by a centralised bureaucratic machinery.

Yours faithfully,

JULIUS MEINL,
Präsident der Julius Meinl A.G.,
Austria, Czechoslovakia, Hungary, Yugoslavia,
Poland, Roumania, Germany and Italy.

Vienna.

"P.R." AND EUROPEAN DEMOCRACY

TO THE EDITOR OF THE ECONOMIST

SIR,—In a recent issue you state that the explanation for the troubles of democracy must be sought "beyond the personalities of politicians." I am one of those who hold the view that the paramount factor which transcends personalities in the struggle for democracy has been of an institutional nature, i.e. Proportional Representation.

First, the case of Italy. Whoever looks at detailed electoral statistics will admit that both in 1919 and in 1921 under a majority system only a few Communists would have been elected. This would largely have done away with the red bogey, which proved to be of such a valuable help to the Fascists. Fascist deputies numbered 35 after 1921. In spite of their alliance with the Nationalists, perhaps none, certainly only a few of them would have been elected under the majority system. Further, P.R. complicated the problem of the formation of a democratic government both from the numerical and the political point of view. The great parties, especially the Socialists and the Popolari, were proud of their independence and doctrinal integrity—as proud as Victor Considérant and John Stuart Mill had wanted them to be—whereas, under the majority system, the necessity to form electoral alliances would have forced them to co-operate. It thus happened that during the greater part of the critical year the stop-gap Premier Facta "governed." On October 26th his Ministers resigned once more. Two days later the Fascists started the march on Rome. Would they have done so in the face of a "strong and stable government?"

Second, Germany. There is no doubt that hardly any of the

small German parties which arose after 1919 would have been possible under a majority system. Moreover, the Communists would not have been able to conquer more than about a dozen constituencies; they would never have been able to form a parliamentary group and obtain seats in the parliamentary committees. The Nazis would have been without any seat from at least December, 1924, to the elections of 1928 included. And in analysing subsequent events, if we divide the territory of the Reich into about 400 constituencies of about equal size, the result is startling: the Nazis nowhere obtained an absolute majority, and nowhere even 40 per cent. of the votes cast. They generally obtained about 20 per cent. of the votes; either Socialists or Centrists were mostly in a much more favourable strategic position. There can be no doubt that the latter two parties would have had a substantial majority in the Reichstag.

Instead, all the remaining democratic parties had to combine in order to assure Dr. Brüning's "majority of toleration." Thus, the democratic forces were encircled, and, since the continuing economic crisis favoured the Opposition, they gradually succumbed to this war on two fronts. In 1932, Nazis and Communists combined obtained a "majority." This, naturally, accelerated the end of democracy.

The situation in Austria was similar. The only substantial difference was that when the two wings of the Opposition together were expected to secure a majority as the inevitable outcome of new elections, it was the Centre which established the dictatorship and not the Right. In Belgium we are now watching a coalition of all the democratic parties, encircled by the Communists, the Flemish Frontists and the "Rexistes," all of whom would have been without seats under a majority system. Washington, D.C.

F. A. HERMENS.

BOOKS AND PUBLICATIONS

ECONOMISTS AND THE PUBLIC *

PROFESSOR Hutt has written an interesting and readable book; but it is doubtful if he has succeeded in his purpose. He had the idea of tracing the relations between economists and the public from Adam Smith's time to the present day, examining the causes of the contemporary antipathy between the two, and possibly suggesting a remedy. And he writes, with much erudition and many illuminating allusions and quotations, of the development of British economics in relation to public opinion. His book, however, suffers from a certain ambiguity of purpose. For he is alternatively recording the history of economic thought and expounding his own economic and social views.

Moreover, the advice that Professor Hutt gives to his fellow economists will strike many readers as being in peculiar contrast with his own opinions and outlook. For he wants economists to abandon all contact with politics or business interest. He even recommends that "university teachers of the social sciences" should be compelled to renounce the right of standing for Parliament (surely an unwarrantable interference with their civic rights), and he remarks that "economists actively engaged in business cannot expect authority to attach to their pronouncements."

Yet Professor Hutt has the most precise, not to say extreme, economic and political views. He regards universal competition as the ideal of social policy; and he would apparently like to sweep away everything, including even trade unions, which could, conceivably, be represented as interferences with free competition. There is, of course, a very much stronger case for competition than it is now the fashion to admit; and one may welcome a book which shows how the classical economists have been misrepresented and dissects the crude popular idea that competition is always synonymous with "chaos," and that interference with competition inevitably brings "order" and "coordination." But Professor Hutt spoils his good case by going too far. When we are asked to believe that the industrial revolution was a time not merely of "unparalleled equality of opportunity" but also of "growing humanity," that the distress of the early 19th century was wholly due to "war, taxation, inflation and the Poor Law, i.e. the results of Government activity," and that trade unions have usually been injurious even to the working classes, common sense, even though fortified by less learning than Professor Hutt, revolts and becomes a little sceptical.

The great weakness in Professor Hutt's book is his failure

apart from a perfunctory rejection of hedonism, to relate economics to the psychological realities—wants, sacrifices, poverty and wealth—lying behind the phenomena of prices. Professor Hutt recognises that the institutional framework of the price system—inheritance, for instance, and the limitation of opportunity—are potent causes of inequality. And he advocates inheritance taxation as an effective method of reform. But he carries to extreme lengths his belief that interferences in the price system itself cannot mitigate inequality; and he would leave almost everything to the mercy of "consumers' sovereignty" interpreted in the sense of money demand. Yet it is not just the constant over-emphasis of some economists on a calculus of money and prices, to the apparent neglect of wants and satisfaction, that makes the plain man suspicious of economists?

SHORTER NOTICES

Regional Types of British Agriculture. By Fifteen Authors, edited by J. P. Maxton. Allen and Unwin. 318 pages. 12s. 6d.

The original conception of this volume of essays was to provide a brief outline of farming methods in Great Britain for the benefit of foreign visitors to the Fourth International Conference of Agricultural Economists, held in St. Andrews. The essays are well worth reprinting in a collected form for the benefit of all students of British agriculture, as no similar survey has been made for many years, during which conditions have greatly changed. The whole of Great Britain or seven main regions, within each of which the varying conditions of farming are described by agricultural economists possessed of specialised local knowledge.

The collection of essays, the utility of which is obvious, is edited by Mr J. P. Maxton, and an introductory chapter is contributed by Mr A. Bridges, who outlines the broad differentiating features of the country as a whole. Mr Bridges summarises the outstanding characteristics of British agriculture as the great variety of conditions in different areas, the diversification of production on the majority of farms, the growth of occupying ownership, the very high proportion of small farms, and the large amount of wage-paid labour.

From the standpoint of the economist, the chief interest of this valuable symposium is that it brings out so clearly the lack of homogeneity in British agriculture, which is a complex collection of competing industries rather than a single industry. Many of the finished products of our farms are part of the raw material on other farms, and it is quite impossible to pass any legislation that will benefit all branches of agriculture simultaneously. If the authors of British agricultural "policy" discover that the problems which they are attempting to solve are more complex than they appear to realise.

"The Demand for Colonial Territories and Equality of Economic Opportunity." The Labour Party. 52 pages. 4d.

In this pamphlet, prepared by a Labour Party advisory Committee, but not necessarily endorsed by the National Executive, an examination is made of the claims of the so-called "dissatisfied powers" for Colonial Territories and equality of economic opportunity. The Committee bring further facts and figures to reinforce the conclusion of recent surveys by Sir Norman Angell and others that Colonies are of very little quantitative importance in relation either to raw materials, markets, population or investments.

The committee believe, however, that the principle of Imperial preference is highly vicious. They consequently recommend that the remedy should be found in a freeing of trade rather than an exchange of territories. The "formation of a low-tariff group open to all countries on equal terms" is suggested. The committee do not think that Mandated territories should be returned to "Dissatisfied" Powers until the mandate system has been improved, and the Powers concerned are ready to accept disarmament and League obligations as part of a general international settlement.

"Bank of England Operations, 1890-1914." By R. S. Sayers. P. S. King and Son, Ltd. 142 pages. 6s. net.

This is a valuable book, clearing up many obscurities of a critical period in the history of the development of the Bank of England into a Central Bank. The traditional British belief is that, problems solve themselves *ambulando*. When devices planned to meet a problem are based upon obvious practical needs, the belief is sound. We can get no better illustration of this than is afforded by the development of the functions of the Bank of England. No pre-conceived plan, statutory or otherwise, has turned it into the typical Central Bank, with the task of managing the currency.

The Bank Charter Act of 1844 contemplated an automatic currency, for which the Bank of England was to be no more than the agent of the Mint. Irresistible forces have made our currency a managed one, and the Bank of England its Manager. This book of Mr Sayers was badly needed by the student. For till its publication the process by which the Bank adopted its "Open Market Policy," as an accessory of the Bank Rate for controlling the Money Market, has been shadowy and obscure. Here in this carefully documented account it is made clear. Not only does this book contribute an able digest of the *Economist's* notes upon the matter during the period in question; it also contains a digest of documents well-nigh inaccessible to the ordinary student.

"Key Economic Areas in Chinese History: as revealed in the development of public works for water-control." By Ch'ao-ting Chi. Allen and Unwin. 168 pages. 8s. 6d.

The author of this book comes from an inland province of China, is a graduate of Chicago University and has taken a doctorate at Columbia. He is one of a group of Chinese historians who are now busy applying modern critical methods to the rewriting of their country's history; and he has specialised on a subject by the study of which he has made an important contribution to the understanding of social and political development, not only in China, but also in other countries where similar fundamental conditions of economic life have prevailed.

Wherever insufficiency or too great variability of rainfall or excessive flooding has made intensive agriculture dependent on systematic, large-scale water-control, such water-control has been a major function of the economic system and has generally, before the development of modern capitalism, been performed directly by the State with *corvée* labour. In China, as Dr. Chi says, "almost all the major regions demand water-control in one form or another as a basis of agricultural development," though the need arises from diverse conditions in different areas; thus, "in the loess region in the north-west, the problem is primarily one of canal irrigation, in the Yangtze and Pearl River valleys it involves the continuous draining of the fertile but swampy alluvial land and the maintenance of a complicated system of drainage and irrigation, while in the lower Yellow and Hwai River valleys the problem is essentially one of flood control." In these circumstances a successful water-control policy was extremely profitable for any government which carried it out. For it meant not only an increase of agricultural productivity and therefore of revenue, but also, by means of the canals, better facilities for the transport of the grain tribute and military supplies.

Dr. Chi shows how often this factor has been politically decisive in Chinese history: how in the third century B.C. the irrigation policy of the Ch'in state in Shensi helped it to

unify China under its hegemony; how the development of water-control in Szechwan and Yangtze valley enabled Shu and Wu to become independent in the period of the Three Kingdoms; how the economic centre of gravity gradually shifted from the Yellow River basin to the Yangtze; though the construction of the Grand Canal enabled the political capital to be transferred northwards to Peking. The author has provided English readers with an admirable economic introduction to Chinese history.

BOOKS RECEIVED

The Last Thirty Years in Public Health. By Sir Arthur Newsholme. (London) Allen and Unwin. 410 pages. 15s. net.

Unemployment Policy with special reference to Australia. By E. Ronald Walker. (London and Sydney) Angus and Robertson, Ltd. 258 pages. 5s. net.

The Sugar Colonies and Governor Eyre, 1849-1866. By W. L. Mathieson. (London) Longmans, Green & Co. 243 pages. 12s. 6d. net.

The Finance of Foreign Trade. Second Edition. By W. F. Spalding. (London) Pitman. 227 pages. 7s. 6d. net.

War Scandals. By "Cameronian" of Reynolds. (London) Lawrence and Wishart, Ltd. 40 pages. 6d. net.

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Foreign Trade and Commerce: Accounts relating to the Trade and Commerce of certain Foreign Countries and British Countries Overseas during the period ended March 31, 1936. 9d. net.

Report from the Select Committee on Estimates. 6s. 6d. net.

Report by the Joint Committee of the House of Lords and the House of Commons on the Measurement of Gas. 3s. net.

Colonial Report No. 117. Report by H.M. Government in the United Kingdom of Great Britain and Northern Ireland to the Council of the League of Nations on the Administration of Togoland under British Mandate for the year 1935. 2s. 6d. net. No. 118. *Report by H.M. Government to the Council of the League of Nations on the Administration of the Cameroons under British Mandate for the year 1935.* 3s. net. No. 1753. *State of Brunet, 1935.* 2s. net. No. 1757. *Annual Report on the Social and Economic Progress of the People of Sierra Leone, 1935.* 2s. net. No. 1758. *Annual Report of the Social and Economic Progress of the People of Somaliland, 1935.* 1s. 3d. net. No. 1760. *Basutoland, 1935.* 1s. 6d. net. No. 1761. *St. Lucia, 1935.* 1s. 3d. net. No. 1762. *Barbados, 1925-36.* 1s. 6d. net. No. 1764. *British Honduras, 1935.* 1s. 3d. net.

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MONEY AND BANKING

THE OUTLOOK FOR STERLING

WHAT influences are in future going to bear upon sterling? In what direction are they likely to lead the policy of the Exchange Fund authorities in this country, and the exchange rates which their policy affects? These two questions have been brought into the forefront of current international discussion by the tripartite agreement for provisional stabilisation of the dollar-franc-pound rates and by the agreement last week for mutual dealings in gold between the three centres. Despite the lack of detailed and up-to-date statistics on the balances of trade and payments between the countries of the British Empire, the sterling area as a whole, and the rest of the world, some answer must be attempted. For, as we pointed out last week, the new agreements on gold dealings between the American authorities and this country can scarcely have any significance unless they rest on either a fixed price of gold (within limits) in both centres, or—another way of saying the same thing—on a fixed dollar-pound rate. It is surely inconceivable that the American authorities would have agreed to mutual gold dealings on a basis that permitted the British authorities to vary the sterling price of gold indefinitely from day to day. If we have to assume that, as a result of the two sets of agreements, some limits have been set for the dollar-pound rate, questions of background and policy become decisively important.

Since 1931, the factors conditioning the exchange value of sterling have arisen not only in this country's balances of trade and payments, or even in those of the Empire as a whole, but in the balances between the entire sterling area and the rest of the world. For London during the last five years has re-established its financial pre-eminence, not, indeed, as a lending centre, but as a clearing-house and compensation centre for the sterling area. This result has been due both to the relative stability of sterling prices in the world's greatest import market, and to the need of sterling area countries to maintain liquid balances in London as minor exchange funds. Seasonal shipments to British ports from the sterling area produce mounting funds in London. These, in turn, are reduced by payments through London to other countries for their products, by dividends and interest paid to British investors in sterling area concerns, and by transfers of gold or liquid balances in London to maintain stability of exchange rates between the various currencies of the sterling area countries and the pound sterling.

It would appear, for example, that the United Kingdom owed foreign countries (including non-British countries in the sterling area), in 1935, £206 millions on balance. This was a net import surplus on merchandise account only. It also owed all other British countries as a whole £73 millions on balance for an excess of imports of merchandise from them. But the invisible exports of the United Kingdom to all other British countries in 1935 accounted for an annual income of about £150 millions. The United Kingdom was therefore in net credit with other British countries last year to the extent of about £80 millions. This credit was available for the sale of Empire products to foreign countries, to offset, in part, the United Kingdom's import surplus with those foreign countries. A further instance of London's rôle may be cited. During the years of depression, non-merchandise items in the balance of payments—gold movements, capital movements, shipping freights—have altered much more from year to year than in normal times. This influence has powerfully affected sterling, but its incidence has varied according as the movements have been within the sterling area, or between it and the outside world. Last year, a rapid rise in commodity prices, a slight increase in world trade, a recovery in the volume and rates of shipping freights, and an abnormal drain of speculative and "panic" funds from Europe to Wall Street, all exerted greater influence on sterling than in earlier years,

and the task of the British Exchange Fund authorities was proportionately more complex.

To-day, however, their task is even more difficult. In the first place, the embargo on foreign lending from London and the deliberate measures designed to drive the "cheap money" policy forward have coincided with the psychological effect of a rapid re-armament programme, which has tended, in turn, to maintain the output of constructional industries at a high level. Domestic output of iron and steel, machinery, etc., has required to be supplemented from outside sources. More industrial new materials have been purchased; and the United Kingdom's import surplus on merchandise account alone, so far this year, is already £55 millions higher than at the corresponding date last year. Is this necessarily dangerous? Taken by itself it is certainly not. This country had a credit balance in last year's balance of payments of about £40 millions. Moreover, we have been obtaining every year amortisation payments from abroad, both from sterling area and non-sterling-area countries. Even in the depressed year 1933, it was calculated that we obtained £67 millions of repayments of our capital abroad; and the figure for 1936 may prove to be as high as £80 millions. True, these are capital transfers; but since the Treasury imposed its unofficial embargo on foreign capital issues, they have not been re-lent in the same degree as in the past. Their repatriation favourably affects the sterling exchange. They swell liquid balances in London. They may come in as net gold imports; they may go out again as short-term capital transfers to Wall Street (thus depressing sterling again), or they may be re-invested in this country as long-term industrial investments. In that case the country is not, strictly, "living on its capital," but redistributing it geographically.

The British authorities might now be well advised to pay closer, and perhaps more benevolent, attention to this country's income from its invisible exports of services. That income is divided between a number of sources. It includes interest on our overseas investments, placed by Sir Robert Kindersley at £160 millions in 1934 and at roughly £170 millions for 1935. The Board of Trade's gross figure for 1935 was £185 millions. Other income comes from shipping freights, estimated at £75 millions last year, and from a miscellaneous set of services—such as sales of ships, commissions, Government transactions, net foreigners' remittances, etc.—which last year were placed at about £40-£50 millions. Recovery in the whole sterling area has by now proceeded to a point where, in certain outlying countries—as we pointed out in an article on the area in last week's Banking Supplement—tendencies towards disequilibria in individual countries' balances of payments are again becoming observable. While rising commodity prices may still carry recovery forward inside the area, it may well be that, for the immediate future, the chances of improving transfer capacity among debtors of this country will be greater in the hitherto neglected "foreign" world than inside the sterling area. The devaluations, quota increases and tariff reductions of the last three weeks are a signpost pointing in that direction. The British Treasury authorities cannot afford to overlook the importance to this country of any British measures which might tend to raise our gross investment income from its present £185 millions' level—to which, after four years of devices to canalise trade within the Empire, it has painfully climbed from its lowest depression level of £300 millions. Shipping freight income would undoubtedly respond in like manner.

If nothing is done to increase the volume of trade—and with it the transfer capacity of foreign debtors—in the non-sterling-area world, sterling may be faced with two considerable dangers. The first may be a drain of capital due

to a Stock Exchange boom in Wall Street, and the second, an increasing adverse balance in the United Kingdom's merchandise account. Repatriation of "panic" funds from the former gold bloc countries need occasion no alarm, for the Exchange Fund can offset it. As we have previously pointed out, these funds are held in London against gold earmarked abroad. A flow of funds to Wall Street might be checked—though not completely arrested—by increasing the array of "controls" in the City, but the authorities cannot call forth from the blue an increase of this country's exports of merchandise. On Friday last week, Sir Robert Kindersley declared that the adverse balance of merchandise trade this year would probably be £75 millions net larger than last year; and, in our view, it will be larger still. Against it we can count this year only on an increase of about £10-£20 millions in overseas investment income; and perhaps another £10-£15 millions in shipping income. Apart from capital movements, that is all on which we can reckon. Thus the capital movements are the crux of the whole situation; and in the sterling area as a whole they are capable of assuming dimensions which may outweigh all factors relevant to this country's position alone.

Prognostication, obviously, is dangerous at the moment. On the whole, however, we may be justified in assuming that if no "run" to Wall Street develops on a large scale, sterling may be maintained stable this year. What will happen in 1937 in America, in the countries which have recently devalued their currencies, and in the world commodity markets is beyond prophecy. One thing, however, is clear already. The British authorities will have their work cut out next year if, as Mr Chamberlain has suggested, this country intends to decide her internal policy by purely domestic considerations and simultaneously to maintain a more or less fixed relation of sterling to gold.

FINANCIAL NOTES

Trade with China.—The Export Credits Guarantee Department announced on Monday that Mr W. H. Kirkpatrick, M.P., has been appointed to act as its special representative in China. Mr Kirkpatrick has had a lengthy experience of commerce in the Far East, and there is little doubt that he is the right man for this new job. In one sense this appointment—which incidentally necessitates a by-election at Preston—is a new departure, for hitherto the Export Credits Guarantee Department has obtained its information on credit risks attaching to different importers by means of its contact with our Embassies, Consulates, and also banking and other private channels in different parts of the world. China, however, presents peculiar problems of a political, geographical, economic and social character, and for these reasons the Department is fully justified in having its own man on the spot. It must be emphasised, however, that this is the only new departure. There is no question of any general loan or guarantee to China, nor is there any parallel with the recent Russian credit. The Department will continue to underwrite credit risks attaching to British export trade on its normal commercial basis, and each application from British exporters will be dealt with independently and purely on its merits. It will be Mr Kirkpatrick's duty to advise the Department on the standing of Chinese importers, so that the Department may judge how to treat its application for insurance. The real importance of Mr Kirkpatrick's appointment lies in the fact that China is on the threshold of far-reaching industrial development and will be placing large long-term contracts with foreign suppliers of machinery. The Export Credits Guarantee Department has already evolved a system of insuring medium-term credits extending up to as much as five years, thereby enabling contractors to approach their bankers for the necessary finance. It therefore looks as if British contractors will be in a favourable position to secure their share of this new business. Apart from this, Mr Kirkpatrick's work will be watched with great interest, for his appointment may constitute a valuable precedent to be followed in other parts of the world.

The Money Market.—There has been a good demand for money all the week, with a fair amount of calling by one or more of the clearing banks every day. By Wednesday morning definite stringency began to develop, but the authorities then intervened and bought large quantities of bills, thus making it clear that the policy of cheap money was being continued. This week's Bank return shows that the shortage of money was entirely due to a further accumulation of funds in public deposits, although there was a dividend payment on October 15th and there have been no sales of foreign exchange by the British Control. A probable explanation is the large sales of Funding Loan by the Departments, which in some quarters are thought to indicate the clearing of the decks for a further loan.

	Oct. 1, 1936	Oct. 8, 1936	Oct. 15, 1936	Oct. 22, 1936
Bank rate.....	2	2	2	2
Clearing banks' deposit rate ...	2	2	2	2
Short loan rate:—				
Clearing banks	1-1-1*	1-1-1*	1-1-1*	1-1-1*
Others	1-1-1	1-1-1	1-1-1	1-1-1
Discount rates:—				
Treasury bills	1-1-1	1-1-1	1-1-1	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.

The banks have bought a few mixed parcels of December and January Treasury bills at $\frac{1}{2}$ per cent. January bills by themselves are $\frac{1}{16}$ per cent., with very little demand.

* * *

The Bank Return.—During the past fortnight the note circulation has dropped by £10 millions. Part of this movement is seasonal, but part represents Continental disboarding. The funds so realised, however, have probably only been repatriated to a small extent, for sterling has recently needed little support.

	BANK OF ENGLAND				
	Oct. 23, 1935	Sept. 30, 1936	Oct. 7, 1936	Oct. 14, 1936	Oct. 21, 1936
	£ mill.	£ mill.	£ mill.	£ mill.	£ mill.
Issue Department:—					
Gold	194.3	248.6	248.7	248.7	248.7
Note circulation	397.0	449.4	450.8	446.4	440.1
Banking Department:—					
Reserve	58.2	60.3	58.9	63.4	69.6
Public deposits.....	35.3	49.7	24.8	31.6	37.6
Bankers' deposits	78.7	60.7	84.2	82.2	81.4
Other deposits.....	37.1	40.9	40.9	41.2	41.1
Government securities ...	86.8	80.3	79.8	80.4	79.9
Discounts and advances..	11.4	8.6	9.3	9.6	6.7
Other securities	12.5	20.4	19.6	19.4	21.6
Proportion	38.4%	39.8%	39.3%	40.8%	43.4%

Government securities are practically unchanged, so that the bills bought in the open market must have gone elsewhere. Conceivably the Exchange Equalisation Account is taking up bills in this way. Bankers' deposits are unchanged, as the return of notes from circulation is neutralised by the increase in public deposits.

* * *

The Foreign Exchanges.—The franc has once more begun to develop weakness, and three months' francs are at Frs. 13 $\frac{1}{2}$ discount, equal to about 7 per cent. per annum, which is a wide margin for a devalued currency. The spot rate has been very erratic, for after rising from Frs. 105 $\frac{3}{4}$ on Monday to Frs. 106 $\frac{3}{4}$ on Thursday afternoon, it was brought back in half an hour to Frs. 105 $\frac{1}{4}$ bid. Presumably the French Control intervened to the sorrow of some speculators. Sterling has remained very steady against the dollar at about \$4.89, and no support has been needed. Guilders have been firmer at Fl. 9.07, after Fl. 9.16 early in the week. The reduction in the Dutch Bank rate from 3 to 2 $\frac{1}{2}$ per cent. created a good impression, and there has been some repatriation of funds and also a demand for guilders to cover purchases of Royal Dutch shares. The long-run view for the guilder, however, remains more dubious, and three months' guilders are still 9 $\frac{1}{2}$ cents, or over 4 per cent. per annum discount. Swiss francs are steady, and for the moment the Swiss National Bank has ceased buying gold.

THE STOCK EXCHANGE

COSTLY COMPANY FINANCE

A FORTNIGHT ago we published an analysis of some twenty recent company prospectuses, which had a direct or indirect connection with "re-armament." From our examination we concluded that the majority of the offers had been *bona fide* propositions, but that many were of essentially speculative character. Their capitalisation, we suggested, was frequently liberal and generous to inside interests. We pointed out, finally, that certain of these companies would be vulnerable to a change of trend in constructional and armament activity.

The boom in small company issues, in fact, has so far been exuberant rather than vicious. The half, however has not yet been told. There is little doubt that the coming winter will see greater new issue activity than at any time since 1929. The market is in a state of incipient boom, and it will be catered for by types of issuing houses ranging from capably administered and adequately financed institutions to concerns with resounding titles and nominal capitals of no more than a few pounds. There may be occasion for the investor to be on guard against the men of straw who (in the words of the Bubble Act) may "presume to open books for public subscriptions and to draw in unwary persons to subscribe."

It may, therefore, be relevant, at this particular moment, to discuss the cost of company financing in the London market. Of the cash proceeds of any particular issue, what proportion remains with the company concerned, and what finds its way into the pockets of intermediaries—for the re-sale of assets, for services rendered, and for other payments? And is the prospectus or offer for sale the ideal medium for the smaller companies? There is no lack of evidence that it is an expensive medium. In contrast with the economical terms on which a trustee issue or a large public industrial issue can be arranged, a small company offer may involve preliminary expenses amounting to well over 10 per cent. of the issued capital. There is still force in the criticisms, voiced in the Report of the Macmillan Committee, that industrial company finance is expensive, and not always competently carried out either in the interests of industry or of the investor.

Let us, for purposes of illustration, consider the facts revealed in one of the prospectuses included in our recent analysis. Company A had an issued capital of £132,000 in £60,000 6 per cent. preference and £72,000 ordinary shares. Of the latter, some £47,900 had been issued in purchase considerations. The nominal value of cash subscriptions was therefore £84,100. The cash received amounted to £94,500, including a 43½ per cent. premium on the ordinary shares. The prospectus showed an estimate of £10,070 for preliminary expenses and £3,780 for underwriting commissions, together totalling £13,850. Of the cash subscribed, therefore, as much as 14½ per cent. was absorbed in constituting the company and floating the issue. Let us carry the analysis a little further. Of the total expenses of £13,850, underwriting commissions absorbed about one-quarter. Of the balance of £10,070 payable to the issuing broker, £2,500 was specifically attributed to his services. Press advertising probably cost over £2,500, and may have approached £2,750. Capital duty cost £750; brokers' commission on allotments amounted to £1,000; prospectus printing and circularising may have absorbed £1,000 or more; and the balance, say £2,000, was probably absorbed by the fees payable to bankers, solicitors, valuers and auditors.

If this public issue had taken the form of an introduction, these expenses might, ostensibly, have been halved. Whether the eventual saving to the public investor would have been equally substantial is, however, more doubtful. Recent experience of small offers for sale suggests that they are, in practice, only a little more expensive to subscribers than an introduction in which the investor, in

effect, pays an appreciable "turn" to the first "placees." There are, however, two means by which expenses might be reduced. In the first place, a company with a relatively satisfactory earnings record ought to be in a position to secure the best possible terms by the force of competition between different issuing houses. Secondly, a company of moderate size should confine its capitalisation to one class of ordinary shares.

The cost of new issues, however, in the broadest sense includes many elements besides direct expenses. In our earlier analysis of twenty company issues we showed that, of the total cash subscribed, only 31 per cent., i.e. less than one-third, was actually available for net new capital for the companies concerned. Some 55 per cent. was absorbed by purchase considerations and 14 per cent. by intermediaries and issue expenses. A few examples, culled from individual prospectuses, will show how subscriptions were utilised. Company B had a capital of £125,000 in 5s. shares, offered to the public at 20s. The company owned net assets of £132,929, which had been acquired from Vendor X for £123,750, satisfied by allotment of 495,000 shares. These (together with 5,000 shares separately subscribed for £5,000 in cash), were then sold to the Vendor Y (who made the offer for sale) for £430,000. Expenses of Vendor Y on the offer for sale were computed at £40,000, leaving him with a "turn" of 1s. 2½d. per 5s. share. The result was that the public paid £500,000 for the shares of a company whose total net assets had been valued at £137,929. In other words, the public paid £362,071—equivalent to 262 per cent. of the assets acquired—for goodwill. No "goodwill" figure, however, will appear in the balance sheet, for the surplus over par value was received, not by the company, but by intermediate vendors.

We may supplement this instance of what may be termed "the diverted premium" by an illustration of the method of "best-year capitalisation." Company C, whose shares were offered for sale, showed final net assets of £100,000, after deducting a bank overdraft of £24,729 of one constituent undertaking and adding £30,161 from new share subscriptions. The acquisition of the various constituent undertakings is summarised in the following table:—

Constituent A	50,000 6% 10s. pref. shares	25,000
	18,108 2s. ord. shares	1,811
	Discharged liability	24,729
Total consideration		51,540
Goodwill		20,000
Constituent B	9,680 6% 10s. pref. shares	4,840
	323,008 2s. ord. shares	32,301
Properties acquired from directors		37,141
258,870 2s. ord. shares		25,887

Total assets of £94,568 were therefore acquired for £114,568, the latter sum including the repaying of liabilities. The total considerations consisted of 59,680 10s. preference shares (£59,680), 599,986 2s. ordinary shares (£59,999), and a cash transfer of £24,729. The ordinary capital was thereupon acquired by the vendor to the offer for sale for £76,916 (plus 28s. for the remaining 14 shares). The 59,680 preference shares were acquired at par, and a further 60,320 shares were separately subscribed or purchased at par. At this stage, therefore, total assets of £100,000 were represented by shares sold to the vendor for £136,917. The issuing house, within a few days, offered the 120,000 preference shares at par (£60,000) and 600,000 2s. ordinary shares at 4s. (£120,000). These shares had cost (including £18,000 expenses) some £154,917. Of this sum, £30,161 was available to supplement the company's cash resources, from which liabilities of £24,729 fell to be discharged. We

may conveniently summarise the various stages in the transactions as follows:—

Original value of assets	£94,568	Cost of shares acquired by vendor	£136,917
Net new capital subscribed	5,432	Vendor's expenses	18,000
Total net assets	100,000	Difference between gross cost to vendor and issue price	25,083
Payment for goodwill to original vendors	20,000		
Added "goodwill component" in issue price	60,000	Issue valuation	180,000
	180,000		

The placing of an "issue valuation" of £180,000 on assets (ex goodwill) of £100,000 was based on the effective market capitalisation of a single year's peak earnings. Its weaknesses would be immediately revealed if, for any reason, profits took a sudden downward turn.

Though these examples have all been taken from issues made by way of "offers for sale" (which, indeed, provide the greatest scope for expansionary finance), the direct prospectus also affords opportunities for generous capitalisation, though its presence may be more readily revealed by a substantial goodwill account in future balance sheets. It is true that, in the last resort, the real security for all shares is earning power. But criticism will rightly attach to a system under which a disturbingly large part of the money paid by the investor for the expectation of future earnings goes not into the coffers of the profit-earning companies, but into intermediate pockets. The midwife's fee appears uneconomically high. Never since the world began has the course of company profits been uniformly upward; and liability to fluctuation will apply particularly to smallish companies whose recent prosperity has been due to special features of the re-armament or constructional boom. And the fact that many issues in this class have taken the form of high-denominational preference cum low-denominational ordinary shares will undoubtedly involve difficulties of marketing when Stock Exchange business is less active.

We have before us a document in which His Majesty's Commissioners for Trade and Plantations complain that the end and design of companies has been wholly perverted to the private profit of the first projectors who sell again with advantage to ignorant men, "drawn in by the reputation . . . concerning the thriving state of their stock." This complaint was, in fact, voiced in the year 1696. Two hundred and forty years later, the investor may at least be well advised to examine new issues with the greatest circumspection, carefully to read the "small type" sections of all prospectuses, and to give his own pocket the benefit of every doubt.

INVESTMENT NOTES

Strength in Wall Street.—The course of prices on Wall Street since the franc was devalued has conformed more to the expectations of London than to the fears of New York. European centres have so far been buyers and not sellers of American securities, partly because conditions in Europe are still uncertain and partly because the intrinsic merits of American investment are being emphasised by a steady series of business reports suggesting that fundamental economic recovery is well under way in the United States. Recent technical changes are calculated to enhance the Stock Exchange's response. Increased margin requirements tend to hold more stock out of the floating supply, and a similar effect may result from the grading of the capital profits tax, which falls the longer securities are held. Similarly, the surplus profits tax, according to the evidence of recent declarations, is tending to push up dividends. Nevertheless, there does not appear to be any reason as yet to describe Wall Street's strength as excessive or dangerous. The American economy has still considerable leeway to make up, and there is scope for greatly increased activity in building and utilities—to mention only two fields. There is, as the chairman of the United States Steel Corporation has stated, considerable expansion ahead for the capital goods industries, in order to cope with the rising consumers' demand. The leading groups in the recent rise in prices were the steel and automobile sections, and when activity slowed up this week, interest shifted to oil, liquid and utility shares, which have been rather sluggish. Interest

in utility shares is encouraged by the prospects of a truce between the private power interests and the T.V.A., which is now ready to expand its market in order to use power available from the Norris dam. The truce proposed is a common power pool, roughly on the lines of the excellent Connecticut Valley pooling system. If the discussions do not prove to be merely a pre-election tactic (which would hardly seem necessary from the trend of opinion at the moment), then the utility field should once again come into its own. There remains, therefore, as the only possible disturbing factor, the Presidential election itself. So far the campaign has had no effect upon the stock markets, and it is difficult to believe that there will be any great effect when the outcome is decided. President Roosevelt's re-election could hardly be made the occasion for more than a brief reaction in prices, while, conversely, Landon's return would probably provoke only a short display of fireworks.

* * *

Railway "Maintenance."—A great teacher was lost when Mr W. V. Wood became Controller of Costs and Statistics and subsequently Vice-President of the London, Midland and Scottish Railway. Early this month, before the Bristol and District Section of the Institute of Transport, Mr Wood gave a characteristically lucid explanation of the "mystery" (in the ancient and modern senses) of railway accounting. Perhaps the most interesting section of the address dealt with the subject of repairs and renewals, which has puzzled many investors. Since 1928, the term "maintenance," in railway accounts, has covered all depreciation, repairs and renewals, i.e. everything from the repainting of a fire bucket at Oxenholme Junction to the replacement of Euston Station. Broadly, capital expenditure on any given asset is regarded, so to speak, as a segment of perfection at the time it is incurred; and "maintenance" is designed to ensure that the wherewithal for replacing it shall be available when replacement becomes necessary. Day-to-day expenditure on preserving the assets in condition, and in making small replacements, is normally charged as and when it is spent; but expenditure on complete renewals of major assets, such as rolling stock and permanent way, is charged annually on a "provision" basis, during the estimated life of the assets concerned. Thus there is no necessary correspondence between the amounts provided and those actually spent in any one year. The result, obviously, is a tendency to equalise the necessary charge over good and bad years. This, from the investor's viewpoint, involves a paradox (which Mr Wood did not mention), since the effect of *stability* in any charge on a fluctuating revenue is to accentuate differences in the net amount available for dividend. But it has the supreme merit of keeping the physical condition of the railways "up to the mark." So long as the "lives" of the assets are not lengthened for any extraneous reason, it emerges that, in bad times and good, railway users will be spared the rickety vehicles and leaking locomotives with which, on certain systems abroad, they are only too familiar. It presupposes, necessarily, a reasonable standard of prosperity—for the claims of maintenance hereafter will always suffer in a conflict with those of debenture holders for current interest. Its continuance on three of the four British main-line railways, however, goes far to guarantee that their physical efficiency shall remain second to none in the world.

* * *

An Issuer's Issue.—This week's offer of Preference and ordinary shares by Philip Hill and Partners, Limited, is that *rara avis*, an issue on behalf of an issuer. The company is one of the most enterprising and successful examples of the modern industrial finance house. Although

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.

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its incorporation was as recent as 1932, it has been associated with some of the most notable company issues of the last four years, and its profits have risen from £95,648 in 1933-34 to £291,920 in 1935-36. For such a company, present conditions are certainly promising, but, as an investment, the shares are subject, from their very nature, to special considerations. Over a long period new issue business has wide cyclical swings, beyond control by any individual house. Personal factors, again, count for more in this type of business than in almost any other. The fact that Mr Philip E. Hill, founder of the business, has agreed under contract to act as managing director for seven years is highly relevant, for subscribers are, in effect, buying Mr Hill. It is, of course, true to say that last week's eager purchasers of Morris Motors 5s. ordinary stock units at around 42s. were mainly buying Lord Nuffield, whose genius has raised the Morris business to its present eminence. But even a highly competitive industry like motor manufacturing is subject to less risk of changes in "demand" than the production of company prospectuses. And it is easier for industrialists, who are mortal, to leave an organisation which their successors can successfully operate than for a Napoleon in finance to transmit personal ability to his field marshals. The prospectus sets out a "cover" valuation of net assets (excluding the proceeds of the present issue) of £2,303,186. But more than the whole of this figure is represented by "investments in marketable securities," whose market value is certified by the company's brokers to exceed £2,479,000. Certification by the brokers, rather than the auditors (who give merely a "cost less reserve" figure of £1,478,905), doubtless reflects the fact that many of these investments are, presumably, shares in companies whose issues have been made under the auspices of Philip Hill and Partners. To some extent, therefore, their market value is a function of the company's own policy. Here, surely is a paradox. Would the "security" for the investor have been greater if the company had been less successful in disposing of its wares?

Actuaries' Investment Index.—The average level of 178 industrial ordinary shares, included in the Actuaries' Investment Index, was substantially unchanged on Tuesday of this week, at 90.3, compared with 90.2 for last week and 87.8 a month ago (December 31, 1928 = 100). The yield was lower at 3.55 per cent. this week, against 3.58 per cent. a week ago and 3.62 per cent. a month ago. Movements in different sections are tabulated below:—

Group (and No. of Securities)	Prices (Dec. 31, 1928 = 100)			Yield (%)		
	Month Ago (Sept. 22)	Week Ago (Oct. 13)	This Week (Oct. 20)	Month Ago (Sept. 22)	Week Ago (Oct. 13)	This Week (Oct. 20)
Higher This Week:						
Coal (7)	101.8	112.7	114.6	3.38	3.21	3.16
Cotton (6)	42.0	47.0	48.0	2.10	2.01	2.00
Iron and Steel (12)	80.9	83.0	84.1	3.75	3.67	3.63
Oil (5)	90.7	93.0	94.9	2.96	2.99	2.90
Lower This Week:						
Home Rails (4)	80.0	83.9	83.2	1.33	1.28	1.31
Breweries & Distilleries (21)	153.6	156.6	155.1	3.82	3.76	3.80
Miscellaneous (56)	79.4	81.7	81.5	3.87	3.81	3.74

The slight change in the complete index is the resultant of substantial increases in some small sections and minor decreases in the largest groups. The average is pulled down mainly by the drop in breweries, and in the large miscellaneous group, which also shows a decline in the yield.

COMPANY NOTES

B.A. Great Southern.—The proprietors of this line, warned in advance of adversity to come by the reduction of the 5 per cent. first preference dividend to 1 per cent., will express relief that the accounts at least contain no further unpleasant surprises. The bulk of last year's heavy fall in operating receipts from £10,957,684 to £10,006,699 is due to the failure of the cereals harvest. Freight receipts

as a whole have fallen by over £850,000 and of this wheat accounted for over £500,000. It has been impossible to reduce operating expenses—from £7,571,296 to £7,326,277—in this proportion, for the company is not free to dismiss surplus labour, and a reduction of over £700,000 in operating profit to £2,683,422 has accordingly resulted. Despite the improvement in the exchange situation (which reduced the cost from £1,552,722 to £1,173,982), the balance available for preference dividends covers the 1 per cent. distribution on the first preference stock with the narrowest of margins, as the following table shows:—

	Years to June 30		
	1934	1935	1936
Operating receipts	10,516,260	10,957,684	10,006,699
Operating expenses	7,347,472	7,571,296	7,326,277
Operating profit	3,168,788	3,386,388	2,680,422
Dividends, interest, and discounts received	Cr. 206,216	Cr. 204,758	Cr. 210,095
Exchange loss on remittances	896,589	1,736,071	1,364,657
Depreciation of currency floating assets	551,145	Cr. 183,343	Cr. 190,675
Payments under working agreements	541,139	541,977	548,699
Debt interest and other fixed charges	1,085,079	1,085,079	1,085,079
Earned for dividends	301,052	411,367	82,757
Preference dividends	1880,000	1640,000	180,000
Carried forward	187,179	128,547	31,304

† After crediting £70,000 transferred from Bahia Blanca and North Western Railway contingencies fund. ‡ 5 per cent. preference in full 1934 and 1935; 1 per cent. for 1936. 6 per cent. preference in full 1934; 3 per cent. for 1935; nil, 1936.

There is little, however, of positive encouragement in the report. Expenditure has been trimmed almost to the limit. On renewals £86,705 was spent, compared with £242,987 in the previous year, and no contribution was made to the Fund, which last year received £120,000. A further provision of £60,000 to Claims and Casualties Fund has been suspended. Wage costs were also higher, and it was necessary to increase locomotive maintenance charges. Meanwhile, competition from the roads has increased in intensity, and its peak is not within sight. Against this factor, the increase in livestock freights (itself at the mercy of British agricultural policy) and in fruit are purely incidental. Three factors, however, remain predominant in the B.A. Great Southern situation. The cereals freights must recover; they are still affected by last season's reduced carry-over, although the outlook is more encouraging. Secondly, the transport co-ordination measure which would protect the railways from the more excessive road competition, is in danger of becoming a deferred hope. Finally, investors are bound to calculate the effects of British agricultural protection on the Argentine economy and the company's freights. The outlook is far from propitious. B.A. Great Southern 5 per cent. first preference stock at 61 yield no more than £1 12s. 6d. per cent. on the 1 per cent. payment, and the 6 per cent. preference stock stands at 51.

B.A. and Pacific.—In the language of negative consolation appropriate to current Argentine Railway reports, we may declare that while the B.A.G.S. accounts are no worse than might have been expected, the B.A. and Pacific report is as good as could be hoped. An increase in operating receipts from £6,239,964 to £6,529,274 is entirely attributable to goods traffics, and in particular to maize transport. Passengers and other cereals, of course, have yielded less, but there has been further encouraging increase in wine traffics. The company, however, has very properly increased its working expenditure by £508,450, from £4,670,779 to £5,179,229. Of this increase, £326,000 is in respect of increased expenditure on current and deferred renewals, while £168,700 arises from higher salaries. In effect, therefore, some 334,100 tons of additional traffic have been handled at an extra cost of £13,750. Exchange differences on remittances are in fact higher this year (owing to the debt interest arrears payments), but the increase is more than offset by a transfer from the reserve covering exchange differences on floating assets. After deducting all prior charge interest, the net loss amounts to £889,114.

compared with £830,667 for 1934-35. The results of the past three years are analysed below:—

	Years to June 30th		
	1934	1935	1936
Operating receipts	5,843,973	6,239,964	6,529,274
Operating expenses	4,641,886	4,670,779	5,179,229
Operating profits	1,202,087	1,569,185	1,350,045
Interest and other receipts	Cr. 87,098	Cr. 149,012	Cr. 169,205
Exchange loss on remittances	850,217†	915,881	985,586
Depreciation of currency floating assets		Cr. 112,820	Cr. 275,527
Debt interest*	879,115	914,155	938,819
Rent charges*	710,233	738,649	759,485
Income tax	104,000	93,000	Nil

Net revenue Dr. 1,254,379 Dr. 830,667 Dr. 889,114
Carried forward Dr. 2,464,884 Dr. 3,295,551 Dr. 4,184,665

† £664,719 in respect of remittances and £502,545 for depreciation of currency floating assets, less £317,047 in respect of previous years charged to general reserve. * Including interest on arrears except first debenture stocks met on due dates for each year. All arrears, plus interest paid on second debenture stocks of B.A. and Pacific and Argentine Great Western Railway during latest year.

Arrears on the second debenture stocks have been paid during the year, and six months' interest on the 4½ per cent. consolidated debenture stock to June, 1932, will be paid on December 1. The current year has opened with better crop prospects, but there is a much smaller carry-over, both in fine cereals and maize. Real improvement in traffics—if Nature continues kind—can hardly be expected until the second half of the year. The company may then be in a position to consider the possibility of further arrears payments, of which £3,000,000 was outstanding in June. It is clear, however, that such recovery as is in prospect can hardly make much impression on the balance of over £1,450,000 due to 4½ per cent. consolidated debenture stockholders. The demands of a more generous renewal programme, and of labour, are likely to become more clamant in the future, and the company has no further opportunity for retrenchment. The consolidated debenture stock has already enjoyed a rise of 20 points since June, to the present level of 63.

Rhokana Accounts.—Copper shareholders have again enjoyed a week of good news. The price of the metal has made further strong progress, standard copper closing at £42 on Thursday, against £41 7s. 6d. a week earlier. But the market has been most pleased by the Rhokana accounts, which are excellent both in achievement and promise. Total profits have jumped from £576,019 to £831,221, and net earnings are £245,470 higher at £600,294. The 17½ per cent. dividend absorbs £427,401 (entitling the directors to additional remuneration of £21,370), and the sum of £150,000 is again transferred to general reserve. The report itself contains numerous pointers to the coming year's prospects. Production last year was almost equally divided between blister and electrolytic copper. The electro refinery, in fact, was responsible for 25,342 tons, compared with a capacity of some 33,000 tons. During the present year, therefore, the increased quota will comfortably permit full operations at the refinery, and enable a further reduction in electro costs—already no higher than £25.346 per long ton—compared with £22.345 per ton for blister copper. The existing cost margin, already lower than the prevailing difference of over £4 per ton between blister and electro copper, will thus be further reduced. The report also emphasises the importance of cobalt to the Corporation's profits. Some 924,842 lbs. were sold, compared with 711,132 lbs. for the previous year. The market position in this commodity is firmly governed by agreement between the principal producers. As the holder of a 32 per cent. interest in Mufulira Copper Mines, the Corporation possesses an asset which is substantially undervalued in the balance sheet, on the basis of the prevailing price for Rhodesian Selection Trust shares. Mufulira may be able to pay its maiden dividend during the current year. Successive increases in quota releases, coupled with the unshaken strength of the metal market, have opened up prospects of high earnings for the current year. The £1 shares stand at £11½d.—double the price prevailing a year ago—and

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yield no more than £1 10s. per cent. on the 17½ per cent. dividend. They are an extremely narrow market, for a substantial proportion is held by Rhodesian Anglo-American Corporation, Rio Tinto and other interests. In conjunction with the new issue (which is to provide funds for the development of the N'Changa property), there might be advantage to the general investor in share-splitting to promote better marketability.

Gaumont-British Profits and Control.—Shareholders in Gaumont-British and in Associated British Picture Corporations have this week had more than their fair share of news, partly unencouraging and partly mystifying in tenor. The long-awaited Gaumont-British profits figures are, to say the least, unspectacular. No ordinary dividend was expected, and none is forthcoming. Net profits are only £4,969 lower at £715,514, but a sum of £200,000 has been placed to a Special Reserve. In view of the strained liquid position shown by the parent company's accounts last year, this policy seems well advised. The "special" nature of the provision, however, invites explanation, and lends emphasis to the demand for consolidated accounts, which have been promised but never published. The Associated British Picture Corporation has stated this week that its profits for the first six months of the current year are £150,000 higher than for the corresponding previous period, and the directors anticipate that this improvement will be maintained. On the deal between the two companies, statements have been forthcoming from both sides. The Gaumont-British announcement declares that reports to the effect that control of the Corporation has passed to Associated British are incorrect; that no change has occurred in the voting position of the Metropolis and Bradford Trust; and that the second part of the deal—the acquisition of 5,100 "A" shares of the Trust—has not been completed. The Associated British statement records that the Corporation has entered into an agreement with Messrs Isidore, Mark and Maurice Ostrer "the object of which is to obtain, on terms which the directors consider satisfactory, a controlling interest in the share capital of Metropolis and Bradford Trust." The second stage may take time to complete, and the remainder of the unissued shares are being reserved for this "and possibly further acquisitions in the same connection." Technically, control has not passed, for the controlling interest is, so far, only under option. Is this the sense of the Gaumont British statement? Or does the option include any condition precedent (such as the acquisition of the Twentieth Century-Fox non-controlling interest) before it can be implemented? Shareholders in both groups are obviously entitled to an early and unambiguous statement on this point. Gaumont-British 10s. shares have fluctuated considerably during the past fortnight and closed on Thursday at 11s. 1½d. Shareholders will have to wait until the accounts are published—and possibly longer—before their precise basis of valuation can be ascertained.

United Dairies Check.—During recent years, investors have looked to United Dairies for steady expansion of earnings and complete assurance of regular 12½ per cent. dividends. The latest accounts, however, show that total profits have fallen from £652,904 to £627,973, the latter figure including £7,435 from profits on the realisation of temporary investments. The accounts for 1934-35, however, included fifteen months' profits from the engineering and utensil subsidiaries, and the effect upon comparability has not been disclosed. In consequence, the ordinary earnings have fallen slightly from 19.2 per cent. to 17.9

per cent., which covers the 12½ per cent. dividend and a transfer of £400,000 to reserve by a small margin:—

	Years to June 30,		
	1934	1935	1936
Dividends and interest received	510,781	540,224	504,074
Rents.....	102,652	107,262	112,268
Other income.....	13,681†	5,418	11,630‡
Total income.....	627,114	652,904	627,973
Interest.....	12,577	6,803	6,408
Directors' fees.....	14,050	15,383	16,717
Preference dividend.....	195,000	195,000	195,000
Ordinary shares—			
Earned.....	405,487	435,918	409,848
Paid.....	280,000	308,000	308,000
Earned %.....	19.7	19.2	17.9
Paid %.....	12½	12½	12½

Reserve.....	170,000‡	100,000	100,000
Carried forward.....	65,195	90,033§	91,881

† Includes £7,761 from profit on sale of temporary investments in 1934 and £7,435 in 1936. ‡ And capital bonus of 10 per cent. requiring capitalisation of £224,000 from reserve. § After writing off £3,079 issue expenses.

In other respects, the accounts suggest solidarity rather than enlightenment. The extent of the organisation's rapid growth in recent years could be more conveniently assessed if consolidated assets and earnings figures were supplied. Nor will shareholders glean much information from the report regarding the dairy business, which is emerging from a prolonged controversy over milk prices. United Dairies ordinary stock units are ranked among the stable "consumption trades" equities, and earn a rightful place in the long-term investors' portfolio. It is, however, somewhat early to decide upon the company's ultimate destiny in an industry which is increasingly subject to administrative control. The £1 ordinary stock units stand at 61s. 7½d., to yield slightly over 4 per cent.

Singer Reorganisation.—In an announcement made on Tuesday, Mr Charles Latham, chairman of Singer and Company, Limited, stated that arrangements had been concluded for providing further finance and for management reorganisation. The financial arrangements contemplate a reorganisation and reduction of capital "including an assessment upon the holders of the ordinary stock," and the scheme, which is being drafted into legal form, has been unanimously approved by the Shareholders' Committee appointed last May. Until precise details are available, it will be impossible to assess the prospects of the concern under the new arrangement, and the relative position of the preference and ordinary shareholders. Meanwhile, the holders of the 5s. ordinary stock units, which at present stand at 5s. 10½d., would appreciate early enlightenment regarding the precise significance of the terms of the "assessment." Does the scheme contemplate the liquidation of the existing company and the issue of partly-paid shares to the existing holders, on which further calls can be made? This question may appear to anticipate the publication of the full details, but it has real relevance to present market price of the stock units, for nearly one-third of the ordinary capital was shown to be lost in the last balance sheet. The market is evidently discounting—whether justifiably or not remains to be seen—a substantial improvement in the earnings position.

Trinidad Leaseholds Prospects.—The market was expecting a confident statement from Mr A. W. Rogers at Monday's meeting, and the subsequent movement in the shares showed that it was not disappointed. The company is still expanding its areas, and is recording a substantial increase in oil reserves. In relation to the record outputs established last year, this news was assured of a gratifying reception. In the past, a substantial proportion of the company's development programme has been financed from working revenue. This policy is to be continued, but the present programme of expansion has called for the provision of further capital, taking the form of an offer of

200,000 shares to shareholders at £3 15s. per share. This policy, in fact, seems destined to enlarge the scope of the company's operations to a major degree. Considerable expenditure will be involved in the exploitation of proven areas, in the systematic exploration of the new areas which the company is to acquire, and in substantial plant extensions. The chairman showed that the working results of the first quarter of the current year had been good, although the refinery extensions will have no effect upon the current year's profits. And he went so far as to anticipate a return, even on the increased capital basis, no less satisfactory than for the past year. Provided that the price structure in the oil industry is maintained, investors may reasonably look to Trinidad Leaseholds for prospects of considerable expansion over the next year or two.

Other Company Results.—Our weekly table of company profits on page 189 shows the results of 35 additional concerns, the majority of which are smaller industrial undertakings and rubber companies. The former group includes companies like *Ferranti*, *Fison Packard and Prentice* and *Genatosan*, all of which have shown marked stability in earnings and dividends. *Tecalemit* have achieved a satisfactory increase in trading profits. The dividend rate, however, has been reduced on the increased capital, although earnings would comfortably have covered its maintenance. *Robinson and Cleaver*, the linen specialists, show a considerable improvement in profits, from £10,321 to £24,318, and the dividend has been raised from 6 to 7 per cent. In the heavy industry group, the principal report comes from *Sneyd Collieries*, whose profits have been somewhat reduced to £71,980, an amount, however, which covers the increased 15 per cent. dividend and a transfer of £20,000 to reserve. *Roneo Limited* have staged a considerable recovery. Net profits have increased from £27,754 to £59,683, and a balance of £15,355 is carried forward, compared with a debit balance of £30,061 brought in. The accounts of *Prices Trust* reflect the prosperity of the associated operating concern, *Prices Tailors*. Among the rubber companies, *Eastern Sumatra, K.M.S., Strathisla (Perak)* and *Tebrau* have earned higher profits and pay increased dividends; and the remaining concerns mainly show irregular falls in profits. The week's announcements include a 100 per cent. scrip bonus by *W. T. Henley's Telegraph Works*. All arrears of dividend are to be paid off on the *Consolidated Diamond* preference shares, equivalent to 4s. 1½d. per share.

Company Meetings of the Week.—On later pages of this issue will be found the reports of the following company meetings:—Perak River Hydro-Electric Power, Gold Exploration and Finance Company of Australia, Chosen Corporation, Thistle-Etna Gold Mines, Cables Investment Trust, Trinidad Leaseholds, Seager Evans, Rubana Rubber Estates, Hosco Rubber Estates, British Rubber Estates of Java, and Batu Rata (Sumatra) Rubber Plantations. Mr George Balfour, addressing the shareholders of Perak River Hydro-Electric Company, declared that they could anticipate a moderate increase in revenue during the year, provided that tin output was maintained. Mr A. W. Rogers' remarks at the Trinidad Leaseholds meeting are discussed on this page. Shareholders of Seager Evans and Company were informed that the directors' anticipations from the recent programme had been largely, though not yet completely, realised, and that sales were increasing satisfactorily. At the Gold Exploration and Finance meeting, Mr L. S. Amery declared that the company's West Australian and Victoria properties should show a substantial increase in production next year. At the Chosen Corporation meeting the chairman stated that a substantial dividend was expected from the Nurupi undertaking, and that the usual interim dividend could be expected in December from the Corporation. The statements of rubber company chairmen were couched in cheerful vein. Mr M. S. Parry informed shareholders of Batu

Rata that prospects seemed very favourable, and looked forward to an increased assessment and quota. Mr James Davenport, at the British Rubber Estates of Java meeting, anticipated better results from rubber during the current year. Mr F. E. Maguire, addressing shareholders of Rubana Rubber, declared that the restriction scheme was working effectively, and expected good profits for some time to come. Similar views were expressed by Mr Eric Macfadyen at the Hosco Rubber meeting. Mr J. C. Denison-Pender anticipated the realisation of prospectus estimates by Cables Investment Trust. At the Thistle-Etna meeting, the chairman discussed the extended development policy.

THE WEEK IN THE MARKETS

THE STOCK EXCHANGE

SETTLING DAYS

TICKET	ACCOUNT
NOVEMBER 3	NOVEMBER 5

FOLLOWING the firm close to the last account, business opened briskly on Monday of this week, but slackened away later, except in the more speculative sections. International political complications played their part in restraining activity, but the market was also overshadowed by the very big settlement for the last account. There was a particularly noticeable setback in gilt-edged, after the first day's business had seen the fifth successive increase in the "tap" price of Funding 2½. This was ascribed partly to profit-taking, partly to the desire to obtain funds for the settlement. There seemed no reason to justify fears of an alteration in the country's monetary policy. Toward mid-week a decline in prices became fairly general among gilt-edged, but later there was a recovery which carried Funding 2½ to within sight of the tap price. Colonial issues remained firm throughout, Australians holding their favoured position, but Indian stocks suffered along with the Funds. Home corporation issues were also subjected to depressing influences, and the market was overshadowed by new issue activity.

Foreign bonds were very quiet, and Europeans in particular were depressed by the political developments of the last few days. German bonds reacted from recent levels. Such interest as existed seemed to be in the South American bond market, where most speculative issues attracted some support.

Home rails were a quietly firm market, and the only feature was Mersey Ordinary which ended higher in mid-week. The satisfactory traffic returns failed to stimulate any general interest. Foreign rails were steady, although the Argentine market was overshadowed in the early part of the week by publication of the B.A.G.S. Report. Later the market was very firm on the traffic returns and on the crop prospects, and prices tended to rise. Brazilians shared in this movement.

Slackening business and some profit-taking produced irregular conditions in industrial markets this week. The iron and steel section was generally very firm, and several issues were actively supported, *Dorman Long* in particular attracting the limelight. Trade reports were considered very encouraging. Motor shares were very active in the early part of the week, on the excellent business done at the Motor Show, and Standard were especially favoured. Profits were taken in the leading issues in mid-week. Rumours of yet another speed up in re-armament led to support for the aircraft shares, but prices became softer later, although sales were readily absorbed. The electrical equipment group continued in favour, *W. T. Henley's* rising rapidly on news of the 100 per cent. scrip bonus, only to react slightly later in the week.

There were a number of good gains in the brewery group, although prices were generally irregular, and the reports of record sales of cigarettes stimulated support for tobacco shares. Woolworth were supported but the Provision group turned irregular after the opening day of the week. Textile and rayons made a mixed showing. In the miscellaneous industrials section building material shares were easier on the monthly figures, and engineering issues were irregular, although prices revealed more increases than decreases.

Business in the oil shares market has been very active, and prices of most issues have been very firm. Mexican Eagles were the exception to the general trend, on news of the strike, but rumours of a settlement led to a recovery in mid-week. Prices were stimulated by the excellent results of the Shell Union Oil Corporation for the third quarter, by the good American news, and by continental support. The rubber shares market was firm, but as inactive as ever, but tea shares were neither active nor firm.

The Kaffir market has been fairly quiet this week, with support coming mainly from the investing public. Labour troubles on the Randfontein property caused some nervousness, and prices weakened in mid-week. The West African section found favour on a growing scale until mid-week, when activity died away, but prices remained firm. The most active of all markets of the week was in the Rhodesian Copper section, where a regular speculative boom was in full swing, and resumed their progress after a pause for profit-taking. Tin shares have moved irregularly.

Fear of political developments was the cause of a selling movement on the Paris Bourse on the first two days of the week which left rentes and home corporation issues lower, and internationals higher. Prices recovered partly in mid-week. Cheerful conditions have prevailed on the Berlin Bourse, and at the opening of the week at Amsterdam, but at the latter centre only oil shares were active in midweek, with Royal Dutch prominent.

"FINANCIAL NEWS" DAILY BARGAIN INDEX

Approximate number of Bargains recorded in Stock Exchange Lists

	Week to Oct. 16	Oct. 15	Oct. 16	Oct. 19	Oct. 20	Oct. 21	Oct. 22
Govt. and Municipal	6,388	1,255	1,322	1,335	1,263	1,122	1,442
Transport, etc.....	6,863	1,148	1,546	1,458	1,420	1,304	1,243
Comm. and Ind.*.....	33,423	6,385	6,823	6,828	5,921	5,271	6,678
Banks and Ins.....	3,709	865	832	852	828	789	782
Mines.....	8,502	2,149	1,534	2,402	2,180	2,027	1,989
Oils.....	1,822	307	362	346	387	349	416
Rubber and Tea...	2,110	341	436	505	354	352	408
Total.....	62,817	12,250	12,555	13,726	12,333	11,214	12,958
Corres. day 1935...	...	8,291	8,725	9,943	8,573	9,591	10,150

* Including Steels and Breweries.

REVISED "FINANCIAL NEWS" DAILY AVERAGE OF 30 INDUSTRIAL

ORDINARY SHARES. (July 1, 1935 = 100)

Highest†	Lowest‡	Oct. 15	Oct. 16	Oct. 19	Oct. 20	Oct. 21	Oct. 22
123.7	117.4	121.8	122.5	123.1	122.7	122.7	122.8
		† October 7.		‡ January 2.			

"FINANCIAL NEWS" DAILY AVERAGE OF 20 FIXED INTEREST

STOCKS. (1928 = 100)

Highest†	Lowest‡	Oct. 15	Oct. 16	Oct. 19	Oct. 20	Oct. 21	Oct. 22
138.8	136.2	138.6	138.7	138.7	138.4	138.4	138.5
		† February 10.		‡ September 23.			

NEW YORK STOCK EXCHANGE

WALL STREET closed very strongly at the end of last week; current business reports, declarations of earnings and dividends, combined with Mr Myron C. Taylor's statement on the prospect for the steel and other heavy industries to generate a feeling of considerable optimism. Steel, Motor and Railroad issues were in the lead. In place of foreign selling the market has been found increased support from abroad to stimulate it further. This week dealings opened with prices still very strong, but some uncertainty developed and prices became irregular later. As profit-taking had its effect in the leading sections, interest was switched to some of the more backward sections, in particular utilities, where optimism was encouraged by the progress of conversations between the T.V.A. and the private power companies to organise a co-operative power pool for mutual benefit. Buying in this section was directed mainly to preferred shares. In mid-week, the motor section went ahead, with General Motors prominent, and signs of life were evident in the railroad group. Speculative bonds were active, and Treasuries dull on the bond market. Despite Mr Taylor's boost for the steel industry, *Iron Age* estimates a further reduction in activity this week, and does not look for a rapid recovery to the peak level; automobile production is not yet up to expectations, and consequently the industry's demand for steel is lagging. Electricity output is running at 16.5 per cent. higher than the level of the corresponding week of last year.

(Continued on page 178)

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			
Jan. 1 to Oct. 21, inclusive		Jan. 1 to Oct. 21, inclusive		Jan. 1 to Oct. 21, inclusive		Jan. 1 to Oct. 21, inclusive		Jan. 1 to Oct. 21, inclusive		Jan. 1 to Oct. 21, inclusive		Jan. 1 to Oct. 21, inclusive		Jan. 1 to Oct. 21, inclusive		Jan. 1 to Oct. 21, inclusive		Jan. 1 to Oct. 21, inclusive		Jan. 1 to Oct. 21, inclusive			
High	Low	High	Low	High	Low	High	Low	High	Low	High	Low	High	Low	High	Low	High	Low	High	Low	High	Low		
Name of Security																							
British Funds																							
Consols 2 1/2																							
Do. 4% Red. at par on or after Feb. 1957 (m)																							
Conversion 2 1/2 1944-49																							
Do. 3 1/2 1948-53																							
Do. 3 1/2 after 1981 (s)																							
Do. 4 1/2 1940-44																							
Do. 5 1/2 1944-64																							
Funding 2 1/2 1956-61																							
Funding 3 1/2 1956-61																							
Funding 4 1/2 1960-80																							
Victory Bonds 4 1/2																							
War L. 3 1/2 after 1952 (p)																							
Local Loans 3 1/2																							
Austria 3 1/2 1933-53																							
India 2 1/2																							
Do. 3 1/2																							
Do. 4 1/2 1933-53																							
U.K. & Arg. 4 1/2 (1947)																							
Dom. & Colonial Govts.																							
Australia 5 1/2 1945-75																							
Canada 4 1/2 1940-60																							
Gold Coast 4 1/2 1956																							
Nigeria 5 1/2 1950-60																							
N. Zealand 5 1/2 1946																							
Queensland 5 1/2 1940-60																							
S. Africa 5 1/2 1945-75																							
Foreign Governments																							
Argentina 4 1/2 Resc. 1952																							
Austria 7 1/2 1937																							
Do. 4 1/2 1934-59																							
B. Aires (Prov.) 3 1/2																							
Belgian 7 1/2 red. by 1956																							
Bulgaria 7 1/2 Loan																							
Brazil 5 1/2 Fund. 1914																							
Chil. 6 1/2 (1929)																							
China 5 1/2 (1912)																							
Do. 5 1/2 (1913)																							
Czechoslovakia 8 1/2																							
Danish 3 1/2																							
Danzig 6 1/2																							
Egypt United 4 1/2																							
French 4 1/2 (British)																							
German 7 1/2 Dawes Ln.																							
Do. 5 1/2 (Young Ln.)																							
Greek 6 1/2 Stab. Ln.																							
Do. 7 1/2 Refuge																							
Hungary 7 1/2																							
Japanese 5 1/2 1936-65																							
Do. 6 1/2 (1924) red. 1959																							
Norwegian 4 1/2 1911																							
Peru 7 1/2 1922																							
Poland 7 1/2																							
Rumania 4 1/2 Con. 1922																							
Sweden 3 1/2 1908																							
U.K. & Argentine 1933																							
5 1/2 B. Certs. (1951)																							
5 1/2 C. Certs. (3% Max.)																							
Corporation Stocks																							
Berlin 6 1/2 1932-57																							
B'ham 5 1/2 1946-56																							
Bristol 5 1/2 1948-58																							
Danzig 7 1/2 1935-45																							
E. London 5 1/2 1960-70																							
Johannsb. 5 1/2 1937-52																							
L.C.C. (Dpt of) 4 1/2 1952																							
Seine (Dpt of) 4 1/2 1952																							
Public Bonds																							
Central Elec. 5 1/2 1950-70																							
London & Foreign																							
TRANSPORT BOARD																							
4 1/2 "A" 1985-2023																							
5 1/2 "A" 1985-2023																							
4 1/2 "T.F.A." 1942-72																							
5 1/2 "B" 1985-2023																							
C 1956 or after																							
Met. Wat. Bd. 5 1/2																							
Pro. Coll. 5 1/2 1950-70																							
British Railways																							
G. Western Ord. Stk.																							
L. & N.E. Ord. Stk.																							
Do. 5 1/2 Def. Ord.																							
Do. 5 1/2 Pref. 1955																							
Do. 4 1/2 2nd Pref. Stk.																							
Do. 4 1/2 1st Pref. Stk.																							
L.M.S. Ord. Stk.																							
4 1/2 Pref. Stk. 1923																							
4 1/2 Pref. Stk.																							
Southern Def. Stk.																							
Do. 5 1/2 Pref. Ord. Stk.																							
Do. 5 1/2 Pref. Stk.																							
Dom. & Foreign Ry.																							
A. Pacific Ord. Stk.																							
B.A. Ord. Stk.																							
B.A. Western Ord. Stk.																							
C. Argentine Ord. Stk.																							
C. Uruguay Monte V.																							
Can. Pacific Com. (25)																							
Can. Pac. 1927 Guar. 2 1/2																							
Costa Rica Ord. Stk.																							
Entire Rios Ord. Stk.																							
Do. 6 1/2 Cum. Pref. Stk.																							
Leopoldina Ord. Stk.																							
Nitrate Ry. (10)																							
San Paulo Ord. Stk.																							
Tat. Ry. Ord. Stk.																							
Utd. Havana Ord. Stk.																							
Banks																							
Bank of N. Zealand 1																							
Barclay Bk. (1)																							
Barcl. (Dom. A 1)																							
Bk. of Australasia (5)																							
Bk. of Montreal (100)																							
Bk. of N.S. Wales (200)																							
British Overseas A 5																							
Ch. of India (5)																							
Com. Bk. of Aus. 10																							
Do. B (1 fully pd.)																							
Midland 1, fully pd.																							
Eng. Scot. & Aust. 5 (3rd)																							
Hambros 10, 2nd pd.																							
Hong. & S. (125)																							
Lloyds 5, with 1st pd.																							
Midland 1, fully pd.																							
Nat. of Egypt 10																							
Nat. of India 25 (1st pd.)																							
Nat. Prov. 20, 4th pd.																							
Royal Bk. of Scotland																							
St. of S. Af. 20, 5th pd.																							
Westminster 2 1/2, 1st pd.																							
Discount Cos.																							
Alexandria 2 1/2, 1st pd.																							
National 1, fully pd.																							
B. 27, 2nd pd.																							
Union 1 of stock																							
Insurance																							
Alliance 1, fully pd.																							
Atlas 5 1/2, 1st pd.																							
Gen. Accident 5 1/2, 1st pd.																							
Gen. Acc. 5 1/2, 1st pd.																							
Lon. & Lanc. 5 1/2, 1st pd.																							
N. Brit. & Mer. 1, fully pd.																							
Northern 10, 1st pd.																							
Pearl 1, fully pd.																							
Phoenix 1, fully pd.																							
Do. 1, with 1st pd.																							
Royal Exchange 1																							
Royal 1, 10th pd.																							
Sun Insur., 1, fully pd.																							
Sun Life, 1, fully pd.																							
Yorkshire 1, fully pd.																							
Investment Trusts																							
Anglo-American. Deb.																							
Anglo-Celtic Ord.																							
Atlas Electric, etc. 1																							
Brit. Africa 1, fully pd.																							
Debenest Trust 5																							
For. Amer. etc. Ord.																							
Guardian Investment																							
Indus. and Gen. Ord.																							
Invest. Trust Def.																							
Lake View Invest. 10																							
Mercantile Investment																							
Metropolitan Trust																							
Scottish Investment 5																							
Scottish Mortgage, etc.																							
Trustees Corp. Ord.																							
United States Debenture																							
Financial Trusts, &c.																							
Argentine Land, etc. 1																							
Brit. S. Africa 1, fully pd.																							
Charterhouse Inv. 1																							
C. of London R. Pty. 1																							
Daily Mail & General 1																							
Dagley 20 1/2 15																							
Forestal Land 1																							
Java Indus. & B. Co. 1																							
Peruvian Ry. & B. Co. 1																							
Primitiva Holdings 1																							
Staveley Trust 1																							
Sudan Plantations 1																							
Breweries, &c.																							
Barclay Perkins 1																							
Baskins & Co. 1																							
Charrington & Co. 1																							
City of London Def. 5																							
Courage Ord. 1																							
Distillers Co. Ord. 1																							
Guinness (A) Ord. Stk. 1																							
Hiscope & Allsopp 1																							
Meux & Co. Ord. 1																							
Obison's Cape 1																							
Simmons (H. & G.) 1																							
S. African Bws. 1																							
S. African Dist. Ord. 1																							
Walker Walker Ord. 1																							
Watt (P) & R. Cain 1																							
Iron, Coal, & Steel																							
Allied Ironworks 1																							
Amal. Anthracite 1																							
Baldwin 1																							
Barnard Wilcox 1																							
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(Continued from page 175)

	Oct. 14, 1936 (Close)	Oct. 21, 1936 (Close)	Oct. 22, 1936 (Latest)		Oct. 14, 1936 (Close)	Oct. 21, 1936 (Close)	Oct. 22, 1936 (Latest)
1. Rails & Trans- port							
Atchafalaya	82½	81½	81½	4. Manufacturing	82	81	80½
Balt. and Ohio	25½	24½	24	Chrysler	125½	128½	128½
B.M.T.	56½	56½	56½	Electric Auto-lite	45	45½	45
Can. Pacific	13½	13	13	General Motors	71½	74½	73½
Ches. and Ohio	75½	76½	76½	Hudson Motor Car	18	20½	20½
Gt. Nth. Ry. P.	46½	45½	45½	Murray Corp.	20½	21	20½
Illinois Central	28½	27½	27½	Nash Motors	18½	19½	19½
N.Y. Central	48½	47½	47½	Packard Motor Car	12½	12½	12½
Nor. Pac.	30½	31½	31½	Bendix Aviation	51	51	51
Pennsylvania R.R.	43½	44½	44½	Douglas Aircraft	70½	73½	74½
Southern Pac.	46½	45½	45½	United Aircraft	24½	24½	24½
Southern Ry.	24½	24	23½	Air Reduction	74½	73½	74½
Union Pac.	148½	145	144½	Allied Chemical	233½	232	230
Greyhound Corp.	58½	63	64	ex Div.	233½	232	230
2. Utilities and Communications							
Am. Waterworks	25½	26½	26½	Col. Carbon	126	122½	123
C. & S. (Cons. Gas of N.Y.)	8½	4	4	Comm. Solvents	168	168	168
Cons. Gas of N.Y.	44½	46½	46½	Dupont	167½	168	169
Edison	19½	19½	19½	Union Carbide	99½	99½	99½
Elec. Bond & Share	22½	22½	23½	U.S. Ind. Alcohol	30½	38½	38½
Nat. Pwr. and Lt.	11½	12	12½	Allis Chalmers	65½	65½	64½
North American	31½	32½	32½	General Electric	48½	48½	48½
Pac. Gas & Electric	89½	87½	87½	Westinghouse	127½	127½	125½
Pac. Lighting	54½	52½	52½	American Can	126½	127½	127½
Pub. Service N.J.	46½	46½	46½	Addressograph	36	34	34
Stan. Gas & Elec.	7½	7½	7½	Caterpillar	83½	83½	83½
United Corp.	7½	7½	7½	Ingersoll Rand	129	129	129
United Gas Imp.	16½	16½	16½	Intnl. Harvester	89	90½	90½
Am. Tel. & Tel.	179½	180½	180	Johns. Manville	121	125	122
Int. Tel. and Tel.	12½	12½	12½	Am. Radiator	23½	23½	23
Western Union	88	91½	93½	Corn Products	72½	72½	71½
Radio	10½	11	11	J. I. Case and Co.	165	167½	168½
Radio B Pref. New	71½	74½	74½	Glidden	45½	44½	43½
3. Extractive and Metal Industries							
Am. Rolling Mills	32	31½	31½	Gen. Am. Transp.	62	63	63
Beth. Steel	125	124½	124½	Allied Mills	28½	29½	29½
Beth. Steel Pref.	125	124½	124½	Celanese of America	26½	26½	26½
Republic Steel	25½	24½	24½	Ind. Rayon New	37½	38½	38½
U.S. Steel	76½	78½	76½	Colgate Palmolive	168	175	175
U.S. Steel Pref.	141	145	146	Eastman Kodak	176½	175	175
Alaska Juneau	15½	15½	15½	Gillette	15½	15½	15½
ex Div.	15½	15½	15½	Kelvinator	21½	23½	23½
American Metal	43½	46½	46½	Lambert Co.	56	58	56½
American Smelting	89	90½	91½	20th Century Fox	31½	31½	31½
Anacosta	42½	46½	46½	5. Retail Trade and Food			
Alumina	42½	46½	46½	Montgomery Ward	54½	57½	56½
Cerro de Pasco	55	58½	58½	J. C. Penney Co.	94½	94½	94½
Int. Nickel	61½	62	62	Sears Roebuck	94½	93½	93½
Kennecott	52½	56½	56½	United Drug	14½	14½	14½
Patio Mines	13½	13½	13½	Walgreen	36½	36	36
Texas Gulf Sulph.	37½	36	37½	Woolworth	61½	61½	61½
Vanadium Corp.	23½	23½	23½	Borden	28	27½	27½
Atlantic Refining	15	31½	31½	Gen. Foods	40	41½	41½
Phillips Petroleum	44½	45½	45½	Kroger Grocery	22½	22½	22½
Shell Union	23½	26	26½	Nat. Biscuit	32	32½	32½
Shell Union Pref.	122½	124½	125	Nat. Dairy	26½	25½	25½
Socoony Vacuum	16½	16½	16½	Standard Brands	17½	17½	17½
Stand. Oil Calif.	38½	40	39½	Am. Tobacco B.	101½	101	102
Stand. Oil N.J.	54½	67½	68½	Liggett Myers B.	105	103½	103½
Texas Corp.	42½	44½	44½	Lorillard	23½	23½	23½
6. Finance							
				Reynolds Tob. B.	57½	58	58
				National Distillers	29½	28½	28½
				Schenley Distillers	50½	50½	50
				Commercial Credit	70½	70½	69½
				Atlas Corp.	15	15	15
				Com. Invest. Trust	82½	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		Be- ginning of Year 1936	Oct. 7, 1936	Oct. 14, 1936	Oct. 21, 1936
	Lowest	Highest	Lowest	Highest				
	Mar. 20	Dec. 31	Apr. 29	Oct. 21				
847 Industrials	74.5(f)	112.8	112.7	139.2	112.9	135.6	136.8	139.2
82 Rails	27.4	43.0(w)	42.8	60.2(b)	41.5	58.2	60.2	59.9
40 Utilities	52.2	93.6	91.2	110.2	93.6	110.0	109.3	110.2
Total, 419 Stocks	63.1	97.7	97.7	121.9	97.7	118.6	119.6	121.3
Average yield*.....	3.02%	4.06%	3.60%	2.95%	3.22%	3.42%	3.38%	3.32%
	(v)	(f)	(c)	(a)				

* 50 Industrial Common Stocks. (f) March 13th. (b) Oct. 14th. (c) April 29th.
(a) April 8th. (v) November 13th. (w) December 4th.

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

	Highest*	Lowest†	Oct. 14	Oct. 15	Oct. 16	Oct. 17	Oct. 19	Oct. 20	Oct. 21
183-0	128-2	159-6	159-4	161-1	162-1	162-4	162-10	163-0	

* October 21st.

† January 6th.

TOTAL DEALINGS IN NEW YORK

	Oct. 15	Oct. 16	Oct. 17*	Oct. 19	Oct. 20	Oct. 21
Stock Exchange—						
Shares (No. Thous.)	1,790	2,050	1,150	1,890	1,670	1,630
Bonds (Thous. \$)....	13,590	15,110	7,860	13,510	12,490	12,280
Corb—						
Shares (Thous.)	418	468	264	457	403	401

* Two-hour session.

CAPITAL ISSUES

THE winter new issue season is now in full swing. This week's operations have included two trustee issues, an Argentine conversion (which was discussed in last week's *Economist*, on page 122), an "issue" for an issuing house—Philip Hill and Partners—on which we comment on page 171, and three other prospectuses. *Aberdeen*, whose accuracy in pitching its terms for new loans is unrivalled, has appealed for £1,500,000 3 per cent. stock (rather less than half representing new money) at 99½. The terms of redemption have a wider "straddle" than recent trustee issues, for the city has taken optional redemption powers between 1953 and 1963, compared with the recent five-year period, 1958-63, which is, indeed, adopted by *Dumfries County Council*. The "advice" which is being tendered to the corporation issue market is evidently still designed to procure the successful subscription of these loans, and to avoid any danger of "indigestion" by offering the incentive of a small initial premium. *Everards Brewery* 4 per cent. debenture stock, which has been offered for sale by Lazard Brothers, is well secured by recent earnings, and is a sound stock in its class. *C.T.C. Bazaars (South Africa)* is another addition to the growing list of South African undertakings whose shares have recently been marketed in London. This undertaking is in process of a considerable programme of building extensions, for its present establishments are inadequate. It may, therefore, be noted that the directors' estimate of profits is based on "the first year in which the new capital becomes fully productive." The past profits record shows considerable fluctuations, including a sharp fall for 1933-34, which is hardly to be attributed to the unsettling effects of South Africa's departure from the gold standard at the end of 1932. Investors who are willing to pay 200 per cent. premium for the 5s. ordinary shares must accept the risks inherent in extending an established business in a competitive trade, with the object of earning profits approximately three times as high as those achieved hitherto. *Hale and Hale (Tipton)* is another offer for sale of preference shares at a small premium and 5s. ordinary shares at 120 per cent. premium. This concern, which produces malleable castings, is at present operating at the highest rate of profits yet recorded. The original vendors retain control through a majority holding of the ordinary shares and receive £173,375 in cash for the shares offered. The company's net assets are valued at £126,503. The offer, therefore, is designed on "peak profits" terms, —with which may be contrasted the profits of 1931, when only £2,562 was earned. No consideration of technical efficiency, either of this or other firms of similar size, can be directly related to a high capitalisation, unless it is supported by a corresponding profits record stretching over the full trade cycle. Statements "for information only" have been published by *Everards Brewery* (in respect of the 5 per cent. preference shares) and by *Bay Hall Trust*.

ISSUES OF THE WEEK

January 1 to October 17, 1936, including conversions, Old Basis, £328,425,379.
January 1 to October 17, 1936, excluding conversions, Old Basis, £144,935,292.
January 1 to October 17, 1936, including conversions, New Basis, £363,143,381.
January 1 to October 17, 1936, excluding conversions, New Basis, £284,944,403.

Net Sales National Savings Certificates, week ended October 17, 1936, Dr. £50,000.

TOTALS OF CAPITAL ISSUES DURING WEEK

	Nominal Capital	Conversions	New Money
To the Public	7,892,500	2,112,500	6,071,500
To Shareholders only	2,000,000	990,000	1,035,000
By Stock Exchange Introduction	2,368,250	...	7,717,000
By Permission to Deal	476,467	...	682,255
Total Capital raised—	12,737,257	3,102,500	14,839,757

	Including Conversions	Excluding Conversions	Total offered for Subscription—
	£	£	Including Excluding Conversions Conversions
January 1 to date—			
1936 (New Basis)	381,701,636	280,300,158	662,001,794
1936 (Old Basis)	336,584,379	151,991,792	488,576,171
1935 (New Basis)	355,988,450	231,918,060	587,906,510
1935 (Old Basis)	289,494,003	131,124,700	420,618,703
January 1 to date (Old Basis)—			
1934	335,940,627	145,928,927	481,869,554
1933	417,623,324	230,897,884	648,521,208
1928	504,011,033	329,891,302	833,902,335

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

* Including securities for which "permission to deal" was given in forty-three weeks ended October 26, 1935.

Nature of Borrowing (Excluding Conversions)

	Debentures	Preference	Ordinary	Total
January 1 to date—				
1936 (New Basis)	98,748,271	32,918,812	148,633,275	280,300,158
1936 (Old Basis)	80,739,859	17,289,890	53,952,043	151,991,792
1935 (New Basis)	96,362,706	43,115,472	92,439,882	231,918,060
1935 (Old Basis)	72,367,551	27,525,024	31,232,125	131,124,700
Whole year (Old Basis)—				
1928	212,917,900	45,062,600	111,177,800	369,158,100
1933	222,084,300	12,733,700	9,982,500	244,800,500
1934	102,769,300	21,481,000	44,878,400	169,108,700
1935	167,185,509	37,265,387	236,147,637	430,598,523

PUBLIC OFFERS

Aberdeen Corporation.—Issue of £1,500,000 3 per cent. stock at 99½ per cent. Redeemable at par by November 15, 1963, or from November 1953, at three months' notice. Proceeds for repayment of temporary loans, etc. (£875,000) and balance for capital expenditure. Estimated population 1936, 176,400. Net rateable value 1936-37, £1,578,738. Outstanding debt at May 31, 1936, £5,452,090. Rates, 8s. 2½d. in the £.

Dumfries County Council.—Issue of £1,200,000 3 per cent. stock at 99½ per cent. Replaces £772,447 short-term loans and for capital works. Redeemable at par, November 15, 1963, or after November 15, 1958, on three months' notice. Net debt £1,250,726, of which £632,954 revenue producing. List closed 12.25 p.m. October 20th.

Philip Hill and Partners, Ltd.—Issue of 1,250,000 5 per cent. cumulative £1 preference shares at 21s., and 1,250,000 5s. ordinary shares at 15s. Incorporated March 31, 1932, as issuing and finance house. Net assets, £1,303,186, combined profits, Philip Hill and Partners and Quadrant Trust, years ending in: 1933-4, £95,648; 1934-35, £179,364; 1935-36, £291,920. List closed 9.1 a.m., October 20th. Heavily oversubscribed.

BY OFFER FOR SALE

Everards Brewery, Ltd.—Offer for sale of £600,000 4 per cent. debenture stock at 102 per cent. Lazard Brothers purchase stock at 98, plus 1½ per cent. expenses and 280,000 5 per cent. £1 preference shares at 20s. 6d. each. Debentures repayable at 103 by September, 1976 or from September 1946 on three months' notice. Net assets, March 31, 1936, £1,476,181. Profits after depreciation, years to September: 1933, £81,632; 1934, £86,877; 1935, £91,134. List closed 9.5 a.m., October 20th. Oversubscribed.

Hale and Hale (Tipton), Ltd.—Offer for sale of 190,000 5½ per cent. cumulative 10s. preference shares at 10s. 6d. and 190,000 5s. ordinary shares at 11s. Specialists in malleable iron castings. Net assets £126,503, acquired for £199,900 in preference and ordinary shares. Profits, before depreciation: 1933, £8,279; 1934, £18,518; 1935, £24,203. Six months to June, 1936, £14,803 (after depreciation). London Industrial Finance Trust acquired preference shares at 10s. 2d. and ordinary shares at 10s. Lists closed 9.5 a.m., October 22nd. Heavily over-applied for.

C.T.C. Bazaars (South Africa), Ltd.—Offer for sale of 125,000 6 per cent. cumulative £1 preference shares at 21s., and 250,000 5s. ordinary shares at 15s. Acquires C.T.C. Bazaars and Cape Trading Company Properties. Combined profits after depreciation, years to June 30th: 1933, £35,955; 1934, £24,150; 1935, £35,140. List closed 9.5 a.m., October 20th. Substantially oversubscribed.

BY STOCK EXCHANGE INTRODUCTION

Bay Hall Trust, Ltd.—Particulars of £800,000 3½ per cent. "A" registered debentures, sold at 98 per cent. less ½ per cent. commission. Bulk of proceeds to redeem outstanding 4 per cent. Notes. Total assets, £1,363,125; profits 1935, £92,211.

BY TENDER

Croydon Gas Company.—Sale by tender of £103,883 4 per cent. preference stock at minimum price of £106 per £100 yielding at that price 3 15s. 5d. per cent. Net revenue, after debenture interest: 1933, £93,485; 1934, £95,549; 1935, £97,745. Total accumulated funds December 31, 1935, £183,084.

BONUS ISSUES

W. T. Henley's Telegraph Works Co.—The directors recommend distribution to ordinary shareholders on register at December 31, 1936, of bonus ordinary shares in proportion of one new ordinary share fully paid in respect of each share held on that date.

ISSUES TO SHAREHOLDERS ONLY

Rand Leases (Vogelstruisfontein) Gold Mining Company.—Offer to shareholders £900,000 5 per cent. debentures at par to repay the sums advanced by Anglo-Transvaal Consolidated Investment Company and Johannesburg Consolidated Investment Company amounting to £582,000. Shareholders can subscribe at par in the proportion of £30 of debentures for every 100 shares registered on October 31, 1936. Debentures will be redeemed at par by 10 annual drawings commencing January 1, 1941.

Sphere Investment Trust, Ltd.—The Sphere Investment Trust has issued 100,000 6 per cent. cumulative preference of £1 at 27s. each.

CONVERSIONS AND REPAYMENTS

Argentine Government Conversion Loan.—Issue of £2,500,000 3½ per cent. sterling bonds. Holders of Argentine Railway Guarantees Recession 4 per cent. Bonds, offered exchange at par and £15 10s. cash. New Bonds repayable in sterling on or before January 1, 1972 and in whole or part on three months' notice.

COMPANY MEETINGS, &c.

GOLD EXPLORATION AND FINANCE COMPANY
OF AUSTRALIA, LIMITED

FAVOURABLE DEVELOPMENTS

The second ordinary general meeting of this company was held, on the 19th instant, in London, the Right Hon. L. S. Amery, M.P. (the chairman), presiding.

The Chairman, in the course of his speech, said:—In considering our various investments I propose first to deal with our interests in the State of Western Australia. These include 349,400 fully-paid shares, and the option over an additional 273,450 shares, in Gold Mines of Kalgoorlie. Our shareholding represents between 29 and 30 per cent. of that company's issued capital. The past year's work on the Gold Mines of Kalgoorlie properties has been thoroughly satisfactory and affords encouragement for the future.

In Triton Gold Mines we have a direct interest of 139,720 shares, or say, 15 per cent. The company paid its first dividend of 6d. per share in July, and has declared a second dividend of a similar amount payable on November 12th. The chairman of the company, Sir Colin Fraser, at the annual meeting, expressed the opinion that, subject to satisfactory conditions continuing, the company would pay dividends at the rate of 2s. per share, or 20 per cent. per annum.

WESTERN MINING CORPORATION

The balance, and, indeed, more important section, of our interests in Western Australia is represented by our holding of approximately 95 per cent. of the capital of Western Mining Corporation. That corporation holds about 81 per cent. of the share capital (apart from options) of Central Norseman Gold Corporation, which has within its leases and reservations by far the greater part of the important Norseman gold field. The first unit of the milling plant on this property started up in April, and to the end of September had treated approximately 15,500 tons of ore for a yield of 4,408 oz. of fine gold, worth in Australian currency £37,866.

In Cox's Find, near Laverton, Western Mining Corporation holds a 75 per cent. interest. Now that the mill is running profitably, the development of the mine at greater depth is being pushed ahead and the exploration of the leases for extensions of the known ore body and for possible parallel lodes, will be undertaken.

Generally, our interests in Western Australia are progressing well. In this connection it may not be out of place if I state that the Western Mining Corporation, Gold Mines of Kalgoorlie, Triton Gold Mines and Gold Exploration and Finance Company have together expended over £1,270,000 (Australian currency) in exploration and in the acquisition, development and equipment of gold-mining properties in Western Australia. I am confident we shall soon begin to receive rewards which will eventually reach a level commensurate with the risks we have run and the confidence we have displayed.

POSITION SUMMARISED

Summarising the position, in Western Australia we appear to be justified in regarding our interests in Central Norseman, Triton and Gold Mines of Kalgoorlie, on what is already known, as of major importance, while Cox's Find promises well and Cosmopolitan and Great Fingall are possibilities; in Victoria the Gold Dredging Company should yield satisfactory profits, while the estimates on which we based our big investment in Bendigo will, we hope, be justified by the results. Next year should be marked by a substantial increase in production from the properties in which we are interested, both in Western Australia and Victoria, and I am hopeful that in 1938 we shall have completed the period of exploration, development and equipment which, while trying and costly, must precede production as is, of course, essential to success.

We have grown into a big business, and that requires corresponding finance. As you were advised last year, it has been necessary to supplement the original £525,000 raised by the issue of shares in 1934, and for this purpose an issue was made in July last of £500,000 convertible six-year notes, to pay off the amount of a temporary loan which had been raised and to furnish the further capital required for exploration, development and equipment. The funds provided by the issue will, we believe, enable us to finance our share of the cost of bringing our major interests to a revenue-producing stage within a reasonable period.

The report and accounts were unanimously adopted.

PERAK RIVER HYDRO-ELECTRIC POWER COMPANY,
LIMITED

BIG EXPANSION AND GOOD PROSPECTS

MR GEORGE BALFOUR'S SPEECH

The tenth annual general meeting of the Perak River Hydro-Electric Power Company, Limited, was held, on the 22nd instant, at Winchester House, London.

Mr George Balfour, J.P., M.P. (the chairman), said that the report and accounts submitted were the tenth presented since the incorporation of the company but the first since the capital reorganisation scheme was carried into effect. Regarding that scheme, it was interesting to note that the shares exchanged for the old 7 per cent. participating debentures at to-day's market price would provide repayment in full, together with all unpaid interest to date of settlement. Federated Malay States loan at to-day's date represented by preference shares was equal to repayment of the loan in cash with a considerable surplus, and that surplus, together with the value of shares received for the old preference and ordinary shares, represented a substantial value against their shareholdings, which, without reorganisation, must have been entirely lost.

During the year 50,000 preference and 50,000 ordinary shares had been placed at par to provide funds to meet urgent requirements, and, in addition, 8,835 ordinary shares had been given in exchange for shares in the Kinta Electrical Distribution Company, in which their total holding was now 683,460 shares of \$1 each out of a total of 700,000 shares.

GROWTH OF BUSINESS

The maximum load recorded was 36,800 kw., compared with 23,200 kw. for the previous year, and the units sold were 176,287,000 compared with 111,864,000. Those increases were linked to the condition of the tin industry and reflected the effect of a twelve months' average Malayan tin quota of 60.45 per cent., compared with 32.8 per cent. for the previous year. The revenue from the sale of current, etc., amounted to £398,713, after providing £40,000 written off stores and plant on consumers' premises, which compared with £260,205 in the previous account, after provision for £23,000 written off stores and plant.

There had been a considerable increase in expenditure. Generation at £67,682 showed an increase of £40,804, of which £33,439 was accounted for by increased expenditure on coal due to additional steam operations. Distribution at £36,267 showed an increase of £8,318, largely due to expenses incurred in diverting lines to meet mining conditions and normal increase due to extension of business.

POSITION AND OUTLOOK

Output and revenue for the first two months of the current financial year were satisfactory and showed a moderate increase compared with the corresponding period of the previous year. Last year he had pointed out that they would, with increasing load, draw a larger proportion of their supply from the steam generating stations, and that was borne out by the figures before them. They had had to resort to steam plant to meet the ordinary daily demand. In the absence of any great depression expenditure on coal would increase in proportion to increased output. Therefore, any increase in output and in receipts from the sale of that output would show a smaller percentage of net revenue than the output to date.

Taking into account all the operating conditions, he thought he could venture to forecast that if they continued on more or less the same average tin output they could look forward to a moderate increase in revenue during the current year. Their relations with the Government and with their consumers were excellent and, he believed, rested upon a solid foundation of mutual confidence. He hoped that by the conduct of their business they would continue to maintain the trust and confidence which had been established.

The balance at credit of net revenue account, £264,543, together with £11,947 brought in, amounted to £276,490, and after providing prior lien and debenture stock interest, sinking fund, depreciation reserve and preference share dividend, there was a balance of £73,062 out of which the directors recommended the payment of a dividend of 6 per cent., less income tax, on the ordinary share capital, requiring £63,682, leaving to be carried forward, subject to directors' further remuneration as provided in the Articles of Association, £9,379.

The report and accounts were unanimously adopted.

RUBANA RUBBER ESTATES, LIMITED

SOUND FINANCIAL POSITION

The twenty-sixth annual general meeting of the Rubana Rubber Estates, Limited, was held on the 22nd instant, at 85 Gracechurch Street, London, E.C.

Mr F. E. Maguire (chairman of the company), in the course of his speech, said:—The accounts show a profit of £10,319, as compared with £11,815 earned during the previous year. The total amount available is £56,628, out of which we recommend the payment of a dividend of 3 per cent. For the company's previous financial year, 1934-35, the permissible exports under the Rubber Regulation scheme averaged 77½ per cent. of our standard production, while during the year we are now reviewing, 1935-36, the average was reduced to 62½ per cent.

Our crop for 1935-36 was in consequence less by over 400,000 lb. than that for 1934-35, and as the price for smoked sheet during 1935-36 averaged only .189d. per lb. more than for the year before, we naturally show a smaller profit. As showing the slow but, as I hope, the sure working of the Rubber Regulation scheme, it is interesting to note the trend of restriction and price during the company's last two financial years.

In 1934-35 the rate of restriction was being steadily increased, but the price of rubber was almost equally steadily going down. In 1935-36 the increase in restriction was continued till October, after which it remained steady for the rest of the year, towards the end of which came the announcement that restriction would be reduced in July, but during this second year the price was on the upgrade.

To-day, with a cut of 35 per cent. in force, the price is 1½d. per lb. better than it was at our last meeting, when the cut was 40 per cent., while world stocks at the end of August show a decrease of no less than 193,000 tons in the twelve months. I think these figures show that the scheme is now working smoothly and effectively, so that while we do not expect, nor wish, for anything like the inflated prices of boom years, we may look forward to earning reasonably good profits for some time to come. The replanting programme which I mentioned last year is now in full swing. The balance sheet shows that the company is in a very sound financial position.

The report was unanimously adopted.

TRINIDAD LEASEHOLDS, LIMITED

DEMAND FOR "REGENT" SPIRIT

The annual general meeting of Trinidad Leaseholds, Limited, was held, on the 19th instant, in London.

Mr A. W. Rogers (the chairman), in moving the adoption of the report and accounts, said that the financial position of the company had again improved. Oil profits and other revenue amounted to £669,128, an increase of £119,636 on the previous year. An interim dividend of 7½ per cent. had been paid, and it was proposed to pay a final dividend of 17½ per cent., less income tax. The year under review had been one of general expansion for the oil industry in Trinidad, and in that the company had taken a prominent part. Their company had acquired, or had promised, considerable further acreages in various areas.

The important expansion of their petrol business in the United Kingdom market was proof of the recognition by the motoring public of the excellent qualities of the various Regent motor spirits, which they claimed to be unsurpassed. Until April last year they had marketed in this country three grades of petrol, "Regent Super" and "Regent Benzol Mixture" No. 1 grades and "Regent" in the commercial grade. Since then a fourth grade, "Regent Ethyl," had been put on the market to meet the requirements of that section of the motoring public who wanted a spirit of exceptionally high quality in respect of anti-knock values.

The United Kingdom was dependent on foreign countries for more than 75 per cent. of its oil requirements, and it would definitely appear to be in the national interests that all potential sources of supply within the Empire should be explored and developed, with the active support and encouragement of the British Government. It was earnestly to be hoped that the efforts now being made towards that desirable end would be recognised by the Imperial Government and that special treatment for Empire-produced oil products, which had long been sought, would be granted.

It was proposed to increase the capital to £1,700,000 by the creation of 200,000 shares of £1 each, and it was proposed to issue the shares to the shareholders at £3 15s. a share on the basis of one new share for every four held.

The report was unanimously adopted and the proposed increase of capital was approved.

THISTLE-ETNA GOLD MINES, LIMITED

INCREASE OF CAPITAL APPROVED

An extraordinary general meeting of Thistle-Etna Gold Mines, Limited, was held on Friday, October 16, 1936, at the Institute of Chartered Accountants, London, E.C., to consider, and if thought fit, pass a resolution increasing the capital to £150,000 by the creation of 120,000 additional shares of 5s. each.

Sir G. B. H. Fell, K.C.I.E., C.S.I. (the chairman), said that the programme which they had set before them had been carried out during the past two years according to plan, but it took longer, especially during the initial stages, than they had expected. On the other hand, the results achieved had more than fulfilled their expectations, and he thought shareholders would agree that recent developments had been most satisfactory and gave promise of their ultimately being able to mine and treat ore of a better grade than they had anticipated when the company was formed.

SPEEDING UP DEVELOPMENT

They had to decide now whether to continue their original programme and gradually develop sufficient ore to furnish 40,000 tons per year to the mill, or whether to take the opportunity of increasing their capital and so be in a position to speed up the development and equipment of the mine, and thus bring nearer the time when their venture might be expected to yield good dividends. They had decided unhesitatingly to ask the shareholders' approval of the second course. With the recent collapse of the gold *bloc* and the consequent rise in the value of gold, the prospects of the gold mining industry had definitely improved, and there was additional encouragement to those who were engaged in the industry to take every legitimate opportunity to increase and expedite production.

The exact terms on which an issue would be made had not been finally decided, but they hoped to be able to settle the matter in the course of the next few days, and their decision would at once be communicated to the shareholders.

The resolution was carried unanimously.

BATU RATA (SUMATRA) RUBBER PLANTATIONS,
LIMITED

INCREASED PROFITS

The twenty-sixth annual general meeting of this company was held on the 21st instant, in London.

Mr M. S. Parry, J.P., the chairman, said that they were able this year to present a more favourable balance-sheet. The profits had increased by £2,293 and they were proposing a dividend of 3½ per cent. which equalled 9d. per share, less tax. The directors felt that the improvement in the outlook and general conditions justified some drawing upon accumulated profits of the past for the purpose of that dividend. After setting aside for special reserves £1,200, they still had the fairly substantial carry-forward of £4,066, which was more or less the same figure as the actual profits.

The crop for the year was 239,779 lb. less than that for the previous year, which had necessitated the cessation of tapping operations during February and March in order to bring their surplus to the recognised permissible stock. Their standard production assessment for 1936 was 1,256,864 lb.; that for 1937 was not yet known, but there was every reason to hope for an increase both in the assessment and in the exportable quota.

Expenditure on the estates had been less than in the previous year, and, despite the smaller crop, the cost per pound was only slightly higher. On the other hand, it was most satisfactory that the gross selling price was 1.11d. per pound above that of the previous year. It was a relief to know that Holland had gone off the gold standard, and, as far as the general conditions of the rubber planting industry went, the prospects seemed very favourable.

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 Bouverie Street, Fleet Street, London, E.C.4.

CABLES INVESTMENT TRUST, LIMITED

PROMISING OUTLOOK

The first ordinary general meeting of the Cables Investment Trust, Limited, was held, on the 19th instant, at the Incorporated Accountants' Hall, Victoria Embankment, London, Mr John C. Denison-Pender (the chairman) presiding.

The Chairman, in the course of his speech, said that the income for the period under review had amounted to £273,571, and the expenses to £10,856, leaving a balance of £262,715. The directors proposed to pay a dividend on the ordinary shares of 1½ per cent., absorbing £30,000, and to carry forward the sum of £8,102. They were satisfied that a full year's income on the securities held at June 30, 1936, should, in the absence of unforeseen circumstances, exceed the amount of £315,000 referred to in the prospectus. The period covered by the first report and accounts of the company had witnessed great unrest in the sphere of European politics. In those circumstances the continued progress of recovery in this country was the more remarkable.

As regarded the distribution of the securities at the close of their financial year, 50½ per cent. were in bonds, 11½ per cent. in preference, 38 per cent. in ordinary and, of the whole, 83½ per cent. were securities of, or registered in, the British Empire. Opportunity had been taken to increase to some extent the holdings of ordinary shares, and, up to date, that policy had proved highly profitable. Profit on sales of investments and forward exchange contracts amounted to £43,727.

The outlook for securities, especially those of the British Empire and the United States of America, appeared to be full of promise, provided that no untoward political development should materialise; while the recent Anglo-French-American currency agreement could be regarded as one of the greatest contributions of recent times to the work of restoring international trade.

They had recently taken advantage of the high price and low yield of some of their securities to realise a sum sufficient to purchase £93,000 of their 3½ per cent. debenture stock. That was in addition to the £15,000 purchased and cancelled for the year 1936 in accordance with the provisions of the trust deed.

The report and accounts were unanimously adopted, and a resolution providing for the conversion of the issued preference and ordinary shares of the company into stock was approved.

HOSCOTE RUBBER ESTATES, LIMITED

INCREASED DIVIDEND

The fourth ordinary general meeting of Hoscote Rubber Estates, Limited, was held, on the 19th instant, at 1-4 Great Tower Street, London, E.C.

Mr Eric Macfadyen, the chairman, said that the net cost of the planted acreage was about £29 per acre. The rise in costs was mainly due to a reduced crop. A company ending its financial period last June had to work against the handicap of a lower exportable percentage than in the preceding twelve months. In the company's case they had new areas ranking for assessment for the first time, but even so the crop accounted for was down by more than 10 per cent.—and that had had an appreciable effect upon the incidence, per pound, of overhead charges. The year before they had tapped, on the average, three-quarters of their mature trees; this year only half. As, however, the price they obtained for their rubber was better by three farthings per pound, they brought in a larger net profit than the year before.

In the current period he looked to see an increased output, lower costs, and—with luck—a better price. If those hopes were fulfilled, the promise he had held out a year ago of progressively improving results would continue to be justified.

If they cleaned up the balance sheet by eliminating the balance of their reconstruction expenses, and added £500 to income-tax reserve, as recommended, there would be enough left to pay a 4 per cent. dividend—against 2½ per cent. a year ago, and to carry forward £848 more than was brought in. A rubber company had to work hard for its living these days, and 4 per cent. on their present nominal capital represented a modest return on the money the original shareholders had put into the business, but they had known worse times and could look forward to better. But for the triumph of co-operative effort, which had resulted in the international regulation of the industry, they would still be wallowing in the mire of over-production; their estates would be under-cultivated, their staffs underpaid, and the shareholders would be going without any return at all. They had a good deal to be thankful for.

The report was unanimously adopted.

CHOSEN CORPORATION, LIMITED

MR PORTMAN'S STATEMENT

The thirteenth annual general meeting of the Chosen Corporation, Limited, was held, on the 20th instant, at Winchester House, London, Mr G. W. B. Portman presiding.

The Chairman, in the course of his speech, said that in view of the discussion that took place at the extraordinary meeting in July regarding the report which the company's auditors had been asked by the board to prepare, it would be a matter of satisfaction to all shareholders to have read the very satisfactory and reassuring report of Mr Harold Bell, chartered accountant. All the obligations of the Banque Franco-Asiatique towards the company had been met in full, and the bank was under no liability of any kind towards the company.

UNWARRANTED CRITICISMS

Following certain animadversions and other adverse criticisms that had been made, the directors had instructed the auditors and solicitors to look into a number of matters, and the professional charges so incurred and other expenses involved as a result of the attacks upon the board had meant an expenditure during the year of many thousands of pounds. The directors felt that the shareholders would agree that the charges against the directors had been made without a due sense of responsibility, and it was at least satisfactory to the board to be able to present the unqualified certificate of the company's auditors.

PROFIT AND DIVIDENDS

The balance of profit and loss amounted to £39,212, including £11,968 transferred from share premium account. An interim dividend of 5 per cent. was paid in June and a further 5 per cent. had since been paid on the fully-paid shares, leaving £7,344 to be carried forward.

It was expected that at the annual meeting of the Nurupi next month a substantial dividend would be paid, and, in turn, the Chosen directors expected to declare the usual interim dividend in December.

All the resolutions submitted were unanimously approved.

SEAGER, EVANS AND COMPANY, LIMITED

AN IMPREGNABLE POSITION

The thirty-eighth annual general meeting of Seager, Evans and Company, Limited, was held on the 21st instant at Caxton Hall, London.

Sir Allan Horne (the chairman) said that his predecessor last year had given a comprehensive outline as to what the directors were doing to place the company in an impregnable position and how it was their intention in a number of directions to increase the productive capacity, distribution and the selling organisation. All that had been done, and the programme laid down in 1934 had been more than justified. As had been said, they intended to hasten slowly, but at the same time they did not intend to lose any opportunity to increase the earning power of the company. It was therefore with a great deal of satisfaction that they were able to meet the shareholders, knowing that the directors' anticipations had been largely realised, although even now the company had not as yet reaped the full measure of benefit from the widespread reorganisation which had been effected throughout the company and its subsidiaries.

The company and its interests continued to occupy a position of marked financial strength. Current assets, including stock in trade, sundry debtors and cash in hand, showed a surplus of £195,065 over current liabilities, or approximately 52 per cent. of the issued share capital. Further substantial sums had been expended during the year in connection with their sales, advertising and promotion programme.

Their principal product, Seager's gin, had been placed on a national basis, and at the same time they had placed Seager's cocktails in the forefront. To-day they had by far and away larger sales of that type of product than any competitor. They had also increased enormously the sales of Seager's egg flip, which was recognised more and more as being a unique pick-me-up. In addition, they had increased the sales of Segavin, the finest wine value on the market. The volume of their sales was increasing at a very satisfactory rate, despite the strong and well-organised competition which they had to encounter.

In conclusion, the Chairman said that they now had a company resting on solid foundations, and they anticipated another satisfactory year.

The report was unanimously adopted.

BRITISH RUBBER ESTATES OF JAVA (1932), LIMITED

IMPROVED PROSPECTS

The fourth ordinary general meeting of the British Rubber Estates of Java (1932), Limited, was held, on the 20th instant, in London.

Mr James Davenport (the chairman), in the course of his speech, said: "The result of the year's working is again disappointing, but the factors that made such a result inevitable were entirely beyond our control. Rubber is our principal crop. Although our standard production assessment was higher, our export allowance was 476,858 lb. less than was allowed the previous year. On top of that, at the request of the N.E.I. Government we transferred licences for 286,459 lb. to the Government. Altogether our crop last year was 964,268 lb. less, and the net result was an increase of 3d. per lb. on our cost of production. Against the higher cost we have to offset a net selling price practically a penny per lb. better than that of last year. The net result, however, was a reduction in profit of £4,911. Results during the current year should be different. There is not likely to be any need to transfer licences to the N.E.I. Government, and as the export percentage is higher we shall be allowed to export a considerably larger quantity. The market price is higher, and exchange has taken a turn that is definitely favourable to us. We can hope, therefore, for an improved result from rubber during the current year.

With regard to tea, there was little difference in the result from that commodity last year as compared with the preceding year.

Our last remaining product is coffee, and that commodity has again had a most unsatisfactory year.

On last year's working, had the guilder exchange averaged, say, F.9.40 per pound instead of the F.7.2495 actually secured, the final result would have been a profit of over £14,000 instead of the £590 shown. Larger crops would have produced a much better result, and whilst our coffee crop is unlikely to be more during this current year than was obtained last year and the export allowance of tea may not be increased, I think we may safely calculate on being allowed to export about 700,000 lb. of rubber more than last year. I trust, therefore, I am not being unduly optimistic if I express the hope that when we meet in twelve months' time we may have a more cheerful story to tell.

The report was unanimously adopted.

GOVERNMENT RETURNS, &c.

NATIONAL ACCOUNTS

The total ordinary revenue for the week ended October 17, 1936, amounted to £13,463,082, against ordinary expenditure of £13,573,875. After allowing for an increase in Exchequer Balances of £127,956, the operations for the week, as shown below, increased the gross National Debt by £436,000 to approximately £8,000 millions.†

(000's omitted)	
Treasury Bills.....	+ 6,086
Public Department Advances	— 4,850
National Savings Certificates	— 70
P.O. and Teleg. (Money) Acts	— 750
.....	— 5,650
+ 6,086	— 5,650

† 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 September 30, 1936, appeared in the *Economist* of October 3, 1936.

REVENUE	Estimate for the year 1936-37	Total Receipts into the Exchequer			
		April 1, 1935, to Oct. 19, 1935	April 1, 1936, to Oct. 17, 1936	Week ended Oct. 19, 1935	Week ended Oct. 17, 1936
ORDINARY REVENUE					
Inland Revenue—					
Income Tax	259,000,000	61,316,000	56,301,000	833,000	1,064,000
Sur-tax	88,500,000	50,260,000	45,370,000	1,520,000	1,670,000
Stamp	27,000,000	10,510,000	11,490,000	300,000	490,000
Excess Profits Duty and Corporation Profits Tax	750,000	130,000	130,000	...	...
Land Tax and Mineral Rights Duty	750,000	...	...	...	...
Total Inland Revenue	433,000,000	128,656,000	120,171,000	2,883,000	3,324,000
Customs and Excise—					
Customs	207,525,000	109,450,000	114,653,000	3,885,000	3,545,000
Excise	110,000,000	60,500,000	59,200,000	5,900,000	5,300,000
Total Customs and Excise	317,525,000	169,950,000	173,853,000	9,785,000	8,845,000
Motor Vehicle Duties (Exchequer Share)	5,000,000	1,514,000	1,780,000	Dr 100,000	285,000
Post Office (Net Receipt)	11,256,000	7,900,000	6,900,000	830,000	900,000
Crown Lands	1,350,000	640,000	630,000	...	...
Receipts from Sundry Loans	5,000,000	3,058,037	2,969,145	...	...
Miscellaneous Receipts	25,250,000	15,095,492	13,484,850	6,335	109,082
Total Ordinary Revenue	788,881,000	326,813,529	319,787,995	13,424,335	13,463,082

REVENUE	Estimate for the year 1936-37	Total Receipts into the Exchequer			
		April 1, 1935, to Oct. 19, 1935	April 1, 1936, to Oct. 17, 1936	Week ended Oct. 19, 1935	Week ended Oct. 17, 1936
SELF-BALANCING REVENUE					
Post Office	69,344,000	33,100,000	35,700,000	1,200,000	1,050,000
Motor Vehicle Duties apportioned to Road Fund	26,500,000	6,992,000	7,403,000	100,000	250,000
Total Self-balancing Revenue	95,844,000	40,092,000	43,103,000	1,300,000	1,300,000
Total	...	366,905,529	362,890,995	14,724,335	14,763,082
EXPENDITURE	Estimate for the year 1936-37	Total Issues out of the Exchequer to meet Payments			
		April 1, 1935, to Oct. 19, 1935	April 1, 1936, to Oct. 17, 1936	Week ended Oct. 19, 1935	Week ended Oct. 17, 1936
ORDINARY EXPENDITURE					
Interest and Management of National Debt	224,000,000	127,453,411	127,405,389	4,269,760	5,023,875
Payments to Northern Ireland Exchequer	7,500,000	2,764,714	3,232,234	...	...
Other Consolidated Fund Services	3,200,000	1,727,150	1,349,460	204,589	...
Post Office Fund	600,000	...	...	...	...
Total	235,300,000	131,945,275	131,987,083	4,474,349	5,023,875
Total Supply Services (excluding Post Office)	570,969,000	261,780,099	281,628,679	8,000,000	8,550,000
Total Ordinary Expenditure	806,269,000	393,725,374	413,615,762	12,474,349	13,573,875
SELF-BALANCING EXPENDITURE					
Post Office	69,344,000	33,100,000	35,700,000	800,000	1,050,000
Road Fund	26,500,000	6,992,000	7,403,000	100,000	250,000
Total Self-Balancing Expenditure	95,844,000	40,092,000	43,103,000	1,300,000	1,300,000
Total	...	433,817,374	456,718,762	13,774,349	14,873,875

† Estimated Expenditure as per Financial Statement (H.C. 77)	797,897,000
Add:—	
Supplementary Estimates	33,872,000
Less:—Provision made in the Budget	25,800,000
	8,372,000
	806,269,000

The aggregate revenue from April 1 to October 17, 1936, is shown below:—

(000's omitted)	
Expenditure	413,615
Revenue	319,788
Increase in Balances	4
Gross borrowing	99,165
Less:—	
New Sinking Fund*	5,334
Net borrowing	93,831
	413,619

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

POSITION OF THE FLOATING DEBT

	Oct. 19, '35	Mar. 31, '36	Oct. 17, '36	Oct. 17, '36
Ways and Means Advances Outstanding: £	£	£	£	£
Advances by Bank of England	22,393,000	19,955,000	18,650,000	— 4,850,000
Advances by Public Departments	897,825,000	763,115,000	838,570,000*	+ 6,085,000
Treasury Bills outstanding	920,215,000	782,170,000	857,220,000	+ 1,235,000
Total Floating Debt	920,215,000	782,170,000	857,220,000	+ 1,235,000

* 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 October 16, 1936. The amount applied for was £74,320,000. Tenders were accepted for Treasury bills at three months dated Monday to Friday, at £99 17s. 3d., about 51 per cent. and above in full; Saturday at £99 17s. 4d. and above in full. The average rate per cent. was 10s. 9.40d. The amount allotted was £43,000,000.

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	82,745,000	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	60,305,000	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
October 2, 1936	50,000,000	77,980,000	50,000,000	0 10 6.07
October 9, 1936	50,000,000	80,305,000	46,000,000	0 10 9.47
October 16, 1936	45,000,000	74,320,000	43,000,000	0 10 9.40

NATIONAL SAVINGS CERTIFICATES

Total Sales of Savings Certificates	No. of Certificates	Value
Week ended September 26, 1936	534,840	£ 438,630
Week ended October 3, 1936	662,087	496,565
February, 1916, to October 3, 1936	1,272,390,399	1,000,730,637

At the end of August, 1936, the amount remaining to the credit of investors in Savings Certificates, excluding interest, was £390,435,277.

	Town	Metropolitan	Country	Total
1936				
January 1 to October 7	25,947,262	1,549,415	2,688,742	30,185,419
Week ended October 14	821,408	38,987	88,532	928,927
Week ended October 21	765,596	39,771	70,059	875,426
Total to date, 1936	27,534,266	1,628,173	2,827,333	31,989,772
Total to date, 1935	26,125,865	1,528,673	2,610,036	30,264,574
Increase or decrease in 1936 {	+1,408,401 = 5.4%	+102,500 = 6.0%	+217,297 = 7.4%	+1,728,197 = 5.7%
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 = 5.5%	+127,584 = 7.2%	+244,552 = 8.1%	+2,075,586 = 5.8%

	Oct. 21, 1938	Sept. 21, 1938	Sept. 28, 1938	Oct. 5, 1938	Oct. 12, 1938	Oct. 19, 1938
ASSETS						
Gold and English sterling	15,994	16,002	16,002	16,002	16,002	16,002
Other coin, bullion and cash	5,985	6,509	6,215	6,329	6,117	6,013
Money at short call—London	16,103	21,405	21,629	19,245	19,286	21,145
Short-term loans	8,368	8,356	7,020	8,172	8,144	8,500
Securities	70,388	75,296	75,295	75,295	74,795	74,795
Discounts and advances	6,943	8,443	8,544	8,538	8,542	8,352
LIABILITIES						
Notes issued	47,044	47,038	47,038	47,038	47,038	47,038
Reserve premium on gold	3,886	7,753	7,753	7,753	7,753	7,753
Deposits	99,858	71,331	71,186	70,830	69,960	72,080

	Oct. 21, 1935	Sept. 21, 1936	Sept. 28, 1936	Oct. 5, 1936	Oct. 12, 1936	Oct. 19, 1936
ASSETS						
Gold	570,724	708,567	689,840	569,894	569,894	569,894
Silver	20,786	21,405	21,262	19,809	19,784	20,211
Home bills discounted	51,932	21,882	23,369	22,824	22,805	22,646
Loans and advances						
In current account...	142,932	120,625	137,498	263,349	256,082	252,658
LIABILITIES						
Notes in circulation...	783,558	749,152	772,762	790,179	775,290	764,734
Deposits	42,992	144,467	100,522	106,878	114,799	122,233

	Oct. 15, 1935	July 31, 1935	Aug. 15, 1935	Aug. 31, 1935	Sept. 15, 1935	Sept. 30, 1935	Oct. 15, 1935
ASSETS							
Gold coin and bullion	17,060	20,795	20,806	20,807	20,808	20,913	29,390
Danzig subsidiary							
4,011	4,016	4,566	4,059	4,601	4,092	4,666	
Balances abroad and							
foreign bills	16,568	10,000	10,094	11,493	11,164	4,951	3,682
Advances	372	548	498	498	498	498	498
Discounts	14,646	14,135	14,063	14,373	14,351	14,372	14,087
LIABILITIES							
Notes and circulation	28,482	31,345	29,235	30,963	28,886	31,470	29,034
Deposits on demand	4,491	5,550	9,254	9,769	12,346	11,930	14,088

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PERCENTAGE COMPARISON WITH PRECEDING YEARS

Imports			Exports		
From	Bullion*	Coins†	To	Bullion*	Coins†
	£	£		£	£
Irish Free State ...	...	2,000	British India	528,194	...
British West Africa	...	2,300	Sweden	14,500	...
		1,917	Norway	2,428	...
British India	14,331	300	Denmark	1,900	...
Australia	35	239	Poland	52,400	...
France	21,681	18,311	Germany	4,988	12
Manchuria	73,329	...	France	5,753	10
Japan	207	...	Switzerland	8,535	...
Other Countries ...	...	...	Egypt	7,178	...
			U.S.A.	195,675	...
			Other Countries ...	840	2
Totals	109,583	4,800	Totals	823,389	48
		18,767			

	1930-31	1931-32	1932-33	1933-34	1934-35	1935-36	1936-37
Third quarter	- 6.4	-35.5	-28.6	- 5.5	+27.7	+12.2	+14.3
Fourth quarter	+18.1	-53.9	- 2.9	+30.3	+32.2	+16.9	...
First quarter	-10.6	-14.3	- 8.9	+ 5.3	+14.6	+13.3	...
Second quarter	-19.4	-21.8	+ 3.3	+18.2	+17.8	+10.6	...
Year ending June 30	-14.7	-26.5	- 6.7	+12.1	+19.5	+12.6	...

GOLD MOVEMENTS: BANK OF ENGLAND

1936		ARRIVALS	£	1936		WITHDRAWALS	£
Oct. 18		Nil		Oct. 16		Nil	
" 17		Nil		" 17		Nil	
" 19		Nil		" 19		Nil	
" 20		Nil		" 20		Nil	
" 21		Nil		" 21		Nil	
" 22		Nil		" 22		Nil	
Total.....		Nil		Total		Nil	
Movement Oct. 16, 1936, to Oct. 22, 1936 (inclusive).....							822
Movement during year 1935							£7,745,822
Movement during 1936 January 1 to Oct. 22, 1936, inclusive							48,609,214
Movement during November 23, 1925, to Oct. 22, 1936 (inclusive).....							188,566,411
Movement September 21, 1931 (gold standard suspended) to Oct. 22, 1936 (inclusive).....							£11,971,863

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

GOLD MARKET

Messrs. Samuel Montagu and Company write on October 21, 1936 :—

The Bank of England gold reserve against notes amounted to £248,660,346 on October 14th, showing no change as compared with October 7th. No purchases of gold by the Bank were announced during the week under review. In the open market about £2,600,000 of bar gold was disposed of at the daily fixing. Offerings were taken mainly for America, the price being maintained at about dollar parity. The s.s. "Viceroy of India," which sailed from Bombay on October 17th, carries gold to the value of about £653,000.

SILVER MARKET

The market developed an easier tendency and there was a fall in prices during the past week. Business with the Indian Bazaars was hampered by the communal disorders in Bombay, and with little demand from other quarters support was poor. However, offerings on China account continued and prices declined from 20d. on October 15th to 19½d. yesterday; the declining rates attracting buying for America, and also some speculative demand. At yesterday's level sellers were more hesitant and there was an improvement to-day when, following a resumption of Indian buying, 19½d. was quoted for both deliveries. The tone of the market is steadier with the prospect of conditions in Bombay becoming more settled.

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
Oct. 15.....	142 1	11 11-50	20	20	Oct.	14 45
" 16.....	142 1	11 11-50	19½	19½	"	15 45
" 17.....	142 2½	11 11-37	19½	19½	"	16 45
" 19.....	142 4½	11 11-21	19½	19½	"	17 45
" 20.....	142 3½	11 11-46	19½	19½	"	19 45
" 21.....	142 1½	11 11-46	19½	19½	"	20 45
Average	142 2-33	11 11-39	19-833	19-833		
October 22	142 1	11 11-50	19½	19½		

The highest rate of exchange on New York recorded during the period from October 15th to October 21st was \$4.89½, and the lowest \$4.88½.

COMPANY NEWS

INDUSTRIAL EARNING POWER					
(See Leading Article on page 152).					
NET PROFITS (AFTER PAYMENT OF DEBENTURE INTEREST, ETC.)					
	No. of Companies	Reports published in		Increase (+)	
	1935	1934	1935		%
Third quarter	345	20,026,208 £	22,471,189 £	+ 2,444,981 £	+12·2
Fourth quarter ...	485	28,710,828 £	33,561,979 £	+ 4,851,351 £	+16·9
	1936	1935	1936		%
First quarter	569	66,839,644 £	75,731,976 £	+ 8,892,332 £	+13·3
Second quarter ...	739	83,404,187 £	92,280,660 £	+ 8,876,473 £	+10·6
	382	25,359,334 £	28,974,570 £	+ 3,615,236 £	+14·3

INDUSTRIAL EARNING POWER
(See Leading Article on page 152).

INDUSTRIAL EARNING POWER

(See Leading Article on page 152).

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

	No. of Companies	Reports published in		Increase (+)	
		1935	1934	1935	
Third quarter	345	£ 20,026,208	£ 22,471,189	+ 2,444,981	+ 12·2
Fourth quarter ...	485	28,710,828	33,561,979	+ 4,851,351	+ 16·9
	1936	1935	1936		
		£	£		
First quarter	569	66,839,644	75,731,976	+ 8,892,332	+ 13·3
Second quarter ...	739	83,404,187	92,280,640	+ 8,876,473	+ 10·6
Third quarter	382	25,359,334	28,974,570	+ 3,615,236	+ 14·3

Second quarter ...	739	25,209,171	28,974,570	+ 3,615,236	+14.3
Third quarter	382	25,359,334			

DISTRIBUTION OF PROFITS

	Net Profits after payment of Dividend Interest	Ordinary Dividend	Preference Dividend	To Reserve, etc.			
1935	£	£	%	%			
Third quarter	22,471,189	11,596,410	51·6	5,549,416	24·7	5,325,363	23·8
Fourth quarter	33,561,979	18,529,274	55·2	6,384,374	19·0	8,648,331	25·5
1936	£	£	%	%			
First quarter ...	75,731,976	44,481,431	58·7	14,457,695	19·1	16,792,850	22·2
Second quarter	92,280,660	47,225,745	51·2	20,527,591	22·2	24,527,324	26·3
Third quarter	28,974,570	14,647,169	50·5	5,728,751	19·8	8,598,650	29·6

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

Group	No. of Reports	Reports published in Quarter ended Sept. 30		Increase	Decrease	
		1935	1936			
Breweries	23	£ 6,670,542	7,144,297	473,755	% 7.1	£ ...
Electric lighting and power	2	65,149	89,262	24,113	37.0	...
Financial, land and investment	43	1,833,214	1,893,033	59,819	3.3	...
Gas	2	115,723	106,514	...	...	9,209
Hotels and restaurants	4	14,499	26,872	12,373	85.3	...
Iron, coal and steel	34	3,869,727	5,036,205	1,166,478	30.1	...
Motor cycle and aviation	5	408,818	551,635	142,817	34.9	...
Oil	4	679,210	879,052	199,842	29.4	...
Rubber	74	788,555	762,439	...	...	26,096
Shipping	3	465,836	554,086	88,250	18.9	...
Shops and stores	11	1,954,227	2,119,381	165,154	8.4	...
Tea	35	240,486	635,555	395,069	164.3	...
Textiles	19	495,574	609,778	114,204	23.0	...
Tramway and omnibus	1	Dr219,951	Dr277,650	...	...	57,699
Trusts	25	1,046,583	1,085,805	39,222	3.8	...
Waterworks	3	22,280	23,037	757	3.4	...
Building materials	12	529,836	732,388	202,552	38.2	...
Food, confectionery and drink	9	1,267,121	1,223,363	...	...	43,758
Electrical equipment	3	155,963	157,977	2,014	1.3	...
Newspapers, printing and publishing	10	500,229	536,147	35,918	7.2	...
Tobacco	3	548,675	541,716	...	...	6,959
Warehouse and trading	2	43,946	44,931	985	2.2	...
Miscellaneous	55	3,863,092	4,498,727	635,635	16.4	...
Total	382	25,359,334	28,974,570	3,615,236	14.3	...

REPORTS ISSUED IN QUARTER ENDED SEPTEMBER 30, 1936

Group	Net Profits after payment of Debenture Interest	Ordinary Dividend	Preference Dividend	To Reserve, etc.			
Breweries	£ 7,144,297	5,008,329	70.1	£ 718,911	10.0	1,417,057	19.8
Electric lighting and power	89,262	23,066	25.8	12,206	13.7	53,990	60.4
Financial, land, and investment	1,893,033	838,622	44.3	698,665	36.9	355,748	18.4
Gas	106,514	90,948	85.4	Nil	Nil	15,566	14.6
Hotels and res- taurants	26,872	11,250	41.8	12,181	45.3	3,441	12.7
Iron, coal and steel	5,036,205	2,050,717	40.7	459,397	9.1	2,526,091	50.2
Motor cycle and aviation	551,635	237,260	43.0	40,959	7.4	273,416	49.0
Oil	879,052	327,890	37.3	48,000	5.5	503,162	57.7
Rubber	762,459	594,914	78.0	8,127	1.1	159,418	20.8
Shipping	554,086	20,461	3.8	57,656	10.4	475,969	85.0
Shops and stores	2,119,381	885,410	40.4	726,137	34.2	507,834	25.2
Tea	635,555	393,277	61.9	78,474	12.3	163,804	25.5
Textiles	609,778	240,356	39.4	167,707	27.4	201,715	33.3
Tramway and omnibus	Dr. 277,650	Nil	Nil	Nil	Nil	Dr. 277,650	100.0
Trusts	1,085,805	490,756	45.2	440,786	40.6	154,263	14.1
Waterworks	23,037	16,690	72.6	1,702	7.4	4,645	20.0
Building ma- terials	732,388	457,228	62.4	50,580	6.9	224,580	30.5
Food, confec- tionery and drink	1,223,363	677,247	55.4	338,564	27.7	207,552	16.9
Electrical equip- ment	157,977	79,889	50.6	40,875	25.2	37,213	24.2
Newspapers, printing, etc.	536,147	144,584	26.9	281,189	52.4	110,374	20.6
Tobacco	541,716	388,200	71.6	139,000	25.6	14,516	2.6
Warehouse and trading	44,931	18,984	42.2	22,690	50.9	3,257	6.8
Miscellaneous	4,498,727	1,651,091	36.7	1,384,945	30.8	1,462,691	32.2
Total	28,974,570	14,647,169	50.5	5,728,751	19.8	8,598,650	29.7

PROFITS AND RESERVES

	No. of Companies	Total Ordinary and Preference Capital	Net Profits after Payment of Dividend Interest	Carried to Reserve, etc.
1935				
Third quarter	345	286,270,471	22,471,189	5,325,363
Fourth quarter	485	37,470,062	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
Third quarter	382	311,349,009	28,974,570	8,598,650

AVERAGE RATES PAID

	On Debenture Capital	On Preference Capital	On Ordinary Capital
1933			
1934			
1935			
1936			
1st quarter	4.77	4.73	4.64
2nd "	4.97	4.75	4.58
3rd "	4.94	4.88	4.67
4th "	5.04	4.95	4.84
Year	4.99	4.82	4.72

REPORTS ISSUED IN QUARTER ENDED SEPTEMBER 30, 1936

Group	Debiture Capital	Rate of Int.	Preference Capital	Rate of Int.	Ordinary Capital	Rate of Div.	Rate of Div. a Year Ago
Breweries	12,466,304	4.2	12,013,744	5.8	32,379,054	15.5	15.2
Electric lighting and power	220,000	6.0	225,000	4.9	700,000	3.3	7.4
Financial, land and investment	13,745,712	4.9	16,151,797	4.3	20,638,502	4.6	4.2
Gas	276,537	4.8	Nil	...	1,533,719	5.8	7.1
Hotels and restaurants	793,462	4.3	328,950	3.7	487,500	6.7	7.3
Iron, coal and steel	11,630,762	5.3	11,513,389	3.9	35,828,168	5.7	4.6
Motor cycle and aviation	Nil	...	799,319	5.1	2,432,448	9.7	5.4
Oil	Nil	...	600,007	8.0	5,389,557	6.1	0.3
Rubber	2,589,669	6.4	307,997	2.6	17,809,818	3.3	3.8
Shipping	Nil	...	2,292,015	2.5	6,648,605	0.3	0.3
Shops and stores	4,108,357	10.9	11,530,587	6.3	7,349,044	12.0	9.5
Tea	3,781,500	4.1	6,779,704	2.4	8,284,888	2.9	4.4
Tramway & omnibus	10,341,025	4.6	6,250,000	Nil	2,700,000	Nil	Nil
Trusts	12,753,573	4.4	11,100,478	3.9	11,221,692	4.4	3.0
Waterworks	43,831	4.4	33,450	5.1	164,125	10.1	10.0
Building materials	139,606	5.0	817,972	6.2	2,491,049	18.4	11.1
Food, confectionery and drink	250,000	...	6,406,500	5.3	5,321,623	12.7	6.9
Electrical equipment	Nil	...	575,000	7.1	822,747	9.7	6.0
Newspapers, printing, etc.	842,759	4.5	4,067,552	6.9	3,018,517	4.7	5.2
Tobacco	400,000	3.8	545,312	4.1	350,000	11.6	6.2
Warehouse & trading	7,186,730	5.5	23,211,880	5.9	17,769,712	9.3	6.6
Miscellaneous	...	...	...	...	...	...	...
Total	82,222,584	4.8	118,994,208	4.9	192,354,801	7.6	6.7

Note.—The figure in the last column of the above table for the rate of dividend in the third quarter of 1935 does not correspond with the figure given for that quarter in the historical table in the text on page 152, as the number of companies reporting in 1935 was 345, against 382 in 1936.

WEEKLY TRAFFIC RETURNS
RAILWAYS OF GREAT BRITAIN AND IRELAND

(b) Week ended Oct. 16, 1936.	(c) Week ended Oct. 17, 1936.	Miles Open	Gross Receipts, week ended Oct. 15, 1936 (£'000)	Aggregate Gross Receipts 1936 compared with 1935 (£'000)
Great Western	1936 3,746	192	207	107
(c) L. & N.	1936 3,332	297	360	250
Eastern	1936 6,236	286	355	237
L. M. & S.	1936 6,917	464	528	251
Scottish	1936 6,925	434	506	240
Southern	1936 2,154	280	64	33
1935 2,171	265	71	32	103
Total	1936 19,149	1,233	1,159	641
1935 19,181	1,162	1,139	607	1,746

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 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	+ 288	+ 1,112	+ 684	+ 228
Weekly average second half 1936 compared with 1935:				
Gross increase or decrease	+ 18	+ 69	+ 42	+ 14
1935	+ 24	+ 63	+ 29	+ 9

LONDON TRANSPORT

Week ending October 17, 1936	Aggregate 16 weeks to October 17, 1936	Compared with corresponding period of last year
£667.7	£8,934.3	+ 12,100
£667.7	£8,934.3	+ 257,700

OVERSEAS RAILWAY RECEIPTS

Name	Weeks	Ending	Present Mileage	Gross Receipts for Week	Gross Aggregate Receipts
1936					
1936					

INDIAN

		1936		Rs.		Rs.		Rs.		Rs.
Assam Bengal	25	Sept. 20	1,330	\$4,40,200 +	3,454		76,19,486 +	2,75,811		
Barsi La India	25	Sept. 20	292	127,890 -	14,000		7,73,700 -	1,44,800		
Bengal & S. Western	26	Sept. 30	2,112	137,218 +	87,428		1,76,15,690 +	13,55,282		
Bengal-Nagpur	26	Sept. 30	3,368	116,000 -	3,23,286		3,98,95,683 -	23,68,696		
Bombay, Bar. & C. I.	28	Oct. 10	3,072	10,000 -	3,91,000		5,67,12,000 -	27,77,000		
Madras & S. Mahr..	26	Sept. 30	3,229	17,29,000 -	87,191		3,65,74,132 -	4,46,613		
Rohilk'd & Kumaon	30	Sept. 30	548	11,48,512 +	11,192		34,08,383 +	66,493		
South India	26	Sept. 30	2,532	15,29,096 +	96,418		2,70,45,672 +	64,38		
				10 days.						

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					
Antofagasta (Chili) & Bolivia Rail- way 5% Cum. Pref. Stk.	2½%	Dec. 15	(Paid to June 30, 1933)	...	...
Bengal-Nagpur	2%†	...	Same	4	4
BANKS					
Bank of Montreal	\$2 p.s.*	Dec. 1	Same	...	...
Bank of New Zealand	1½ p.s.*	Dec. 12	Same	...	...
Canadian Bank of Commerce	2%†	Dec. 1	Same	8	8
Hambros Bank	8½%	Oct. 30	6½%	...	...
National Bank of Australasia	5½%	...	...	...	...
Royal Bank of Canada	2%†	Dec. 1	Same	...	...
INSURANCE					
Northern Assurance	35%*	Nov. 5	Same	...	...
TEA AND RUBBER					
Amherst Estates Rubber	2½%	Nov. 4	Nil*	...	...
Anglo-Sumatra Rubber	...	...	...	5	5
Central Province Ceylon Tea	...	...	...	6	6
Chungloong Rubber	...	...	...	4	5
Gahala Ceylon Tea	2½%*	Oct. 28	Same	...	...
Insulinde (Sumatra) Rubber	...	Nov. 23	...	2½	Nil
Jabi Rubber	...	...	...	5	5
Mooloya Estates	3%*	Nov. 4	Same	...	...
Quwak Ceylon Estates	2%*	Nov. 10	2½%	...	...
Singapore United Rubber	...	...	...	3	2
Sungei Siput Rubber	5%*	...	Nil*	...	...
Tonghurst Rubber	...	...	...	5	5
MINING					
Consolidated Tin Mines of Burma	...	...	...	2½	2½
Delagoa Bay Development	...	...	...	3½	3½
Jantar Nigeria Tin	•	...	...	30	20
Tekka Taining	6d. p.s.*	Oct. 31	Same	...	...
OTHER COMPANIES					
Adelaide Electric	15%†	...	Same	10½	10½
Alexandria Water	4%*	...	Same	...	...
Anglo-Scottish Amalgamated	14%*	...	12½%	14	12
Bristol Brewery, Georges	112½%	Nov. 21	Same	18½	18½
Bristol United Breweries	13½%†	...	12½%†	18½	17½
British Bedaux	4%*	...	First	...	...
British Shareholders Trust	3%*	...	Same	...	...
Broadcast Relay Service	(c) 5%	Nov. 16	15%	...	...
Butlers Wharf	5%*	Nov. 5	Same	...	...
City and Provincial Stores	15%*	...	Same	...	...
City of London Real Property	2%*	Dec. 14	Same	...	...
Cedar Investment Trust	...	Nov. 13	...	4½	4
Celon	7½%*	Oct. 31	Nil*	...	...
Clarke (W. G.) and Sons	...	Nov. 19	...	1½	1½

OTHER COMPANIES—cont.

Colombo Gas and Water	5%	Oct. 23	Same	—	—
Colombia and Foreign Investment	—	Nov. 2	—	1½	Nil
Egyptian Markets	5%	Nov. 23	Same	—	—
Ferranti and Leasehold Investment	8½%	Nov. 17	Same	8	8
Henry Clay and Bock	5%	Nov. 27	—	—	6
Highland Distilleries	—	Nov. 11	—	15	12½
Holbrooks	14½%	Nov. 2	Same	—	—
Hong Kong and China Gas	8%	Oct. 30	4½%	—	—
Industrial and General Trust	3½%	Nov. 2	3½%	—	—
Investment Trust Corporation	5%	Nov. 5	Same	—	—
Kelvin Investment	—	Nov. 12	—	1½	2½
Lake View Investment	2½%	Dec. 1	2½%	—	—
Magnet Joinery	10%	—	First	—	—
North British Rayon	—	—	—	6	Nil
Liverpool and North Wales Steam	—	—	—	10	10
Pataling Royalties	12½%	Nov. 6	Same	—	—
Phoenix Investment Trust	—	—	—	2	2
Portsmouth and Sunderland Newspapers	7½%	—	Same	—	—
Railway and General Investment	—	—	—	4	3
Realisation and Debenture Corporation of Scotland	6½%	Nov. 6	5½%	8½	7
Reserves Securities Trust	2%	Nov. 14	Same	—	—
Royal Sovereign Pencil	2½%	Nov. 30	Same	—	—
Scottish and Canadian General Investment	2%	—	1½%	—	—
Scottish National Trust	—	—	—	3½	2½
Second Guardian Trust	—	—	Same	—	—
Second Investors Mortgage Security	8½%	—	Same	9	9
Second Mercantile Trust	2½%	Nov. 6	Same	—	—
Second Scottish National Trust	—	—	—	2	2
Smethwick Drop Forgings	8½%	—	First	—	—
South African and General Invest.	3½%	—	Same	5	5
Stutford and Company	8½%	—	—	12	11
Tea Share Trust	3½%	Nov. 6	Same	—	—
Tweedales and Smalley	2½%	—	4½%	—	—
Warner's Radio	15½%	—	—	—	—

(c) Paid on a trebled capital.

† Free of Income Tax.

ANTOFAGASTA (CHILI) AND BOLIVIA RAILWAY.—Dividend, 2½ per cent., less tax, on the 5 per cent. cumulative preference stock on account of arrears. To be paid on December 15th. A similar distribution was made last December. With the dividend now to be paid, payment will be brought up to June 30, 1933.

AVIATION AND UNIVERSAL.—First half-yearly distribution, 2,139,479d. per unit free of tax, equal to 2.8d. per unit gross.

GAUMONT-BRITISH PICTURE CORPORATION.—Net profits, year to March 31, 1936, £715,514, a decrease of £4,998. It is proposed to place £200,000 to a special reserve. Carry-forward, £147,921, against £150,265. No dividend on the ordinary against 7 per cent. for previous year.

HAMBROS BANK, LTD.—Interim dividend, 8 per cent. against 6½ per cent. on partly-paid shares. Increase made to bring interim and final dividends near to the same amount. Directors state that it must not be taken as an indication that final dividend for year will be increased. Interim dividend on fully-paid "A" shares, 3 per cent.

COMMERCE AND TRADE

SURVEY OF COMMODITY MARKETS

The tendency of the prices of leading primary products was again firm this week.

The metal markets attracted considerable interest. Despite the increase in the quotas of the members of the copper restriction scheme a week ago, prices continued to advance and turnover was heavy. Since world stocks of copper now represent less than three months' demand and as consumption is still increasing, the upward trend of prices is scarcely surprising. Tin also was in the limelight, but for different reasons. Following Wednesday's meeting of the International Tin Committee, it was stated that the "Committee were unable to arrive at agreement with the Government of Siam for the renewal of control after the expiry of the agreement now in force." As restriction, unless renewed, is due to lapse at the end of this year, time is running short. The statement that a report regarding the negotiations with Siam will be issued after the next meeting of the Committee on November 5th suggests that the adherence of Siam has not yet been secured. Nevertheless, the market remained fairly optimistic, for quotations declined only slightly on the news of the negative result of Wednesday's meeting of the Committee. Lead and spelter were again marked up in price this week.

The market in linseed and linseed oil was dull owing to uncertainty concerning Argentina's crop and price policy. On the other hand, the improvement in rubber prices was maintained, and the market in timber, which has witnessed a rise in prices of about 30 per cent. since the beginning of the year, remained firm. Among textile raw materials, American raw cotton is scarcely changed on the week and the market in wool remained firm.

After the sharp advance last week, quotations for Liverpool wheat futures, December delivery, were slightly lower, partly on the news of better weather conditions in Argentina and Australia. On the other hand, quotations for raw sugar, which had fallen to a very low level, showed some recovery. Cocoa was again marked up in price.

In the United States, the general trend of quotations for primary products was downwards. Moody's index of staple commodity prices declined from 184.6 (December 31, 1931 = 100) on October 14th to 102.4 on October 21st, compared with 181.6 a month ago and 172.6 last year.

COAL

SHEFFIELD.—Export business is quiet. There has been some demand for cobbles, hards and washed nuts for prompt shipment and inquiries for forward delivery of doubles and smalls. The market for foundry and

furnace coke continues good. Demand for household fuel on the inland market is steady and industry is taking substantial quantities.

NEWCASTLE-ON-TYNE.—Northumberland steam coals of all grades and classes continue firm and are not easy to obtain for delivery over the winter. The increase in the French import quota has brought a little more inquiry from that direction, but the strength of the steam market lies in home trade requirements. Durham colliery coal is in slightly better demand from abroad, which, combined with active home requirements, is making this class of fuel difficult to obtain. There is more trade in prime gas coals, while bunkers continue to have a steady outlet. Patent oven coke remains a good market.

GLASGOW.—Export trade has shown some improvement, and there is now quite a promising inquiry from various quarters. The Scandinavian markets have been rather better. A large business continues to be done with industrial consumers. Supplies generally are moving away steadily, and prices are upheld, nuts being stronger as a rule than large coal. Steam coals in Ayrshire are in short supply and strong in tendency.

CARDIFF.—Coal shipments at the South Wales ports last week were the lowest recorded by the Great Western Railway Company since January, but even at 399,400 tons they were still about 36,000 tons less than in the corresponding period last year, and for the current year up to the end of last week the decrease in volume was about 2 million tons. There are prospects of a further improvement during the next few months, for the French Government has not only increased the import quota by 10 per cent., but has also reduced the tax on import licences from 15 francs on bituminous coals and 20 francs on anthracite coals to 6 francs per ton. charge than even the old duty of 4 francs per ton. Hopes are also entertained that a renewal of business with Italy as the result of the commercial works has renewed contracts which have been suspended since March, 1934, and orders have also been placed for small quantities by North Africa. Large coals continue a glut on the market, while higher than those prevailing before the system of centralised control of sales was inaugurated in August. Colliery owners are still in consultation with Government departments over the question of the rebate on export coal as from December 1st next, and hopes are entertained that the Government may find a way of continuing the present average rebate of about 8½d. per ton. Coke is very firm, and there is a steady market for patent fuel.

IRON AND STEEL

LONDON.—The weekly report of the London Iron and Steel Exchange indicates that activity in the iron and steel markets is increasing. Many consumers are finding that they have under-estimated their requirements, and are consequently pressing for additional supplies. In most departments of the industry, however, producers have disposed of the greater part of their output for considerable periods ahead, and it is exceedingly difficult to place orders for supplementary parcels for anything approaching near

In some areas producers of pig iron are falling behind in deliveries, and supplies are again becoming stringent. The system of rationing consumers to ensure a fair distribution of available supplies is now in force in practically all districts. In the basic iron departments of the market, however, the position is easier, and consumers' fears of a shortage have been removed.

In the semi-finished steel department the supply position remains tight, although relief has been afforded by increased supplies of Continental material. The demand for British semis, however, is on an exceptionally heavy scale, and producing works are operating at capacity.

Home trade requirements of finished steel appear to be growing, and many manufacturers are hard pressed to meet their customers' needs. The volume of export inquiry has expanded lately, but the British steel industry has not much surplus material to send abroad.

SHEFFIELD.—The iron and steel market shows very little change this week. Producers of foundry pig iron find difficulty in meeting consumers' demands. Forge requirements are becoming heavier and the material on offer is well taken up. Business is active in both East and West Coast hematite, and in the case of the latter new supplies are not easily obtainable. The position appears likely to give rise to some anxiety on the part of users. In view of the rising cost of production there is a prospect of a revision of iron prices before long and all contracts are made subject to any changes. In finished iron, common bars are prominent. Business in marked bars is steady; demand for basic steel billets continues unabated. Acid billets, wire rods, strip and bars are in active request. Prices throughout the market are stable.

The building of the sister ship to the "Queen Mary" is already bringing important orders to this area. Many firms are busy on armament and allied work, and there is a big call for steel for aircraft.

GLASGOW.—West of Scotland steel makers are still overwhelmed with work. Not only are shipbuilders calling for very heavy tonnages, but the demands from structural engineers, marine engineering firms, and makers of machinery of every description are on an impressive scale, but producers, meantime, are unable to increase output. Sheet makers have made a considerable addition to the number of mills operating within recent weeks, and sheets are passing very quickly into the hands of users. Export business is improving for both black and galvanised sheets, and in the home trade there is an exceedingly brisk demand for finely finished sheets for motor-car work and for the manufacture of cooking appliances, etc. Local tube makers are again busier and work on hand is considerable.

CARDIFF.—There has been no material change during the past week in conditions in the South Wales iron and steel industry. The demand for pig iron and steel is as strong as ever, and the output quota for the tinplate industry is unchanged at 65 per cent. Prices are also unaltered, but it is reported that the present c.i.f. schedule of the International Tinplate Cartel will come under review at the meeting of the Management Committee which is being held this week-end at Locarno. For the home market there is a better inquiry for galvanised steel sheets, but the export trade continues quiet.

OTHER METALS

COPPER.—Despite last week's increase in the quotas, copper prices have again tended upwards, reaching £41 17s. 6d. on Wednesday—the highest level for over four years. The rise represents in the main the market's reaction to the statistics of the American Copper Institute, according to which world visible supplies at the end of September had returned to a more normal level of just under 380,000 tons, representing less than three months' consumption. Since consumers are buying in anticipation of increased activity in copper consuming industries, a further price rise is possible. Such an advance would, however, in all probability be followed by another increase in production quotas. Meanwhile the American domestic price remains at 9.75 cents per lb.; but, since the New York export quotation exceeded the 10-cents limit on October 20th, an increase in the domestic price is now more than possible.

Sales on the London Metal Exchange: 4,350 tons on Monday, against 2,900 tons last week, 1,100 tons on Tuesday, against 3,800 tons last week; 5,550 tons on Wednesday against 3,850 tons last week. Domestic spot was quoted at 9.87½ cents per lb. in New York on Wednesday, against 9.72½ cents a week ago and 9.65 cents a month ago. Wednesday's official closing price for standard cash in London was £41 17s. 6d. to £41 18s. 9d., compared with £40 18s. 9d. to £41 a week ago. Stocks of refined copper in British official warehouses at the end of last week, at 47,340 tons, show a decrease of 1,257 tons, while stocks of rough copper, at 1,841 tons, show a decrease of 50 tons.

LEAD AND SPELTER.—Lead prices have hardened slightly in sympathy with other metals, but no new features have been apparent. Spelter rose by 1 per cent during the week ended Wednesday, the advance being due mainly to speculative demand, arising from the consideration that spelter prices have recently been unduly low.

Sales of lead on the London Metal Exchange: 1,300 tons on Monday, against 650 tons last week; 1,700 tons on Tuesday, against 550 tons last week; 1,950 tons on Wednesday, against 700 tons last week. The New York quotation on Wednesday was 4.65 cents per lb., against 4.65 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 £18 5s. a week ago.

Sales of spelter on the London Metal Exchange: 2,050 tons on Monday, against 575 tons last week; 1,750 tons on Tuesday, against 450 tons last week; 1,550 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 4.85 cents a month earlier. Wednesday's official closing quotation in London for "good ordinary brands" for shipment during the current month was £15 3s. 9d. per ton, against £14 3s. 9d. last week.

TIN.—Prices moved within narrow limits until Wednesday, when the International Tin Committee at its meeting in London again failed to reach an agreement with Siam. Another meeting is to be held on November 5th, after which, it is stated, a communiqué on the negotiations with Siam will be published. Operators on the London Metal Exchange are inclined to take an optimistic view. The statistical position is still satisfactory, and since Bolivia and Nigeria will be unable to overtake arrears of shipments in the near future it is not believed that prices will slump even if the International Committee should again fail to reach agreement with Siam on November 5th. Whether or not this anticipation is correct remains to be seen.

Sales of tin on the London Metal Exchange: 550 tons on Monday, against 220 tons last week; 250 tons on Tuesday, against 250 tons last week; 495 tons on Wednesday, against 245 tons last week. The New York quotation on Wednesday was 44.10 cents per lb., against 44.55 cents a week ago and 44.95 cents a month ago. Wednesday's official closing quotation in London for standard cash was £200 10s. to £201 per ton, compared with £200 to £200 5s. a week ago. Stocks of tin in London and Liverpool at the end of last week totalled 964 tons, an increase of 118 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 £14 2s. to £14 2s. 6d. per flask of 76 lbs., as against £13 17s. 6d. to £13 18s. last week. Chinese antimony was quoted at £56 per ton ex warehouse, the same as last week. Chinese wolfram for "October-November" shipment was quoted at 28s. to 29s. per unit, c.i.f., the same as last week. Refined platinum was quoted at £10 15s. per ounce, as against £10 5s. last week.

TEXTILES

COTTON.—Manchester.—The position of most spinners and manufacturers tends to improve. Compared with a month ago, there is more resistance against low offers. Numerous producers have better order lists, and there is less pressure for fresh contracts.

Rather wider fluctuations have occurred in raw cotton prices, but they are almost unchanged on the week. According to some advices from the United States, the crop may be rather larger than expected. The latest statistics, however, indicate an increasing world consumption. Hedge selling has not yet come to an end, but the peak of the movement must now be near at hand.

A more cheerful feeling has prevailed in the yarn market. An active demand has again been experienced in coarse and medium American counts. The shortage of operatives in certain districts is a serious matter for mill managers. Inquiry in Egyptian yarns has broadened, and more business has been done.

Demand in the cloth section continues better. Many buyers are slow in raising offers, but a fairly encouraging business continues to be done and manufacturers are firmer in quotation than a month or two ago. Inquiry for India has improved and freer buying has taken place, principally in light whites and printed and dyed goods for Calcutta, Karachi and Madras. Fancies of various kinds have been booked for Java and the Straits Settlements. Some reports with regard to trade for Egypt have been rather better, and a steady business has again been done for South America. Demand for the Continent has been more active in heavy materials for Germany, finishing styles for Scandinavia, and fine fabrics for Switzerland. Standard makes have moved off fairly well for the Dominions and the home trade. Makers with wide looms continue busier.

COTTON PRICES

	1936				Corresponding Date	
	Sept. 30	Oct. 7	Oct. 14	Oct. 21	1934	1935
Raw Cotton—Mid. American..... per lb.	6.96	6.86	6.99	7.00	6.93	6.43
Sakellaris Fully Good Fair	—	—	—	—	—	—
Egyptian..... per lb.	10.33	10.57	10.94	11.03	8.24	9.05
Yarns—32's twist..... per lb.	11	11	11½	11½	10½	10½
" 40's twist..... per lb.	11	11	11½	11½	10½	10½
" 60's twist (Egyptian)..... per lb.	16½	16½	16½	16½	16½	16
32-in. Pliers, 116 yds., 16 by 16, 32's and 50's.....	s. d. 18 11	s. d. 18 8	s. d. 18 6	s. d. 18 6	s. d. 19 2	s. d. 17 7½
36-in. Shirts, 75 yds., 19 by 19, 32's and 40's.....	25 4½	25 6	25 10½	25 10½	24 3	24 9
38-in. ditto, 38 yds., 18 by 18, 10 lb.....	10 3	10 3	10 4	10 4	11 1	10 4½
39-in. ditto, 37½ yds., 16 by 15, 8½ lb.....	9 2	9 2	9 4	9 4	10 0	9 4½

JUTE.—Dundee.—A definite improvement can be recorded in the jute industry. Both spinners and manufacturers are busy, and inquiries indicate that further orders can be expected. Strikes at several of the works owned by Jute Industries, Ltd., have limited the supply of jute yarns, and, although the situation has improved now and many of the workers have returned to work, there is still a keen demand for urgent delivery. Quotations for yarns have improved; 2s. 1d. is the lowest rate for common 8 lb. cops and 2s. 2d. for 8 lb. spools, business having been done at these prices for delivery December-January. Other qualities of yarns are equally firm, and twist is now quoted at 3½d. for 3 ply 8 lb., while sacking yarns have been sold at 2½d. for 24 lb. weight and 3½d. for 8 lb. chains, with a tendency to rise to a higher level. Rove is firmer at £19 10s. for 48 lb. and £15 15s. for 200 lb., and the finer yarns are dearer at 2s. 8½d. for second quality 8 lb. Rio warp, 2s. 5d. for third and 2s. 3d. for fourth. Carpet yarns have been largely sold at 3½d. for 14 lb. warp.

The statistical position of the raw jute market is strong, and prices have advanced about 20s. during the past week. The Indian Mills have been free purchasers, and they are evidently making sure of their requirements for the present season, which, if production is continued at its present rate, will amount to roughly seven million bales. It is estimated that they have already bought about four million bales in the first 3½ months of the season, while other countries are reputed to have taken 1,500,000 bales. This makes a total of 5,500,000 bales, and the final forecast of the crop for this season was only 8,711,000 bales. The price of Daisee-2/3 has risen to £17 17s. 6d. for the full group and to £18 5s. for short group and good single marks, with Daisee-4 sold at £16 12s. 6d., Tossa-2/3 quoted at £18 17s. 6d., and fours at £18, October/November. First Marks are nominal at £20 15s., and good Lightnings are offered at £19 7s. 6d. for Double Triangle Gouti to £19 17s. 6d. for Triangle Jajodia, with Hearts at £18 10s., November/December.

Jute cloth prices are tending upwards, and the lowest rates now are 2½d. for 10 oz. 40 in. and 2½d. for 8 oz. in the narrow widths, and ¾d. more obtainable in the wide widths.

Demand for Calcutta goods has recently been good, and prices have advanced a little. The failure of the mills in India to settle the controversy over working hours is still a factor responsible for keeping prices at a very low level. For 10 oz. 40 in. 16s. 6d. is quoted for November/December, and 16s. 5d. for January/March, with 8 oz. at 13s. 1d. and 13s. 2d., respectively.

GRAIN MARKETS

WHEAT.—After continuing to advance in the early part of the period under review, prices suffered a reaction, and closed on Wednesday only slightly higher on the week. Moderate rainfall has been experienced in Australian growing areas, while the outlook in Argentina has also been improved by good rains. The *Corn Trade News* estimates that the export surplus of Australia and Argentina may amount to an aggregate of 25 million quarters in the calendar year 1937, against a shipping surplus of 18½ millions in the present year.

On Wednesday last, "December" futures were quoted in Chicago at 114½ cents per bushel, against 116½ cents the week before and 115½ cents a month ago. Quotations in London, Wednesday: No. 1 Northern Manitoba, ex ship, 45s. 6d. per 496 lbs., against 45s. 3d. a week ago; No. 2 Northern Manitoba, ex ship, 44s. 9d., against 44s. 6d. a week ago. According to the *Corn Trade News*, total shipments of wheat and flour

last week totalled 1,302,000 quarters, against 1,300,000 in the previous week and 1,470,000 quarters in the corresponding week a year ago.

FLOUR.—Prices are again higher on the week. Wednesday's London quotations (excluding quota payments) were: Straight run, delivered Home Counties, 37s. 6d. per 280 lbs., against 36s. 6d. a week ago; delivered inner London, 37s., as compared with 36s. a week ago; Manitoba patents, ex store, 35s. to 36s. 6d., against 34s. to 35s. 6d. a week ago. Australian, ex store, 30s. 6d. to 31s., against 30s. to 30s. 6d. a week ago.

BARLEY.—The market in imported feeding barley remains steady. Supplies of best English malting descriptions are limited, inferior samples being difficult to dispose of. "October" futures were quoted at 58½ cents per bushel in Winnipeg on Wednesday, against 62½ cents a week ago. Quotations per 448 lbs. in London on Wednesday were: "English feed" (new), at farm, 30s., 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, 47s. to 58s., against 47s. to 58s. last week; Chilean, brewing, ex ship, 36s. 6d. to 42s., against 36s. 6d. to 42s. a week ago.

OATS.—On Wednesday, "December" futures were quoted at 40½ cents a bushel in Chicago, against 41½ cents a week ago and 42½ cents last month. Quotations in London, Wednesday: "English Black" (new), at farm, 20s. per 336 lbs., against 20s. a week ago; "English White" (new), at farm, 20s., against 20s. a week earlier; mixed Canadian feed (Vancouver), landed, 21s. per 320 lbs., compared with 21s. last week.

MAIZE.—Prices have eased on a less active demand. The Argentine Government's final estimate puts this year's crop at 45,860,000 quarters, or 7,000,000 less than the quantity harvested last year. "December" futures were quoted on Wednesday at 93½ cents per bushel in Chicago, against 95½ cents a week ago and 94½ cents last month. Quotations in London, Wednesday: "Plate," landed, 24s. 3d. per 480 lbs., compared with 24s. 6d. a week ago; "Plate," ex ship, 23s. 3d., as against 23s. 6d. a week ago; "Plate," "October," 23s. 3d., as against 23s. 9d. a week ago; yellow maize meal, ex wharf, was quoted at £6 7s. 6d. to £6 10s. per ton, as against £6 10s. 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	Oct. 23, 1935	Dec. 31, 1935	Oct. 14, 1936	Oct. 21, 1936
Winnipeg (No. 1, Manitoba) — Cents per 60 lb.	65½	82½	88½	84½	114½	111½
Chicago (No. 2 Winter) — Cents per 60 lb.	84½	98½	99½	75½	116½	114½

The visible supply of wheat in Canada amounts to 87,684,000 bushels, against 86,843,000 bushels last week, and 147,071,000 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 October 17	317,338	431,860	462,156	388,877
7 weeks to October 17	2,709,909	3,659,747	3,377,179	2,062,760
Average price of English wheat per cwt.	s. d. 4 10	s. d. 5 0	s. d. 6 1	s. d. 8 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
	Cwts.	Cwts.	Cwts.	s. d.	s. d.	s. d.
October 15, 1932	360,142	356,237	69,372	5 8	7 11	6 3
October 14, 1933	317,293	527,304	38,598	4 10	6 6	5 5
October 20, 1934	431,860	424,488	53,675	5 0	9 4	5 5
October 19, 1935	462,156	497,969	49,012	6 1	9 3	6 2
October 10, 1936	306,492	453,111	63,863	8 3	10 0	6 10
October 17, 1936	388,877	474,279	69,620	8 6	10 1	6 10

OTHER FOODS

BACON.—The market has been generally steady during the period under review. 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 94s.; Canadian, 90s.; Danish, 100s., as against 92s. to 94s., 90s., and 100s., last week. Arrivals in London last week included Danish, 12,889 bales; Canadian, 5,748; Dutch, 2,098; Lithuanian, 1,933; and Polish, 2,924; as against 12,275, 4,898, 2,078, 1,878 and 2,265 bales, respectively, in the previous week.

BUTTER.—Prices for Colonial makes have firmed up this week, but Danish turned a shade easier. Quotations (per cwt.) on the London Provision Exchange on Wednesday were: New Zealand, finest salted, 98s.; Australian, choicest salted, 98s.; Danish, 121s. to 122s., compared with 96s.; 96s. to 97s., and 122s. to 124s., respectively, a week ago.

CHEESE.—New Zealand cheese has been firm, with prices of other makes steady. Quotations (per cwt.) on the London Provision Exchange on Wednesday were as follows: English, finest farmers, 80s. to 84s.; Canadian, finest coloured, 68s. to 69s.; and New Zealand, finest coloured, 66s. 6d. to 67s., against 82s. to 84s.; 68s. to 70s., and 65s., respectively, a week ago.

COCOA.—The speculative rise in the price of cocoa has continued this week. The spot quotation in New York on Wednesday was 8½ cents per lb., as against 8½ cents per lb. last week. In London, on Wednesday last, good fermented new crop, "November-January," was quoted 40s. per 250 kilos, c.i.f. Continent, against 38s. a week ago. Last week's movements of cocoa in London were as follows: Landed, 2,843 bags; delivered, for home consumption, 4,605 bags; exported, 1,305 bags; stocks, 149,825 bags, against 125,317 bags a year ago.

COFFEE.—The London market was quietly steady, but quotations in New York have risen. 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 7½ cents per lb. a month ago. Movements of coffee in London last week were as follows: Brazilian, landed, 16 cwt.; delivered, for home consumption, 19 cwt.; exports, nil; stocks, 9,849 cwt., against 13,038 a year ago. Central and South American, landed, 388 cwt.; delivered, for home consumption, 2,265 cwt.; exported, 784 cwt.; stocks, 70,578 cwt., against 100,657 last year. Other kinds: landed, 1,393 cwt.; delivered, for home consumption, 3,759 cwt.; exported, 1,298 cwt.; stocks, 103,169 cwt., against 123,343 last year.

EGGS.—With supplies rather short, the London market has been firm, with prices showing a further seasonal advance. At Smithfield, on Wednesday, English (ordinary packing, Grade I, about 15-15½ lb.) realised 22s. to 23s. 6d. per 120, as against 21s. to 22s. 6d. last week, while Danish (15½ lb.) made 15s. to 15s. 6d., as against 14s. to 14s. 3d. last week.

FRUIT.—With supplies generally ample for requirements, business at Covent Garden has been rather quiet and prices easier, states *The Fruit-grower*. The continuance of bright and cold weather might, however, be expected to lead to an improvement. Supplies of apples are exceptionally heavy and prices low. Pears, however, are not so prominent, while plums are practically cleared. Blackberries are a less active trade at easier rates, but cobnuts are a point firmer and walnuts encounter a fair demand. Hothouse grapes have been a rather slow item, with prices moderate. Arrivals of Spanish pomegranates have now commenced. Oranges have eased slightly on larger supplies, and lemons are also a little cheaper. Supplies of grapefruit are abundant, and prices are consequently moderate.

MEAT.—After a moderate opening on Monday, business at Smithfield was quiet and some prices were again weaker. On Wednesday last, Argentine chilled hindquarters were quoted at 3s. 4d. to 3s. 8d. per 8 lbs., as compared with 3s. 4d. to 3s. 10d. 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 9,784 tons, a decrease of 205 tons on the corresponding week last year. Beef and veal accounted for 4,939 tons, mutton and lamb 2,604 tons, and pork and bacon 1,263 tons, as compared with 5,043, 2,847 and 1,256 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, 9 tons; delivered, 12 tons; stocks, 1,780 tons, against 1,503 tons a year ago. White, landed, nil; delivered, 27 tons; stocks, 11,957 tons, against 15,656 tons a year ago.

RICE.—The spot price of Burma No. 2, cleaned, new crop, was 9s. 1½d. per cwt., ex warehouse, on Wednesday, as compared with 9s. 1½d. per cwt., a week ago. "October-November" in singles to Continent and U.K. was quoted at 7s. 10½d. per cwt., against 7s. 10½d. last week. Movements in London during the past week were as follows: Landed, 728 tons; delivered, 255 tons; stocks, 2,562 tons, against 7,758 tons a year ago.

SUGAR.—In London firm conditions have ruled, and the New York market has been quietly steady. The spot price in New York on Wednesday was 3-35 cents per lb., as compared with 3-35 cents per lb. last week and 3-40 cents per lb. a month ago. Wednesday's sales of raw sugar in London included December delivery at from 4s. 8½d. to 4s. 9½d., against 4s. 5½d. to 4s. 6d. a week ago. The movements of raw sugar at public warehouses in London and Liverpool last week were as follows: Imports, 8,720 tons, against 19,780 tons last week and 4,991 tons in the same week of last year; deliveries, 19,170 tons, against 15,886 tons last week and 15,886 tons last year; stocks, 106,420 tons, against 116,870 tons last week and 144,059 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 ended	Northern India	Southern India	Ceylon	Java	Sumatra	Africa	Total
Oct. 17, 1935	15-34	12-79	16-76	13-15	11-05	11-85	15-16
Sept. 10, 1936	14-82	12-13	13-31	11-02	10-06	11-28	13-88
Sept. 17, " "	14-29	12-13	13-32	11-03	9-06	11-53	13-56
Sept. 24, " "	13-86	12-04	13-29	10-75	9-95	11-46	13-29
Oct. 1, " "	13-39	11-95	13-41	10-91	9-90	11-55	13-09
Oct. 8, " "	13-22	11-92	13-62	10-81	9-95	11-63	13-03
Oct. 15, " "	13-18	12-00	13-87	11-06	10-11	11-30	13-12

The quantities catalogued for the public auctions in Mincing Lane this week comprised 54,438 packages of Indian and 22,822 packages of Ceylon tea. The Indian teas encountered a good demand and prices were fully maintained, with a tendency towards dearer rates in the case of low medium sorts. An active demand was also in evidence at Tuesday's Ceylon sales and medium teas were dearer.

VEGETABLES.—Supplies of both tomatoes and cucumbers have declined and prices are consequently firmer, states *The Fruit-grower*. Covent Garden report. Mushrooms have declined to a more reasonable level, while lettuce has risen on short supplies. Most of the regular lines of greenstuff continue abundant with prices moderate, and some Paris green asparagus has now put in an appearance. Dutch onions have eased in price, but Valencia onions are dearer. Meanwhile, potato prices at the various London markets remain steady. At the Borough, on Tuesday, best siltland King Edward again made 8s. to 9s. per cwt.

MISCELLANEOUS COMMODITIES

RUBBER.—Although the market has been somewhat inactive, the price of ribbed smoked sheet has remained steady at 7½d. per lb. throughout the period under review. With this week's reduction, United Kingdom stocks have fallen below 100,000 tons for the first time since June, 1934. Meanwhile, attention is now centred on next Tuesday's meeting of the International Committee. 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 at 7½d. to 7½d. for "November" shipment, as against 7½d. a week ago. Stocks in London and Liverpool at the end of last week totalled 99,208 tons, against 100,617 tons a week earlier. A year ago stocks amounted to 173,734 tons.

FURS.—The autumn series of fur auctions was continued in London this week, and an irregular tendency was again evident. Interest was mainly concentrated on Persian lambs, supplies of which were readily

absorbed a large quantity of furs, American opossum, squirrel and musquash cheaper than the better quality skunks, and Russian furs were also in demand. The market was slightly easier. In most cases 70 to 75 per cent. of offerings were sold. The former gold bloc countries, however, some reserve was shown by the market. The market was slightly easier, however, showed interest in the market.

VEGETABLE OILS AND OILSEEDS.—The market for vegetable oils and oilseeds is no disposition on the part of consumers to cover immediate requirements. In view of the poor demand for oil, linseed is in small request; the outlook remains uncertain regarding developments in Argentina. There is a fair balance of old crop still unsold, and prospects for a two-million-ton crop this season continue favourable. The critical

period for the growing plants is now at hand, but unless weather conditions deteriorate considerably a very large yield is confidently expected. That being so, the question is whether the Argentine Government will maintain the present fixed minimum price to growers; until that is answered, crushers hesitate to enter into forward commitments. Meanwhile, new Argentine soybean oil is being shipped at £10 15s. per ton. Oil, in sympathy with seed, has declined to the lowest level recorded this year, and for October-December delivery ex Hull is quoted at £24 per ton. The quantity of linseed oil for Europe is 134,600 tons—15,000 tons less than last week—and Argentina and India have an estimated exportable surplus of 274,000 tons, against 378,000 tons actually shipped in the remainder of last year. Little or no business is passing in either cottonseed or cotton oil. Black Egyptian to Hull has been sold at £6 17s. 6d., January-March.

WHOLESALE COMMODITY PRICES

UNITED KINGDOM

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

LONDON, October 21st		The prices in the following are revised with the assistance of an eminent firm in each department	
GRAIN, ETC.		POTATOES—	
Wheat—	s. d.	English King Edward	s. d.
No. 2, N. Man. 496 lb.	4 9	per cwt.	8 0 9 0
Eng. Gaz. av., per cwt.	8 6	SPICES—	
Barley, Eng. Gaz. av. ...	10 1	Pepper, per lb.—	
Oats, 480 lb., landed	24 3	Black Lampung	0 2½
Flour, Lon. stan. ex mill,	35 9	White Muntok	0 5
280 lb.	7 10½	Cinnamon—1st sort, per lb.	0 8½
RICE, No. 2 Burma, per cwt.	7 10½	Cloves—Zanzibar, per lb.	0 8
MEAT—		Guinea—per cwt.—	65 0
Beef, per 8 lbs.—		Africa, ord. to good	60 0 85 0
English long sides	3 4 4 2	Mace, per lb.—	2 0 2 8
Argentine chilled hinds	3 4 3 8	Nutmegs, 65's	0 11
Mutton, per 8 lbs.—		SUGAR—	
English wethers	5 4 6 4	(Duty, 11/8 per cwt.)	
N.Z. fryen	3 0 3 8	Centrifugal, 98% prpt.	4 9½
Lamb, per 8 lbs.—		Shipped, c.i.f. U.K./Cont.	16 6 18 9
Pork, English, per 8 lbs.—	6 0 6 6	B.W.I., crystallised	Nominal.
		Java, white, c. & f. India	
		Oct.-Dec.	Nominal.
		Refined—London—	
		Yellow Crystals	17 10½
		Cubes	22 1½ 22 7½
		Crushed	20 4½
		Granulated	18 3 19 1½
		Home Grown	18 0 18 4½
		TEA—	
		Indian—per lb.—	
		Pekoe	0 11½ 1 1½
		Broken Pekoe	0 11½ 1 5
		Orange Pekoe	0 11½ 1 10½
		Broken Orange Pekoe	0 11½ 2 6½
		Ceylon—per lb.—	
		Pekoe	0 11½ 2 4
		Broken Pekoe	0 11½ 1 5
		Orange Pekoe	1 0 2 2½
		Broken Orange	0 11½ 2 7½
		OTHER FOODS	
		BACON—	
		English—per cwt.	92 0 94 0
		Irish	92 0 96 0
		Danish	100 0
		Dutch	97 0
		HAMS—	
		Canadian	96 0 98 0
		United States	92 0 94 0
		BUTTER—	
		Australian	98 0
		New Zealand	98 0
		Danish	121 0 122 0
		CHEESE—	
		English—per cwt.	68 0 69 0
		New Zealand	66 6 67 0
		English Cheddars	80 0 84 0
		Dutch	49 0 54 0
		COCOA—	
		(Duty, British grown,	
		11/8; foreign, 14/- cwt.)	
		Accra, f.f. foreign, per cwt.	40 6 40 9
		Trinidad	56 0 64 0
		Grenada	59 0 64 0
		COFFEES—	
		(Duty, British grown	
		4/8; foreign, 14/- cwt.)	
		Santos sup. c. & f. cwt.	43 0 60 0
		Colombian, good	58 0 78 0
		Costa Rica, med. to good	50 0 68 0
		East Indian	52 0 66 0
		Kenya, medium	52 0 66 0
		EGGS—	
		English—per 120	22 0 23 6
		Danish	15 0 15 6
		FRUIT—Oranges—	
		South African—boxes	12 0 17 0
		Brazilian—boxes	14 0 15 0
		Lemons, Malaga—cases	13 0 21 0
		Lemons, Sicilian—boxes	15 0 26 0
		Sisal, African—bales	22 0 27 0
		Apples—Amer. (var.) boxes	9 0 12 0
		(var.) boxes	9 0 12 0
		Australian	...
		Onions—	
		Valencia, case	11 0 13 0
		Russian, bags	...
		Grain, Algeria, barrels	10 0 26 0
		Grain, S. African	...
		Grain, Amer.	10 0 18 0
		LARD—	
		Irish bladders	64 0 72 0
		U.K.—per cwt.	62 0 64 0

TEXTILES

COTTON—		SILK—	
Mid-American	per lb. 7-00	Dauphine 2/8 c.i.f. Dundee	£17/17/6
Sakellandis, f.g.f.	11-03	Oct.-Nov.	£17/17/6
Yarn, 32's twist	11½	SILK—	
60's twist	16½	Canton	per lb. 4 3 6 9
FLAX—		Tussah	3 6 4 6
Liouvan ZK	per ton 61 0	Japan	7 3 8 0
Pemau HD.	73 10 75 0	Italian—raw, fr. Milan	7 6 11
Slanetz Medium 1st sort	73 10 75 0		
HEMP—			
Italian P.C.	per ton nominal		
Manilla, Oct.-Dec. "J2"	30 0		
Sisal, African	25 0 27 0		
JUTE—			
Native 1st mks.	per ton 25 0		
c.i.f. H.A.R.B.			
Oct.-Nov.	£17/17/6		
Daupe 2/8 c.i.f. Dundee	£17/17/6		
Oct.-Nov.	£17/17/6		
SILK—			
Canton	per lb. 4 3 6 9		
Tussah	3 6 4 6		
Japan	7 3 8 0		
Italian—raw, fr. Milan	7 6 11		

† 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)

Oct. 23, 1935				Oct. 23, 1936			
	Cents	Cents	Cents		Cents	Cents	Cents
Wheat, No. 2, Winter, nearest future, Chicago, per bushel ...	99½(b)	116½(c)	116½(b)	114½(b)	Sugar, Cuban Centrifugals, 96 deg., spot, per lb.....	3·60	3·40
Maize, nearest future, Chicago, per bushel	61½(b)	110½(c)	95½(b)	93½(b)	Cotton, middling, spot, per lb.	11·40	12·25
Oats, nearest future, Chicago, per bushel	26½(b)	42½(c)	41½(b)	40½(b)	Rubber, smoked sheet, spot, per lb.	13	16½
Rye, nearest future, Chicago, per bushel	50½(b)	84½(c)	83½(b)	82½(b)	Petroleum, Mid-Continent crude 33 deg., to 33·90, at well, per barrel	94	104
Barley, nearest future, Chicago, per bushel	(a)	85½(c)	81½(b)	78½(b)	Copper, "Electrolytic," Domestic, spot, per lb.	8·47½	9·65
Coffee, Rio No. 7, cash, per lb.....	6½	7½	7½	8	Copper, "Electrolytic," Export prompt, per lb.....	8·70	9·87½
" Santos No. 4, cash, per lb.....	8½	9½	9½	9½	Spelter, East St. Louis, spot, per lb.	4·85	4·85
Cocoa, Accra, nearest future, per lb.	4·68	7·00	7·87	8·38	Lead, spot, per lb.....	4·50	4·60
					Tin, " Straits," spot, per lb.	50·87½	44·95
	(a) Nominal.		(b) December futures:			(c) September futures:	

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THE FINANCIAL NEWS

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

MONDAY, OCTOBER 26.—CHANGES IN THE FUR TRADE. Leipzig, once the centre of the World's Fur Trade, has been deprived of its supremacy by the effects of three years of Nazi economics. Much of its lost business has come to London, now the chief centre of international fur dealings. A Special Correspondent will discuss both the recent strengthening of London's position and the general outlook for the international fur trade.

TUESDAY, OCTOBER 27.—INDIAN COPPER CORPORATION. Our Special Mining Correspondent, MINOTAUR, in his usual Tuesday article, deals this week with the unique position of a company which, naturally helped by the recent big rise in copper, has the added advantage of an almost monopolistic position in a local market shielded by a tariff from world competition.

WEDNESDAY, OCTOBER 28.—ENGINEERING ACCESSORY COMPANIES. The prospects of most well-established concerns on the fringe of the motor, aircraft and light engineering industries have been fully examined in earlier articles. This article analyses the outlook for a selection of the smaller and newer companies in the light of current technical and other developments.

THURSDAY, OCTOBER 29.—FRANCE AFTER DEVALUATION. It is but four weeks since the surprise announcement of the Tripartite currency pact, yet already people are saying that devaluation in France has failed. Our Paris Correspondent, in a special review, surveys the progress of the past month and discusses the major problems, political as well as economic, which the net position has raised.

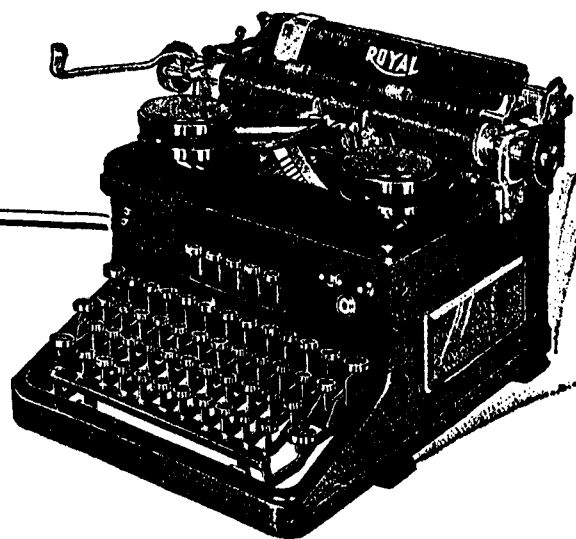
FRIDAY, OCTOBER 30.—CIVIL AIRCRAFT COMPANIES. The Government's Air Force expansion drive has naturally overshadowed recent developments in the sphere of Civil Aircraft. These, none the less, have been important. This article discusses Civil Aviation in general and the prospects for British Aircraft manufacturers in particular, in the light of the growing importance of air communications.

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AIR-POWER AND INDUSTRY

SIR THOMAS INSKIP has been busy this week co-ordinating the Air Ministry and the aircraft industry; and the public has become convinced, if it was not convinced before, of the need for his beneficent activities. For, unquestionably, much sincere anxiety has been raised by the Nuffield-Swinton affair. Adequate air equipment to-day has become so vital to this country as to be equally important with naval equipment, if not actually more so. The suggestion that we may not be making the best use of our resources for producing aeroplane engines, or preparing for the mobilisation of all these resources in time of war, is consequently very disturbing indeed.

The facts of the relationship between the Air Ministry and the aircraft industry, which form the background of the dispute, may be briefly summarised. Before the present expansion programme began at all, the Air Force obtained its aeroplane engines from four selected firms: Rolls-Royce, Bristol, Armstrong-Siddeley, and Napier. These firms were in a special position because their engines had been tested over a long period, and because they had maintained personnel and plant during years in which orders were comparatively few. Meanwhile, air frames were made by a larger number of firms, about 15 in all.

The expansion programme, as it has now developed, must be conceived as in two parts: first, the ordinary expansion of production and plant required to raise the peace-time strength of the Air Force from 500 to 2,000 front-line machines; and secondly the creation of a "shadow" industry designed to come into operation in the event of war.

Under the normal expansion programme extra engines were to be provided by means of an extension of the plant of the above four firms. These extensions were to be made out of capital raised by the firms themselves, though some sort of Government guarantee was requested in certain cases; and some of the firms were to arrange sub-contracts for parts with other firms. The general plan, however, was to

confine orders for engines to the four selected firms who had borne the cost of maintaining their plant in the post-war years.

At the same time air frames for the expansion programme were to be made by extension of the plant of a large number of companies, including Hawker, Bristol, Fairey, Westland, Handley Page, Vickers-Aviation, Vickers-Supermarine, Armstrong-Whitworth, A. V. Roe, and General Aircraft. These extensions were also to be made with capital provided by the companies themselves, and here again parts were to be bought from a large number of outside companies.

Secondly, there was the scheme for the "shadow" industry, formulated in April, 1936. This affected both engines and frames, and was to consist of a set of new factories built at the expense of the Government, but supplied with skilled labour and management by the private companies. It was to be available during war; and during peace it was to be kept going by orders for parts and possibly by some orders for engines and frames under the ordinary expansion scheme. The "shadow" industry producing engines was originally to consist of seven factories managed respectively by Austin, Daimler, Rootes, Rover, Standard, Wolseley and Singer. Each factory was to produce separate parts, which were then to be assembled into individual engines. Subsequently, Wolseley dropped out as a result of Lord Nuffield's dispute with the Air Ministry, and Singer as a result of private difficulties unconnected with the Air Force. Bristol were then brought in to replace Wolseley and Singer; and the "shadow" industry (for engines) consequently now consists of Austin, Daimler, Rootes, Rover, Standard and Bristol. The "shadow" industry for producing air frames consists of two firms only: Austin and Rootes.

Finally, it should be recalled that two of the firms with which Lord Nuffield is associated have been concerned in the programme. Wolseley Motors were to have taken part

in the "shadow" industry; while it was Wolseley Aero Engines from which Lord Nuffield wished to produce Scorpio engines on his own.

The gist of Lord Nuffield's charge against the Ministry was, first, that it had on insufficient grounds refused the co-operation of Wolseley Aero Engines in the expansion scheme; and secondly, that the co-operation of Wolseley Motors in the "shadow" industry was impossible, because the scheme was both technically and strategically unsound. A full reply was made to these charges in the Government's White Paper, issued on Wednesday. On the first count the White Paper argues that it has been the policy of the Air Ministry ever since the war to "interest and retain the services" of a few selected firms; that "as in aeroplanes, so in engines, it has been, and is, the considered policy of the Government to avoid, as far as possible, a multiplicity of types"; and that extensions of plant by the selected firms have proved sufficient to carry out the expansion programme at a satisfactory rate. Moreover, the original Scorpio engines manufactured by Wolseley, "in the hope of securing a civil market," were too low-powered for the Air Force; while a number of the later and more powerful engines were actually ordered for training purposes.

Secondly, on the issue of the "shadow" industry, the White Paper shows that the plan of manufacturing separate parts in separate factories had been approved, though after some difference of opinion, by a committee representing all the seven firms concerned, including Wolseley Motors; and that before August the representative of Wolseley Motors had several times expressed his willingness to take part in the scheme. Finally, a letter from Lord Austin, dated October 26, 1936, is published with the White Paper, in which it is reported that a meeting of representatives of the six firms at Coventry that day unanimously confirmed their approval of the "shadow" scheme.

The personalities of the controversy, though they have necessarily caught the public eye, are really of little importance. One cannot read the published documents without gaining the impression that a certain dictatorial temper coloured Lord Nuffield's attitude to the whole question, and that at the same time less than the maximum possible tact was shown by the Air Ministry in overcoming this obstacle. It would also appear from the simultaneous changes of personnel and policy in the Morris organisation that there was more than one school of thought among Lord Nuffield's subordinates.

On the first substantial question at issue, the refusal of the Air Ministry to buy Scorpio engines as part of the expansion scheme, Lord Nuffield seems to have a very weak case. His aeroplane factory, originally designed mainly for civil purposes, was not producing an engine suitable for the Air Force; and the expansion scheme was being punctually executed by the existing firms. There was no reason why the Ministry should have bought the Scorpio engines; and to buy American engines, manufactured by Wolseley, as Lord Nuffield later suggested, would have been contrary to the Ministry's considered policy—however short-sighted such rigidity may be.

The merits of the controversy over the "shadow" industry are not so clear. The case for manufacturing parts separately is mainly based on the need to economise machine tools; and the case against it rests on the alleged difficulty of assembling the parts and the alleged danger in war of the destruction of one of the factories by bombing raids. This latter point was met by the statement of Lord Swinton on Thursday that in case of war whole engines would be produced by each individual factory—or at least by several chains of factories. On the technical question of the assembly of parts, and of the shortage of machine tools, the layman cannot possibly judge. But it is plain from the White Paper that difference of opinion on this point exists among the experts; and some form of independent inquiry might perhaps be held with advantage. The matter cannot end entirely with Lord Swinton's statement in the Lords on Thursday that the Government had decided to adopt a policy with which Lord Nuffield unfortunately disagreed.

If some further inquiry can be held, and if Lord Nuffield's services are recruited once more—not on his terms but on those of the Ministry, and not necessarily in the "shadow" scheme—the ventilation of the dispute may not have been wholly against the public interest.

SPAIN AND THE POWERS

WITH the virtual investment of Madrid by the various forces of the rebel Generals and their 48-hour ultimatum to the capital, the Spanish tragedy reaches its *dénouement*. But as there is often a long succession of minor crises after the *dénouement* before the curtain is rung down on a tragedy, so the capture or surrender of Madrid will only usher in a protracted and doubly embittered epoch of conflict—warlike conflict in Spain, political in Europe. Perhaps for years, Spain and her oversea territories must now become a political, if not a real, powder-magazine. Unhappily, the rest of Europe also bids fair to become a political firework display in the next year or two. And this is no safe environment for powder-barrels.

His Majesty's Government and the Popular Front Government of France agreed at the outset of the Spanish rebellion that the supreme danger against which their joint efforts should be directed was lest the Powers of Europe should, by material support of the party in Spain with which their Governments or peoples sympathised, become embroiled with each other. That this was—indeed is still—a danger cannot be gainsaid. In the Commons debate on Thursday Mr Eden rightly emphasised the perils of a conflict between two sets of European Great Powers. The contingency seems the greater in that the aims and outlook of the Spanish rebel Generals naturally commend themselves to the European aims and policy of Herr Hitler's and Signor Mussolini's totalitarian States. Moreover, the quandary in which the rebellion has placed successive Spanish Governments has proved almost an exact parallel to the European quandary of the two great Western democracies—that of being lamed and deprived of initiative by violent tactics. Thus, the sincere endeavour of the French and British Governments to secure an effective non-intervention agreement among the Powers principally affected, though it was not what the Spanish Government might reasonably have expected from so-called friendly Powers, could at least be justified in the dangerous state of political tension all over the Continent. The Governments of France and of this country had lost the initiative in European affairs as a result of their cumulative hesitations, misunderstandings and errors in the face of that long train of unilateral wanton acts which led from Manchuria to German conscription, the sanctions *débâcle*, the rape of Abyssinia, the remilitarisation of the Rhineland, and the eventual understanding between the two Fascist dictators.

We still believe—as we said at the outset of the rebellion in Spain—that if the British and French Governments had at once jointly warned all other Powers, Russia included, not to carry material aid to either side in Spain under the penalty of running a joint Anglo-French naval blockade, neither Herr Hitler's nor Signor Mussolini's nor M. Stalin's minions would have been given any military support by their principals in the event of an attempt to break that blockade. For such action the British and French Governments might have adduced as justification the international instruments of 1907, 1908 and 1912 reserving the Spanish North African zone, Tangier, and the Straits of Gibraltar—all vital British interests—as zones of peculiarly French and British concern.

As it was, however, the British and French Governments pinned their faith to the good faith of others. It was a risky proceeding in the temper and tension of political feeling in Europe. The Supervisory Sub-Committee of the Non-Intervention Pact—itsself so tardily concluded as to be unavailing at the outset—became thereby the matrix of accusation and counter-accusation over the various Powers' alleged non-observance of the Pact. Despite overwhelming private evidence that breaches of the Pact have been made by Germans, Italians, Portuguese and Russians, the Supervisory Sub-Committee has supervised nothing beyond the clash of European interests within it. While the French and British representatives have been, like Agag, treading delicately, the ban on the supply of arms to Spain has worked plainly against the Spanish Government and in favour of the rebel forces.

It is significant that, despite Mr Eden's deprecation of this conclusion, he admitted on Thursday that warlike stores

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had without doubt been sent to the rebels from Italy and elsewhere, at any rate before the conclusion of the Pact. And the Spanish Government's contention that they have the men while the rebels have secured the material has been borne out this very week by two British war correspondents who were captured by Italian troops manning rebel tanks. Again, many Italian and German fighting aircraft of the latest types have been shot down by Government forces.

Thus, Mr Eden's argument that, because Italy is situated geographically in a natural position to supply the rebels with arms, the British people should not conclude that the Pact had worked against the Spanish Government, is a palpable *non sequitur*. France is even more favourably situated; but she has enforced the Pact upon her chafing subjects. The supervisory Committee of the Powers has, during the last ten days, been proved impotent either to investigate or to adjudicate on the charges and counter-charges made by the Spanish Government and Russia on the one hand, and by Germany, Italy and Portugal on the other. Its chairman, Lord Plymouth, only announced on Wednesday a verdict of "insufficient evidence" in favour of Italy and Portugal, leaving the German and Russian cases of alleged non-observance *pendente lite*. And the Committee, its membership intact, has adjourned for another sterile week. In the Commons, Mr Eden has informed us that nothing can be investigated in Spain or Portugal; and that the British and French Governments are resolved to adhere to their support of the Pact as the lesser of two evils.

This naturally ran completely counter to the Russian Government's declaration that the Pact and the Committee's work amount to "a torn-up scrap of paper." But it also evoked bitter protests from the Opposition on Thursday. In accordance with the unanimous decision on Wednesday evening of the three Labour organisations composing the National Council, their speakers demanded the suppression of circumstances which, they declared, in effect enabled one side in Spain to secure all it needed and denied equivalent facilities to the other.

The truth is that the Committee, as we expected, has proved to be Europe in miniature. In it, as in the Continent *in grosso*, the Powers have found that Spain is just a temporary centre of gravity, about which the parallelogram of their political forces maintains an uneasy equilibrium. None can "pull out." None dares openly to rush in. And the issue in Spain must be fought out, with a strong bias—provided by the impotence of Britain and France, as prisoners of their own good faith—in favour of the rebels. True, even the military issue is not yet decided. But that will not be the end. It will be only the beginning of yet another alignment of forces—perhaps even more unfavourable to France and the British Empire than the present—in a Continent whose political destinies are being meekly surrendered to militant dictatorships. It will take more than soft words in the Commons to avert the reckoning in store.

THE DEPRESSED AREAS—I

(BY A SPECIAL CORRESPONDENT)

THIS autumn legislation will have to be passed renewing the Special Areas (Development and Improvement) Act, which came into force two years ago as a result of considerable popular agitation on behalf of a number of districts standing out as islands of depression and hopelessness in the midst of the rising tide of recovery. The Commissioner for the Areas of England and Wales, Mr Malcolm Stewart, is retiring, by all accounts a tired and disappointed man. This is therefore obviously the proper juncture at which to examine the situation in the areas and the results hitherto achieved.

The Ministry of Labour have kindly made available the latest figures for the Areas of England and Wales (for lack of experience and detailed information the Scottish Area must be neglected). The following table compares the situation in November, 1934, just before the Commissioners took office, with that on September 21, 1936:—

	Date	Total Registered Unemployed	Percentage of Insured Persons
West Cumberland	Nov., 1934	13,530	38.3
	Sept., 1936	12,460	35.2
Durham and Tyneside	Nov., 1934	176,862	33.5
	Sept., 1936	128,721	24.6
South Wales	Nov., 1934	156,748	37.1
	Sept., 1936	141,771	34.2
Total Special Areas...	Nov., 1934	347,000	35.3
	Sept., 1936	283,000	29.1
Great Britain	Nov., 1934	2,120,785	16.9
	Sept., 1936	1,624,339	12.9

Two salient facts are clear from these figures. The first is that the percentage of unemployment in the areas, the best measure of its severity, remains to-day nearly 30 per cent., or two and a half times as great as that for Great Britain as a whole. The second is that while there has been some improvement, notably on Tyneside and in Durham, the improvement has been considerably less than the average for the country. A simple calculation shows that the unemployment reduction during the two years in the Special Areas is about 18 per cent., against over 23 per cent. for Great Britain. In spite of Mr Malcolm Stewart's efforts, the contrast between the plight of the areas and the comparative prosperity elsewhere has been greater. When it is considered that practically the whole of the reduction in unemployment (64,000) can be accounted for by official and unofficial transfer, which was certainly not the object of the Special Areas (Development and Improvement) Act, it is evident that the results of the Act have been extremely meagre.

But perhaps the most serious feature of the situation is the fact that during the period in question there has been a great recovery in precisely those heavy industries upon which the Special Areas so largely depend. In spite of this, only Tyneside, Clydeside and parts of Durham, which are

benefiting from the revival of shipbuilding as well as from re-armament, show an appreciable improvement, while the economic position in most of the other scheduled districts is actually tending to deteriorate. There can be no doubt that the boom in heavy industry, upon which the Government has obviously counted for a solution, will not in fact solve the problems of the areas, even when it is having most effect, unless advantage is taken of it to put the areas on a sounder economic footing.

As Mr Malcolm Stewart has pointed out, the chief need of the areas is the establishment of new and as far as possible diversified industries. Yet here he has had to record almost complete failure. During 1935, 510 new factories were completed in Great Britain, of which only five were in the Special Areas. And the only industrial development which the Commissioner finds worthy of mention in his Reports is the re-opening of the Ebbw Vale Steel Works by Messrs Richard Thomas.

Nothing could be more unfair than to blame the Commissioners and their staffs for this tragic failure. What are the real reasons?

In his first Report, Mr Malcolm Stewart contrasts a number of statements made by members of the Government during the passing of the Special Areas Act with the realities of his powers. Mr Chamberlain had spoken of "cutting through all the ordinary methods" and giving the Commissioners "a very wide discretion." The Parliamentary Secretary to the Ministry of Labour had referred to the difficulty of putting into practice valuable ideas "if you go through the elaborate procedure of Government Departments to make sure that every single thing you do will stand the criticism of the Public Accounts Committee and questions across the floor." The Government believed that it was possible to cut that procedure short and to go behind a great deal of red tape.

There was much more in the same vein, but the speakers seemed to be under a misapprehension about the Bill they had introduced. For, as Mr Stewart pointed out, the Commissioner is as much subject to financial control as any Government Department. The Minister of Labour is responsible for him, can be asked questions about his actions and has to sanction all the main lines of policy. There are innumerable restrictions on his actions, and one of the most vexatious prevents him from offering or supplementing grants where grants are payable by Government Departments. Thus he cannot help local authorities to construct roads, bridges, tunnels, canals or quays, or to develop any education service, since Government Departments are able, although they may very well not be willing, to do so. All he can do is to go hat in hand to the Ministers and "make representations"; but since they are bound by their "general standards" not to give special treatment even to the Special Areas this is not much use. Since he cannot do or assist anything outside Great Britain, he can neither promote emigration nor help the Development Councils to advertise their areas abroad. Yet another legal opinion has prevented the provision of hostels for people transferred from the Special Areas because hostels do not of themselves "afford employment or occupation." Mr Stewart feels that the strict limitation of his powers to the Scheduled Areas has also been detrimental, particularly in South Wales, where Cardiff, Newport and Swansea have been excluded from what is in essence one economic unit. Above all, the Commission can give no financial assistance towards the establishment or development of new industries, or for that matter of any industries, operating for profit. Yet only "industries operating for profit" can save the Special Areas.

One cannot help wondering whether Mr Stewart read his Act, or at any rate had it authoritatively interpreted to him, before he accepted his purely honorary but none the less onerous job. Yet the legal limitations were only a small part of the story of frustration.

It would be difficult to find any better example of the limitations of bureaucratic procedure in general than the experience of the Commissioner himself, his local Commissioners in the various districts, and his staff. Instead of getting down to the job and doing it, their lives must have been one long consideration of the question who—what

individual, organisation or public body—was competent for what, and how best to persuade them to act. Everywhere, even with organisations wholly financed by the Commissioner like the Development Councils, they had to walk very warily for fear of treading on prominent and touchy toes. Nearly every major scheme was dependent on the assent of various authorities, not all of whom were good bedfellows. And all the while the unemployed men and women in the Special Areas stood at the street-corners.

Much of this was probably inevitable, but not all. Had the Commissioner possessed wider powers to make grants, he would have been able to use the weapon of financial influence with far greater effect, and the difficulty of the Departments' "general standards" would have been overcome. It was not always necessary for him to renounce executive authority, as for example by giving his assistance through central bodies like the National Council of Social Services and the Land Settlement Association in the form of block grants, thus preventing his local Commissioners from having any influence over the way the money was spent. The divorce between the Commissioner's office and the Development Councils is also carried to extremes—one cannot even get the publicity literature of the Councils at Broadway Buildings; while as for the newly-formed Special Areas Reconstruction Association, both it and the Commissioner's staff hold up their hands in horror at the idea of the slightest connection.

A solution can only be found by amending the Act and securing better co-ordination of the efforts and expenditure on behalf of the areas. There must be something wrong when £5,000,000 of public money is spent with such meagre results. In particular, a closer and more workable connection between administrative action and private enterprise is urgently needed, whatever the Board of Trade may feel. Lasting effects can only be secured by establishing new industries and encouraging private enterprise in the areas, and in a second article some practical suggestions will be put forward to this end.

THE MECHANICS OF PRESIDENCY

ON Tuesday next, November 3rd, "the Tuesday following the first Monday in November of every fourth year," the voters of the United States go to the polls to accomplish what has been called their "quadrennial revolution." Thereby they will achieve the ante-penultimate stage in the long process of electing a new President of the United States. We say the ante-penultimate stage advisedly, for though the newspapers next Wednesday will proclaim that Mr Roosevelt, or Mr Landon, has been elected, they will be guilty of a technical solecism. Technically, neither Mr Roosevelt nor Mr Landon enters into next Tuesday's election at all. The voters who will troop to the polls will not vote for either of them. What happens on Tuesday is that the voters elect the Electoral College of 531 electors.

The Constitution prescribes that every State shall have as many electors as it has Senators and Representatives combined. The Constitution further prescribes that every State shall have two Senators and a number of Representatives in proportion to its population, with a minimum of one. The number of votes a State has in the Electoral College thus varies roughly with population. Six small States have the minimum of three votes each. At the other end of the scale, New York has 47 votes, Pennsylvania 36 and Illinois 29.

The Constitution leaves it to the State legislatures to determine how the electors shall be chosen. In the early years of the Republic, the electors were generally nominated by the State legislatures themselves. But for the last hundred years they have been elected by popular vote. There is nothing whatever to prevent a State deciding that its electors shall be chosen in single-member constituencies, or by Proportional Representation through-

out the State. In fact, however, in every State they are chosen *en bloc* by the majority vote of all the citizens of the State.

This practice has the peculiarity that it can result in the victory of a party which has not received the largest number of votes. The block of 47 votes from New York goes to the party with the largest popular vote in the State, however narrow its majority. This means that a narrow majority in one of the large States is much more important than unanimity in three or four small States. The twelve largest States have a majority of the Electoral College; whichever party gets 51 per cent. of the votes in each of these twelve States wins the election, even if it does not get a single vote in any of the remaining 36 States. It is thus mathematically possible for a party to get nearly 75 per cent. of the popular vote and yet lose the election. Actually, this never happens. In every election this century the candidate with the highest popular vote has been elected. Even in 1916, though Woodrow Wilson had just less than half the total vote, he had a comfortable margin over Mr Hughes. The system tends, nevertheless, to concentrate campaigning in the populous States between New York and Chicago.

The Electoral College never meets in the flesh. On a given day the electors meet separately in each State capitol and solemnly cast their votes. On a later date these votes are counted by the President of the Senate in the presence of Congress; only then is the new President officially chosen. The Founding Fathers had originally hoped that the Electoral College would exercise some independent choice; actually, of course, the electors are mere party dummies, and the result is foregone as soon as the popular election has been held. The original idea was that the candidate with the second highest vote for President should be elected Vice-President. But with a party system this is a patent absurdity; it might result in Mr Landon being President with Mr Roosevelt relegated to the Vice-Presidency. Accordingly the Twelfth Amendment in 1804 altered the system and the Electoral College now votes separately for President and Vice-President. By the same Amendment it was provided that if no Presidential candidate receives an absolute majority of the Electoral College, the House of Representatives may choose from among the three highest candidates. If no Vice-Presidential candidate gets an absolute majority, the Senate chooses between the two highest candidates. Since the election of John Quincy Adams these provisions have never been put into effect, but if a strong Third Party ever arose, this clause might become very important. Before the passage of the Twentieth Amendment, the House of Representatives which would have had to do the choosing would have been the one elected two years previously, and possibly dominated by a party which had just been rejected at the polls.

In all previous Presidential Elections the leisurely timetable of the eighteenth century has been followed. The "electors" met in their several States on the second Monday in January, their vote was counted on the second Wednesday of February and the President took office on March 4th. The Congress elected in November did not necessarily meet until the December of the following year. By the Twentieth Amendment, however, which came into effect shortly after Mr Roosevelt's inauguration, the process is somewhat speeded up. The members of the Electoral College record their votes before the end of the year. The newly-elected Congress meets on January 3rd; the vote of the Electoral College is counted on the same day and the President is inaugurated on January 20th. Even that is two and a half months after the popular election.

Much, therefore, remains to be done after Tuesday's vote. But equally much has gone before. The process of electing a President began many months ago. The parties had first to nominate their candidates. This was done in the great party Conventions held in June. But the delegates to the Conventions had themselves to be nominated. In some States this is accomplished by miniature State conventions attended by the nominees of the local party managers. These State conventions nominate the State delegates to the party conventions which nominate the candidates. In other States the delegates are actually chosen by the voters themselves, by the peculiarly

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American device of the primary election. This is a formal poll of the voters, supervised by the State Governments. Each elector votes, of course, only in his own party's primary, but otherwise the election is as other elections are.

The system of nominating conventions serves to increase the power of the party "machine." Since none save party men attend the conventions, the candidate himself must be a man of unimpeachable party regularity. This is one reason why changes of party are so rare among practising American politicians. Moreover, since any candidate with an original personality or individual views is almost certain to arouse enough antagonism to ensure his defeat at one of this series of complicated intra-party elections, the successful politician is usually either a man of negative personality or one who, like Mr Roosevelt in 1932, keeps his views to himself until after nomination and election.

One more formality remains to be mentioned. Before a voter can cast his vote on Tuesday he must have formally registered his intention of doing so about a month previously. This again strengthens the hand of the machine, since the casual unattached voter is automatically barred.

By this time the European reader's head is doubtless reeling with the complications of the American political system. But the half of it is not yet told. It would be difficult enough for the elector in, say, New York State to remember that though he wanted to support Mr Roosevelt he had actually to cast his vote for Mr Abrahams, Mr Brown, Mr Caplan, Mr Donovan and so on down a list of 47 Electors, to be distinguished from similar lists of 47 put forward by the other parties. But in addition he has to vote for a Senator, a Congressman, a Governor of the State, a State Senator, a State Assemblyman, several Judges, Sheriffs, Mayors, Aldermen, county officials, etc., etc. (all of them previously nominated by conventions or primaries), in addition to expressing his views on one or more proposed amendments to the State Constitution. By this time even the hardened head of the American voter is reeling. In most States, accordingly, the encyclopædic ballot-sheet or voting machine (for in many States the voter votes mechanically, recording his choice on a gigantic time-clock) contains a small space in which the voter can "vote the straight ticket," that is, give a blanket franchise to the Democratic or Republican Party to fill all the offices for him. This greatly simplifies the voter's task, but it once more strengthens the hold of the "machine" over its adherents.

It is no simple operation, then, that will reach its ante-penultimate stage on Tuesday, no simple Fascist plebiscite in which the voter can vote "Yes" or stay at home and nurse his bruises. Nevertheless, so penetrating are the perceptive powers of the Press that within a few hours of the polls closing the newspapers will be proclaiming Mr Roosevelt or Mr Landon President. They will, of course, be unconstitutionally premature; but they will not be far wrong.

MINING ROYALTIES—II

(BY A CORRESPONDENT)

In a former article, which appeared in last week's *Economist*, the disadvantages of the system of private ownership of mineral rights were set out at length. It remains now to discuss some of the technical problems of the purchase of all royalties by the State, the total probable cost of which was estimated by the Samuel Commission ten years ago at not more than £100,000,000.

The general principle of nationalisation must be to give fair and just compensation to the present royalty owners. The opportunity might, however, be taken of providing that all unsuspected or undiscovered coal deposits, and known deposits at such deep levels as to be unworkable, should henceforth belong to the State, without any compensation to the owners of the land under which they lie. This principle, or one very similar, has already been accepted in the case of the Petroleum Production Act, and it can be applied to coal without inflicting injustice on any existing landowner.

Another exemption might possibly be made in respect of cases where the royalty owner and the mineowner are the same person. It would seem to be pedantic to buy the royalty owner out, and then compel him to make payments to the State. The common-sense solution would seem to be to grant a perpetual lease at a nominal rent, with the option of State purchase where desired. In any event, the colliery owner who has acquired the minerals in order to increase the efficiency of his undertaking ought not to be placed in a worse position than he is now.

The crux of the problem of nationalisation is the method to be adopted for assessing the compensation to be paid to the existing royalty owners. That compensation should be "fair and just," but there is no reason why it should be more than "fair and just." There are many cases in which there never was any justification for the royalties levied, and there is still less to-day. In other cases, sums have been paid in the past, in "fixed rent," without coal being mined, and these sums might well be deducted from the present value of the royalties. Again, the post-war tendency, when leases have fallen in for renewal, has been to reduce the charge; and this tendency, without nationalisation, would undoubtedly continue. The total amount of royalties in the future might, therefore, be less than to-day. It is obvious that the problem of valuation is not going to be easy.

Several alternative methods have been suggested. The most obvious is that the value of each individual royalty should be determined by Government valuers appointed for the purpose. Another is that the general basis should be fifteen years' purchase of the amount received by the royalty owner on a five-year average, less mineral rights duty. Another is that, as the districts are clearly defined, a total sum should be allotted to each district or even to the country as a whole and its distribution settled by a specially appointed tribunal. Whatever method may be adopted, the present variations are so great that nothing like uniformity can be expected. Very careful consideration will have to be given, among other matters, to the changes in the volume, nature and direction of the demand for coal, to the inequalities of the royalty charge not only as between mine and mine but also as between district and district, to the fact that some landowners have exploited the needs of the producer while others have not, and to cases where the more valuable seams have been exhausted as compared with those in the earlier stages of production.

The essential thing is to see that the total charge to be imposed on the industry is as small as possible. It should be the ultimate aim, if not to abolish royalty payments altogether, at least to reduce them progressively until they are only a nominal charge; and the favourable terms on which the Treasury can now borrow money may make it possible to include a substantial sinking fund without increasing the total sum now being levied on the industry. Whether the State should make a further contribution towards the rapid extinction of this burden on the industry is, logically, an entirely separate question. But at a time

when shipping, beet sugar and various branches of agriculture are being subsidised and manufacturing industry is being protected, the coal industry may justly press its claims.

It is to be presumed that in the forthcoming Bill the Government will make provision for taking over the whole of the minerals comprising the coal measures, including those ancillary to the winning of coal, and that a body of Commissioners will be appointed, in whom the administration of the national mineral estate will be vested. In the light of the past experience of the industry, there are four considerations to which great importance should be attached in setting up this body. First, if it has statutory powers, it is essential that they should be clearly and definitely set forth, without leaving any loophole for stultifying litigation. Secondly, it should be a body of independent persons, business men, lawyers or mining engineers, without representation either of the mineowners or of the workers. Thirdly, it should be removed, like the Import Duties Advisory Committee, from all possibility of direct political pressure. And finally, appeal from its decisions should lie to a single outside independent tribunal, whose judgment should be final, thus avoiding the possibility of lengthy and costly litigation.

It would be for the Commission to evolve the principles on which it would administer the royalties. It is obvious, however, that its first task would be to consolidate existing leases, granting one lease to every existing undertaking, instead of the present average of five separate leases. While it is out of the question that absolute uniformity either in the length or in the conditions of leases can be secured, the Commission could at least advance towards uniformity, e.g., by abolishing "fixed rents" and by bringing the length of leases into some relation to the probable life of the mines.

The opportunity of the forthcoming Bill should also be taken for clarifying the position of wayleaves, which are another grievous burden on the industry. The subject of wayleaves is, strictly speaking, distinct from that of royalties, but the two are closely related. Wayleaves are charges exacted by landowners, not for the mining of coal from under their land, but for transporting it either under or over their land after it has been mined. Wayleaves may be exacted for the right to convey coal from the seam to the shaft, or up the shaft, or from the pit to the railway, blast furnace, coke oven or loading wharf. These landowners are monopolists; the coal must pass over or under their land, and they have, therefore, a power which they do not fail to use. Commission after commission has reported that the charges levied are frequently extortionate. In a recent judgment, Mr Justice McKinnon said that the lessor of a wayleave had nothing to sell except his unwillingness to grant. "The value of the land can only be fixed by the factor of his own cupidity and the necessity of the lessee, who is the only possible purchaser." The system reaches its height of absurdity in the case of underground wayleaves on coal brought through an exhausted area. The landowner, having received royalties for his coal, can demand and receive payment for the right to bring other coal through the valueless area left behind.

The present state both of wayleave charges and of the law can be illustrated by the case of the Conssett Iron Company, Ltd., and the trustees of the Clavering and Towneley estates, which came before the courts in 1934 and 1935. In this case the wayleaves related to land used as a railway, constructed, worked and maintained by the Conssett Iron Company. There was no other way of transporting the coal. The land consisted of about 27 acres of a maximum letting value of £5 per acre per annum, and the landowners refused to sell the land. From January 1, 1890, to December 31, 1931, the company had paid, for the use only of this land, a total of £164,473, or an average of about £145 per acre per annum. This is an average, but the charge to-day is £6,000 per annum, or £222 per acre per annum. The case came before the Railway and Canal Commission in 1934. Support) Act, 1923, and the Mining Industry Act, 1926, which were passed with the intention of relieving the industry of excessive charges of this nature. The court

found in favour of the company, and ordered the rent to be reduced to £10 per acre per annum. The lessors appealed and in 1935 the judgment was reversed in the Court of Appeal. There is no appeal to the House of Lords. The result is that the manifest intention of Parliament has been thwarted. In Scotland, there have been no appeals from similar decisions of the Railway and Canal Commission, so that the law now means one thing in England and another in Scotland.

The burden of wayleaves is not as heavy as that of royalties. But it is none the less considerable, the rates varying from 0.09d. per ton to as much as 4½d. per ton. It can be argued that the landowner is contributing even less to the industry or to the national income in the case of wayleaves than in that of royalties, since he is not even selling minerals which the law declares to be his private property; he is merely charging for the use of his land. The least that Parliament can now do is to restore to the Railway and Canal Commission the power, which was intended to be conferred upon it by the Acts of 1923 and 1926, of reducing rents of this character where they are excessive or extortionate.

LIBELS ANCIENT AND MODERN

A YEAR ago Mrs Albertini, who is the wife of an American millionaire and lives in Windsor Park, gave a party. A week ago, by way of sequel to the party, she brought an action for libel. The action was against *Everybody's Weekly* and was founded on a criticism which that paper made, without mentioning names, of the extravagant nature of her entertainment. The hostess had, in fact, gone to much trouble and expense to please her guests, spending a sum which was agreed between the litigants as £962 6s. 7½d., and giving the party a Tunisian setting which appealed so strongly to two journalists (present by invitation) that they gave her most flattering notices—glamorous was the word—in the *Sunday Express* and *Sunday Dispatch*. These notices were the raw material of the criticism in *Everybody's Weekly* and so led to last week's libel action, which the plaintiff lost on the ground that her party was a matter of public importance inviting comment.

How history does repeat itself! Exactly one hundred years before this party of Mrs Albertini, another famous hostess, Mrs. Leo Hunter, gave a party at The Den, Eatanswill, and, thanks to the lucky chance of having Mr Pickwick as a guest, achieved a publicity more lasting than Mrs Albertini's. Between the two parties there are some striking points of resemblance, and to the social historian it is a task of no little interest to trace the parallel. Mrs Albertini arranged a Tunisian setting for her ensemble and spent £130 on the necessary structure. Mrs Hunter aimed at an Oriental effect and achieved, according to a competent observer, the Fabled Gorgeousness of Eastern Fairy Land Itself. Mrs Albertini had a perfectly lovely dance band complete with crooners. Mrs Hunter had a band of musicians in pasteboard caps and four something-een singers in the costume of their country. Mrs Albertini had no wish for personal publicity. Mrs Hunter abhorred it. Mrs Albertini invited journalists from the *Sunday Express* and the *Sunday Dispatch*. Mrs Hunter invited Mr Pott from the *Eatanswill Gazette*. Mrs Albertini did not invite the editor of *Everybody's Weekly*. Mrs Hunter did not invite the editor of the *Eatanswill Independent*. Mrs Albertini was congratulated by the *Sunday Express* and the *Sunday Dispatch* on her glamorous party. Mrs Hunter was congratulated by the *Eatanswill Gazette* (the word glamorous not being then current) on a scene of varied and delicious enchantment and adornment refined with perfect harmony. Mrs Albertini was abused and criticised by *Everybody's Weekly*. Mrs Hunter was sneered at by the *Eatanswill Independent*, through four numbers, in the very largest type, with all the adjectives in capital letters.

At two points, unhappily, the resemblance breaks down.

First, Mrs Albertini not only supplied her refreshments on tablecloths of satin but provided 500 guests with 462 bottles of champagne at a sworn and certified cost of £223 17s., whereas Mrs Hunter went on the principle of issuing cards for 100 and refreshments for 50. Mrs Albertini comes well out of this comparison. Second, Mrs Hunter recited to her guests her ode to an Expiring Frog, which Mrs Albertini does not seem to have done. We may be allowed to hope that at her next party Mrs Albertini will maintain the first point of difference between her hospitality and Mrs Hunter's but see her way to abolishing the second.

It may be thought that there is a third point of difference in that Mrs Albertini's party was followed by a libel action and Mrs Hunter's was not; but that would be a mistake. The truth is that there was an action, but Mr Pickwick completed his memoirs before it came on and consequently did not mention it in the Papers. But in the archives of the Hunter family there is a report of a libel action which was brought by Mrs Hunter against a Mr Slurk, proprietor and printer of the *Eatanswill Independent*, in which the plaintiff claimed damages for defamation of character and pleaded that the said paper had held her up to ridicule, hatred and contempt by the publication of offensive comments on her hospitality at The Den. The case was heard at the Court of Common Pleas, Guildhall, before Mr Justice Stareleigh, Mr Serjeant Buzfuz appearing for the plaintiff and Mr Serjeant Snubbin for the defendant.

Mr Serjeant Buzfuz opened the case by saying that never in the whole course of his professional experience—never from the first moment of applying himself to the study and practice of the law—had he approached a case with feelings of such deep emotion and such a heavy sense of responsibility. His client, Mrs Hunter, was in the habit of giving a party to those who had rendered themselves celebrated by their works and talents, and the party with which they were concerned in the present case took place in August, 1835. The articles of which Mrs Hunter complained were published in four separate issues of the defendant newspaper, and the plaintiff declared that they held her up to ridicule and put her before the world as a woman who gave the party out of sheer vanity, with the result that many of her friends despised the whole business. The defendant pleaded fair comment, but what did he know of the charitable activities of Mrs Hunter? Damages—heavy damages—were the only punishment with which the jury could visit the defendant—the only recompense they could award the plaintiff.

Giving evidence for the plaintiff, Mr. Pott, Editor of the *Eatanswill Gazette*, denied that Mrs Hunter was a vain woman who sought publicity. At the party in question, when he had ventured to compare her looks favourably with those of her two daughters, Mrs Hunter had tapped him on the arm with her fan and called him a naughty man, declaring that she did not wish her praises to be repeated before strangers. Other witnesses for the plaintiff included Count Smortork, Mr Pickwick, Mr Snodgrass, Mr Winkle, the young lady who "did" the poetry in the *Eatanswill Gazette*, the young gentleman who "did" the review department, and Mr Jingle, whose evidence was taken on commission. The witnesses were cross-examined by Mr Serjeant Snubbin on the agricultural depression, admitting that they had heard something about it but denying the suggestion that there were 2,000,000 people in the country on the verge of starvation.

Addressing the Court for the defendant, Mr Serjeant Snubbin argued that there was no case to go to the jury, and asked for judgment on two grounds: (1) that Mr Slurk's articles were not defamatory and (2) that Mrs Hunter, by inviting the editor of the *Eatanswill Gazette* to her party, had made the function a matter of public importance and thereby invited criticism and fair comment.

Mr Justice Stareleigh, having heard the arguments of learned counsel, ruled that the words of the articles were capable of a defamatory meaning, but withdrew the case from the jury on the second ground. In giving judgment His Lordship said that he saw no impropriety in anything that Mrs Leo Hunter had done. "For the life of me," said His Lordship, "I can see nothing wrong in what she did. The only mistake she made was in making her private

al fresco entertainment a matter of public importance by inviting Mr Pott to come to it. If, having decided to have a party, you invite an editor to come to it, you cannot complain if afterwards the Court holds that you have made it a matter of public importance. Nevertheless, I am bound to say that I feel very sorry for Mrs Hunter. The articles were to my mind very cruel attacks on her. They were very defamatory and I find not the least justification for them. The comment contained in them was abusive and

extravagant and I cannot approve of it; but there is no evidence that it was dishonest comment, and Mrs Leo Hunter's case accordingly fails. There must be judgment for the defendant with costs.

No. No. This can't be right. A hundred years ago this kind of trivial libel action was unknown and Mrs Leo Hunter was much too sensible to go to law with Mr Slurk. The report must be a forgery.

NOTES OF THE WEEK

New and Old Ministers.—A series of Cabinet changes was announced on Thursday. Mr Elliot, Minister of Agriculture for over three years, goes to the Scottish Office. He is succeeded at the Ministry of Agriculture by Mr W. S. Morrison, Financial Secretary to the Treasury, and Mr Hore-Belisha, while remaining Minister of Transport, becomes a member of the Cabinet. The most significant change is the departure of Mr Elliot from the Ministry of Agriculture. Back in the far-off days of 1932-33, when prices were falling and crisis was in the air, Mr Elliot came to the Ministry full of determination to restore prosperity to British agriculture by bold experiments with a patent new system of economics. As time went on, however, he became aware that prices can only be raised either by expanding demand or restricting supply; and, despite some praiseworthy attempts at the reorganisation of marketing, he came to rely more and more heavily on the hoary device of restriction. As a result, the public came to associate his name with rising food prices; and his departure to the Scottish Office is bound to be interpreted by some as being not unmixed with satisfaction at escaping the odium of that association. To Mr Morrison we tender our congratulations and our sympathy; for he has taken on a difficult job. His recent experience at Geneva, however, is a good omen. It may stimulate him to see the problem of Britain's food imports a little more steadily and whole than was Mr Elliot's wont. Mr Hore-Belisha certainly deserves his place in the Cabinet. Despite the slightly flamboyant showmanship with which his tenure of the Ministry of Transport began, there has certainly been a vigorous attempt to diminish road dangers while he has been there. Perhaps we may also hope that Mr Belisha will exert a liberal influence on the Cabinet's deliberations.

The Jarrow March.—The march of the Jarrow unemployed to London has at least aroused widespread public discussion. This week the Bishop of Durham, though urging the claims of Jarrow, asks what a march can do to "illumine the intelligence of the Legislature or quicken the conscience of the nation." The answer is that quickening the conscience of the nation is exactly the effect it will have. Moreover, this is exactly what needs to be done; for it was not lack of "intelligence" that led to the rejection of the Jarrow steel scheme last summer. The Bishop also joins with the Cabinet's recent declaration in suggesting that the march is not "constitutional." There is certainly a rich irony in the attitude of those who repudiate as "unconstitutional" the march of 200 unemployed to lay a petition before Parliament, while accepting as apparently hallowed by constitutional precedent the action—avowed and undisputed—of certain interests within the Iron and Steel Federation in using semi-official powers to suppress the Jarrow scheme on admittedly sectional grounds. If the former is unconstitutional and the latter not, we are certainly moving nearer to the Corporative State than had generally been supposed.

The Cotton Dispute.—Negotiations between the operatives and the employers in the spinning section of the cotton industry broke down on Monday. The operatives are asking for a restoration of the 14 per cent. cut in wages

made in 1932, and the employers contend that "the cotton industry under present circumstances is financially incapable" of meeting this request. Both the card room workers' and the operative spinners' unions are now to take a strike ballot; for owing to the abandonment of the conciliation machinery set up in 1932 no further opportunities for discussion are available. It is probable that the operatives will vote for a strike; and if the vote were carried into effect not merely the 120,000 weavers as well, would be thrown out of work. We find it hard to believe, however, that matters will be allowed to come to this pass. It may be that the complete restoration of the 1932 cut is not practicable; but profits in the cotton industry are now on a higher level than they were four years ago. It would pay the employers much better to compromise on a partial restoration of the 1932 cut than to incur the fearful wastage of a strike.

Belgium Keeps Her Head.—In Belgium last Sunday a march on Brussels was once more stopped at Waterloo. As always, however, the historical repetition was with a difference; for, apart from the greater economy of means in producing the result, the Rexist Waterloo was possibly a French victory, and certainly a Prussian defeat. So far from being swept into dictatorial power on the crest of a wave of 250,000 hypnotised Belgian *petits bourgeois*, young M. Degrelle was quietly arrested by the police. He has since been subjected to the still more serious ignominy of being as quietly released—under a summons. This is not the Hitler of 1933 or even the Hitler of 1923; for in his Munich fiasco Herr Hitler did at least succeed in getting machine guns fired, and himself interned in a fortress. But happily nothing as sensational as that was achieved by M. Degrelle in Brussels on October 25, 1936. In spite of the efficient measures which the Government had taken to control the approaches to Brussels and to prevent the assembly of the Rexist in special trains or motor-bus flotillas, a certain number did manage to get through. After assembling in the Cathedral of St. Gudule, they poured out into the Place St. Gudule at the close of High Mass. Immediately, the self-appointed Belgian *deus ex machina* made his epiphany—complete with loudspeaker—at a second-floor window over a shop. That was alike the beginning and end of it. M. Degrelle was arrested as he emerged from the house, and he came quietly. Subsequently the Rexist and their myopic allies, the Flemish Nationalists, resorted to obstructionist tactics in the Chamber; but the only result was that the majority of the deputies invited them to join their friends in Berlin as soon as possible. For the sake of Europe as well as Belgium, we may hope that little more will now be heard of a Fascist ramp which is as inexcusable in Belgium as it is in this country. In Belgium, as in the United Kingdom, the Communism against which M. Degrelle has been raising the hue and cry is a negligible force; a high degree of prosperity has been achieved; the parliamentary constitution is a going concern; all political views deeply and seriously held are well represented by one or other of the constitutional parties; and the people as a whole manifestly wish to continue to lead an orderly political life. M. van Zeeland is

to be congratulated heartily on his firm and skilful handling of this affair. There is at least one good European left in Western Europe who is not afraid to show that Western Europe is not going to be bounced out of her own ancient and admirable political institutions.

The Italo-German Meeting.—Signor Mussolini's son-in-law and Foreign Minister, Count Ciano, has now paid his visits to Berlin and Berchtesgaden and gone home again. For twelve months past the British and French Governments have been parading before the eyes of Herr Hitler and Signor Mussolini with their tails between their legs—as though they were determined to make the dictators understand that the initiative in European politics was now theirs for the taking. Even, however, under the peculiarly favourable circumstances with which we have presented them, it looks as though the two Fascist Powers were finding themselves able to agree in Africa (if Africa begins at the Pyrenees), but not in Europe (if Europe includes the Danube Basin). The Italo-German policy over Spain—the point on which the new Fascist front seems to come nearest to being a reality—is discussed in this issue of the *Economist* in another place. In regard to Abyssinia, Herr Hitler has now formally recognised the Italian Empire of Ethiopia in exchange for an Italian promise of a share in the economic pickings. This German gesture is of no great importance, since Germany ceased to be a member of the League a few weeks after the Italo-Abyssinian conflict came to a head, and she kept aloof from the sanctions organised against Italy. For Italy, no doubt, it is a pleasure to add Germany to Austria and San Marino on the list of countries that have recognised her annexation of Abyssinia up to date. But it remains to be seen how Germany is to find the foreign exchange for buying raw materials in "Italian Ethiopia" more easily than she finds it, for example, for making the same purchases in Tanganyika. Conversely, the one thing that Italy cannot hope to obtain from Germany is the capital that she needs if her conquests are to be economically exploited.

—And Locarno.—If this is all that the Italo-German understanding amounts to in Africa, its results are still more meagre in Europe. In their European policy, Germany and Italy seem to be agreed on the point of offering France and England peace at the price of a French and English renunciation of any say in the settlement of the destiny of Eastern Europe. Seen nakedly, this is an offer to us to drop the threat of another war in the West on condition that we give Germany and Italy *carte blanche* to seize the hegemony of Europe. Germany and Italy, apparently, are ready to conclude a new Locarno on the original lines of a renunciation of war as between Germany and France, with Italy and England acting as guarantors. But England is still to be a guarantor only, without receiving any guarantee for herself; and the commitments of France to Germany are not to be subject to any prior commitments to Russia or to any other East European country. Here we see a shrewd attempt to combine the German desideratum of a free hand against Russia with the Italian desire to avoid a situation in which the position of the British Empire in the Mediterranean would be guaranteed by Germany and by France—if not by Italy herself. This is certainly a far cry from Stresa. Yet the Italian problem which brought Signor Mussolini to Stresa still remains unsolved; and that is the problem of what Italy is to do about the German *Drang nach Osten*. For it is one thing to proclaim that Eastern Europe is an Italo-German preserve from which England and France are to be excluded; it is quite another thing to agree how the eastern bearskin is to be divided. The tripartite alliance between Italy, Austria and Hungary still bars Germany's road; and Germany has not, so far, been invited to make a fourth at the periodical meeting, which is to take place on November 11th and 12th between Italy and her two Danubian satellites. In Danubia, the eight million bayonets with which the Duce's one little olive branch is hedged

about have a message for Germany, too; and it is as hard as ever to see how Italy's present advantageous position in South-Eastern Europe can be continued by any other means than by a maintenance of the *status quo* on the lines laid down at Stresa. For if Italy and Germany go hunting in Eastern Europe together (as is the fashion among Fascist "he-men" nowadays) it is certain that General Göring will bag a Ukrainian aurochs, while Count Ciano will have to be content with a Dalmatian puppy or a Corfiote dwarf-owl. It seems, then, that in Eastern Europe, Signor Mussolini's gesture of changing over from the Anglo-French to the German camp will saddle him with the task of keeping by himself, that "Watch on the Danube," which France and even England were ready to share with him only eighteen months ago.

Germany, Italy and Central Europe.—The vagueness of the joint Italo-German statement about Central Europe is understandable when compared with developments in that region during the last week or so. Far from following the Belgian precedent, the Czech Foreign Minister, M. Krofta, declared to the Foreign Affairs Committee of the Chamber last week that if Czechoslovakia deliberately tore up her French, Russian and Little Entente treaties it would simply facilitate, rather than prevent, war in Central Europe. The Government would loyally stand by its engagements and strengthen them. The Czech Premier declared to foreign journalists last Friday that he fully supported M. Krofta's declaration. Moreover, Dr. Hodza authorised the journalists to publish his emphatic denial that there was even any question of abandoning the Czecho-Russian Pact, and his assertion that the Little Entente was being progressively cemented. This fact received confirmation in the strong declarations of Little Entente solidarity by President Benesh and King Carol of Roumania in Prague on Wednesday; and the sudden visit of the Roumanian Prime Minister, M. Tatarescu, to Belgrade last week now appears, on good authority, to be more a proof of the closer defensive measures in process of adoption by Roumania and Yugoslavia than of any approaching dissolution of the Little Entente. Moreover, the Central European developments in the last few days which point the moral of the *Italo-German statement* about that region have not been confined to the Little Entente countries. In Bulgaria, linked in sympathy with Italy, the King's ready acceptance of the resignations of the two Tsankoff Party Ministers has rebuffed the pro-Nazi group; and the appointment of Dr. Nikolaev, editor-in-chief of the most pronouncedly anti-German Bulgarian newspaper, makes the Bulgarian Cabinet to-day wholly composed of democratic or "neutral" personalities. And M. Krofta has announced that the Bulgarian Prime Minister, M. Kiosseijvanov, has expressed his desire to co-operate systematically on a permanent basis with the Little Entente. These signs of an extensive solidarity through Central and South-Eastern Europe confirm the impression—described in the *Economist* of October 17 in an article entitled "The Central European Scene"—that the Nazi star in that sphere is paling beside the ascendant Italian constellation. In this connection, the Hungarian ex-Prime Minister's, Count Bethlen's, speech last week against any attempt to continue the Gömbös regime and against any Hungarian orientation towards National Socialism, has aroused widespread favourable comment in the Little Entente countries. The visit of M. Stoyadinovitch, the Yugoslav Prime Minister, to Ankara this week may even bring Greece and Turkey—the other two members beside Roumania and Yugoslavia in the Balkan Entente—into line with the Little Entente, and Austria, Hungary and Italy.

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The Radical-Socialists Back M. Blum.—The French Radical-Socialist Party's annual congress in Biarritz last week enabled the flames of the Spanish civil war to be felt strongly enough to scorch the delegates' faces. At the opening meeting, the ardour was so great that the assembly split into two opposing mobs of gesticulators. It looked as though a Party whose most valuable function is to serve as a mediating and stabilising force in French politics was on the point of being split and polarised round two opposing extremes. If that had actually happened the consequences might have been disastrous. The Party leaders, however, proved equal to the occasion. The storm was allayed; and the congress closed with the passage of a unanimous resolution in which the Party re-affirmed simultaneously its support of M. Blum's administration and its devotion to the Declaration of the Rights of Man, and at the same time gave itself the pleasure of calling for the full application of the Radical creed as set out in seven points, none of which was either provocative or sensational. This must be counted as a signal victory for the French Prime Minister; for, if he can thus succeed in retaining the allegiance of the extreme right wing of his composite army, he can feel reasonably confident of his ability to keep the Front Populaire in being. The irritation of the Right-Wing Radicals was partly due to what seemed to them to be the Prime Minister's excessive lenience in his handling of the stay-in strikes. But no doubt the main irritant was the extreme unsatisfactoriness of the Communists in the rôle of collaborators. This experience recurs so regularly whenever any non-Communist party does take the present Communist offers of collaboration at their face value, that it cannot be regarded as accidental. The Communists remain awkward customers in nominal friendship as in open enmity. It is not their fault that M. Blum is still in office.

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The French Budget for 1937.—After two cabinet meetings on Tuesday, M. Vincent-Auriol, the French Finance Minister, outlined the Blum Government's proposals for their first Budget to the Chamber's Finance Committee on Wednesday. The by now habitual dichotomy into "ordinary" and "extraordinary" Budgets is maintained, the latter including that State expenditure which Governments elect to treat as "non-recurring," since it only recurs at wider intervals than one year: e.g. on three-year military or air programmes, public works schemes, etc. The 1937 ordinary Budget shows a deficit of Frs. 3,700 millions, and the two components of the extraordinary Budget—a joint military and emergency air programme involving loan expenditure of Frs. 8,500 millions and a public works programme of loan expenditure of about Frs. 3,500 millions—bring the total of 1937 State expenditure uncovered by revenue up to Frs. 15,700 millions.

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French Finances.—In judging this situation, three things must be borne in mind. First, the Blum Government has had to carry over to 1937, and therefore cover, a deficit of Frs. 6,000 millions on the actual 1936 accounts: the *damnosa heritas* left to them by those who drew up the 1936 Budget. Secondly, the Frs. 3,700 millions deficit envisaged in the ordinary Budget exactly equals the amount statutorily required for the annual sinking fund payments on the public debt. The Government's decision to borrow for these payments and not to suspend them pays the British national accounts of 1931-32 and 1932-33 the sincerest form of flattery. Nevertheless, though, as M. Vincent-Auriol said, this by itself will certainly not constitute any fresh demands on the money market, there are heavy maturing bonds next spring; and the extraordinary expenditure can only be covered as to Frs. 5,000 millions of the Frs. 15,000 millions profit on the "writing-up" of the Bank of France's gold stock; for Frs. 10,000 millions of it is already earmarked as the Exchange Fund. That leaves—apart from the Frs. 3,700 millions of

ordinary deficit and Frs. 5,000 millions from the "writing-up" profits accruing to the Government—about Frs. 7,000 millions of the total extraordinary deficit to be covered somehow, plus the maturing debt requirements next spring. The third point favourable to the Government, however, is that of the expected *reprise* in business activity and tax yields. The Finance Minister has already budgeted for Frs. 4,000 millions more tax revenue under this head, on the basis of the Belgian experience after devaluation last year. Again, greater liquidity in the money market is to be expected from greater payments of taxes, the expenditure of the Frs. 5,000 millions of "writing-up" profit in the extraordinary Budget, and the ability of the Caisse de Dépôts et de Consignations to sell, against cash, Government paper to the Caisse d'Amortissement for cancellation. These factors may combine to bring interest rates down with a run before long. Conversion of the national debt charge must still remain the goal of policy in France.

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Health and Housing.—This year's Ministry of Health Report contains, as usual, a mass of invaluable information about public health services, housing, town and country planning, public assistance, local government finance, national health insurance, and a number of minor subjects. It is shown by the Report that out of the total of 271,389 houses built by private enterprise in the year 1935-36 as many as 35,257 were Class C (working-class) houses. This is rather higher than in recent years. The total of houses built by local authorities under the slum-clearance and other schemes during the year was 52,315. At the end of the year the London County Council alone had under erection or under contract 5,000 flats on sites in the County of London for the purpose of re-housing and the abatement of overcrowding; and there were also 1,300 houses and flats in course of erection on cottage estates. The amount of Exchequer contribution actually paid in respect of housing during the year was £13,997,553. Figures given by the Report suggest that an appreciable rise in the cost of building houses has now begun. This should not have any serious effect on the slum-clearance and "overcrowding" programmes, however, since the slackening in private house-building now probable should relax the pressure on building materials and labour.

* * *

Speculation in Cocoa.—Since we drew attention to the marked rise in the price of cocoa this year in the *Economist* of September 19th, quotations have been rushed up another 18 per cent. Despite the slight reaction this week, the current quotation in Liverpool, at 38s. 6d. per cwt. (ex quay), is still about 65 per cent. above the average price in 1935. Such a steep rise of prices seems scarcely justified unless there be a prospective scarcity of supplies, due to a considerable increase in consumption and/or a sharp decrease in production. But such evidence as is available does not point to a shortage of supplies. According to *Gordian*, a recognised source of cocoa statistics, the trend of production and consumption in recent years has been as follows:—

WORLD PRODUCTION, CONSUMPTION AND PRICE OF COCOA
(In thousands of metric tons)

Year	Production	Consumption	Year's Surplus	Average Price† (Accra, per cwt.)
1931	546.8	535.5	11.2	26 5
1932	569.2	542.3	26.9	28 0½
1933	569.4	549.9	19.5	23 1
1934	592.9	579.8	13.1	22 8½
1935	678.6	666.7	11.9	23 3½

† Ex quay, Liverpool.

World consumption of cocoa has tended to increase in recent years with the expansion of economic activity. But,

as the statistics indicate, production of cocoa has more than kept pace with the increase in demand. Consequently, stocks in the principal producing and consuming countries, as calculated by *Gordian*, rose from 323,600 metric tons at the end of June, 1934, to 335,900 tons in 1935 and 362,600 tons in 1936. Nor is there any evidence of a prospective shortage of cocoa. Complete information concerning production and consumption in 1936 will not be available until early in 1937, and various market estimates show considerable divergences. It appears, however, that consumption this year may be about 55,000 metric tons, or 8 per cent. heavier than in 1935. Against this probable increase in consumption, estimates published on October 13th in the *Daily Market Report* of the New York Cocoa Exchange indicate an increase of 72,000 metric tons, or 10 per cent., between 1934-35 and 1935-36 in the total supplies available from the Gold Coast, Nigeria, Ivory Coast, Bahia and Trinidad. While it is true that the main crop of the Gold Coast during 1936-37 is officially expected to yield 18,000 metric tons less than in the past season, this decline may be made good by an increase of 10,000 metric tons in Trinidad's crop and by smaller increases elsewhere. In any case there are no grounds for anticipating any marked reduction in the world crop of 1936-37. Moreover, in view of the stocks accumulated in recent years, an actual shortage of supplies seems even less imminent, even if consumption should continue its upward trend. Some rise in prices may have been justified by the improvement in consumption and by the fact that the 1936-37 crop may not be heavier than in 1935-36. But a 65 per cent. rise seems hardly in consonance with the present and prospective supply-demand position, and appears to have been brought about mainly by the shortage of supplies in the United States earlier this year, which provided an opportunity for the speculator. But a redistribution of stocks between producing and consuming countries neither diminishes nor increases total supplies. Meanwhile the hectic price movements of recent months are neither in the interests of producers and manufacturers nor of consumers.

* * *

The Price of Copper.—Although a substantial proportion of the output of copper outside the United States is controlled by a restriction scheme, the leaders of the industry in this country have frequently declared that they are opposed to any unreasonable advance in the price of their product. But despite three recent increases in production quotas (effective on August 1st, October 1st and October 15th respectively), prices continued to rise. Fresh evidence of the producers' determination to check the upward movement is forthcoming this week in the shape of a further relaxation of restriction. As from November 1st, production will be at the rate of 95 per cent. of the standard tonnages, which will liberate an additional 6,500 tons a month—a substantial quantity in view of the seasonal decline in consumption. Nevertheless, on Wednesday the London cash quotation rose to £42 8s. 9d. per ton, the highest since 1932. If this buoyancy continues a further increase in output may be looked for. Such an increase would present no difficulties, since the standard tonnages approximately correspond to the level of production at January, 1935, when most of the participating companies were operating at only 50 to 60 per cent. of capacity. The effect of this week's decision on the different companies concerned is discussed in an Investment Note on page 224. Meanwhile, the American domestic price was raised on Monday from 9.75 to 10 cents per lb.—the level ruling at the beginning of 1931. The fact that the Kennecott concern has now agreed to the increase was due not only to a genuine market improvement, but also to the recent advance in the New York export price. This week's increase in the American domestic price will obviate any danger of a shortage of copper in America, by making exports less remunerative, and will thus protect the European market. While this week's increase may have been justified, it should be remembered that copper consumption in the United States is still about 50 per cent. below the 1929 level, whereas consumption elsewhere is now over 25 per cent. in excess of that level.

* * *

Higher Rubber Quotas.—In view of the steady expansion of the consumption of crude rubber and the rise of prices to nearly eightpence per lb., the decision of the International Rubber Regulation Committee to increase export quotas from 65 per cent. to 70 per cent. of assessed capacity during the first half of 1937 was wise. The decision was received with satisfaction by the market, which promptly raised the price to eightpence per lb., the highest level since 1930. World consumption of crude rubber rose from 689,000 tons during January-September, 1935, to 745,000 tons during the first nine months of this year. During the same period world exports were reduced from 628,000 tons to 619,000 tons, and stocks at the principal points consequently fell from 644,000 tons at the end of September, 1935, to 458,000 tons at the end of last month. The measure of the improvement in the supply-demand position of crude rubber is revealed by the fact that stocks at the end of last month were equivalent to only 5½ months' consumption, or little more than at the end of 1929. At the end of 1930 stocks were sufficient for more than ten months' consumption. Moreover, the difficulty of controlling exports of native rubber from the Dutch East Indies appears to have been practically overcome, for the quantity shipped in excess of the quota during January-September, 1936, was only 806 tons, compared with 29,774 tons during the whole of 1935. Supplies are now well under control, for shipments of rubber from countries outside the agreement are almost negligible. Meantime, prospects of a further increase in demand at current prices are favourable. On the assumption of a 70 per cent. quota for the whole of 1937, exports, inclusive of shipments from non-restricting countries, may reach about 970,000 tons next year. But as world consumption this year may not fall far short of that figure and will probably continue to increase next year, the downward trend of stocks is likely to persist in 1937. The

* Cmd. 5291. H.M. Stationery Office. 2d. net.

position of the rubber growing industry, therefore, is fairly strong; and as efficient producers have no reason to complain of their profit-margin with increasing sales at about eightpence per lb., it is to be hoped that the International Rubber Committee will take steps, if necessary, to prevent a further rise in prices above that level.

Sterling and International Prices.—The advance in wholesale prices continues. In England, the complete *Economist* index number has risen during the past fortnight by 1.1 per cent., while the primary products index has risen by 0.3 per cent. American primary products have also risen by 0.3 per cent., while the complete Irving Fisher index number is 0.2 per cent. higher. Since the latest low point of May 27th, British prices have risen by 7.0 per cent. for all commodities, and by 12.0 per cent. for primary products. The increase in American primary products is 19.0 per cent., but the Irving Fisher index number has only risen by 3.5 per cent. In France, wholesale prices remained unchanged during the past fortnight, for while imported products rose by a further 1.1 per cent., domestic products fell by 0.6 per cent. Since September 26th, imported goods have risen in price by 18.8 per cent., domestic goods by 6.4 per cent., and all commodities by 9.9 per cent. There was a slight fall in the German wholesale index number during the past fortnight.

SEPTEMBER 18, 1931 = 100

Date	Economist Indices				U.S.A., Irving Fisher	France, Statistique Générale	Italy, Milan Chamber of Commerce	Germany, Statistisches Reichsamt
	British Complete Index (sterling)	Primary Products		Price of Gold (sterling)				
		British (sterling)	American (dollar)					
1932								
July 27th 1933	99.5	103.5	84.1	136.9	88.3	91.3	88.5	88.1
July 26th 1934	108.1	120.6	124.7	145.7	100.9	89.7	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 1936	110.8	124.6	152.4	167.2	118.3	79.1	85.6	92.8
Apr. 24th 1937	110.5	124.5	151.6	169.1	118.6	78.2	91.7	92.6
July 31st 1938	112.7	126.7	146.2	165.6	120.2	75.9	98.2	93.9
Oct. 23rd 1939	118.4	133.6	144.9	166.4	123.7	79.1	107.3	94.6
1939								
Jan. 1st 1940	118.1	131.2	143.3	166.2	121.8	80.7	...	94.9
Jan. 29th 1940	118.1	131.7	145.7	165.6	121.8	82.3	...	95.1
Feb. 26th 1940	117.4	132.8	145.0	166.0	120.7	85.2	...	95.2
Mar. 25th 1940	117.4	133.9	144.3	165.8	119.6	85.2	...	95.3
Apr. 29th 1940	117.3	132.8	143.2	165.8	119.2	85.0	...	95.3
May 27th 1940	115.5	130.1	140.5	164.3	117.7	85.2	...	95.4
June 24th 1940	116.2	133.2	147.0	163.2	119.8	84.1	...	95.5
July 22nd 1940	118.7	140.4	157.2	163.4	120.6	86.6	...	95.7
Aug. 5th 1940	119.8	142.4	160.8	163.1	122.2	88.8	...	96.2
Aug. 19th 1940	119.4	141.9	163.2	162.7	121.9	88.8	...	96.1
Sept. 2nd 1940	120.6	141.3	159.3	162.7	121.4	89.5	...	95.8
Sept. 16th 1940	121.7	144.6	162.3	161.9	121.9	90.9	...	95.8
Sept. 30th 1940	121.8	144.5	159.6	165.0	121.8	96.4	...	95.9
Oct. 14th 1940	122.3	145.3	160.6	167.1	121.5	100.3	...	95.7
Oct. 28th 1940	123.6	145.7	161.1	167.1	121.8*	100.3*	...	...

* These figures relate to October 21st.

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	Sept. 30, 1936	Oct. 14, 1936	Oct. 28, 1936
Cereals and meat	64.5	82.0	81.5	82.0
Other foods	62.2	61.6	62.0	62.5
Textiles	43.7	61.7	62.2	63.6
Minerals	67.4	84.2	84.7	86.0
Miscellaneous	65.8	77.0	77.4	77.8
Complete index ..	60.4	73.6	73.8	4.6
1913 = 100	83.1	101.3	101.6	102.7
1924 = 100	52.2	63.6	63.8	64.5

Grain prices were irregular, but there were advances in flour and English wheat. Meat was dearer, but there was a reduction in the price of bacon. There were numerous advances among other foods, partly off-set by a fall in butter. Cotton prices were irregular, but there were advances in wool, flax, jute and hemp. Non-ferrous metals

are definitely higher than a fortnight ago. In the miscellaneous group there were price increases in Swedish timber, rubber and creosote, and a decline in linseed oil.

The Last Round.—The American Presidential Election is winding up with the usual crescendo of oratory and recrimination. The Republican National Committee, which has hardly won a reputation for the moderation or good sense of its pronouncements during the campaign, has attempted to stampede the workers by suggesting that the funds to be raised by the "pay-roll taxes" imposed under the Social Security Act will not be used to finance the unemployment insurance and old age pension schemes, but to pay the salaries of "brain-trusters" and for other purposes of Governmental extravagance. This accusation of intended dishonesty, which cannot possibly be based upon facts, since the alleged breach of trust lies in the future, came from Mr Landon's most intimate friend and manager, and will have done much in the minds of moderate voters to offset the welcome return, in Mr Landon's own speeches, to the Liberal views which were once his greatest asset. It is unlikely, however, that such patent scare-mongering will affect more than a handful of voters. All the indications point to a comfortable victory for Mr Roosevelt. Judging by the campaign speeches of his opponents, he deserves it. Indeed, the greatest disappointment of the campaign has been the total failure of the Republicans, even after their rejuvenation under Kansas leadership, to play the part of a true opposition. Faced with the possibility of enunciating a real economic policy for America, consistent where the New Deal is erratic, sound where it is faulty, moderate where it is extravagant, they have produced nothing but violent abuse and absurd allegations. This is poor statesmanship. It looks as if Tuesday's vote will prove it to have been poor politics also.

Retail Trade in September.—Retail trade continued to expand steadily with the improvement in general business activity. The index of the value of retail sales, published in the *Board of Trade Journal*, recorded a seasonal increase, from 101 (1933 = 100) in August to 109 in September. Compared with September, 1935, the value of retail sales last month shows an increase of 4.5 per cent. All the five districts of the country shared in the improvement, the smallest increase being in Central and West End London. The increase in sales over a year ago was most marked in the case of food and perishable articles (plus 7.4 per cent.). On the other hand, the turnover of other articles rose by only 1.2 per cent. Meanwhile, the gradual expansion of retail trade may be expected to continue.

Changes in Money Wages.—For the first time, the International Labour Office has published statistics for some twenty countries of the aggregate amounts paid in wages and salaries to the employed population. The figures given (writes our Geneva correspondent) are naturally subject to numerous reservations owing to the variety of the sources used, of the methods of compilation, and the resulting defects in drawing comparisons. The International Labour Office has expressed the result as an index number (1929 = 100) of aggregate money wages in the case of the following countries:—

	1930	1931	1932	1933	1934	1935
Germany	93	78	60	60	68	74
Australia	93	69	61	65	71	80
U.S.A.	92	77	60	57	65	70
France	106	101	92	87	80	76
Great Britain ...	97	94	92	...	...	...

The continued fall of money wages in the gold bloc countries is well illustrated by the French index.

OVERSEAS CORRESPONDENCE

From our Correspondents in each centre

UNITED STATES

MR ROOSEVELT "COMFORTABLY AHEAD"

THE full effect of the intrusion of the N.R.A. into the campaign, in its final stage, can only be told on election day. Its sudden appearance was an aberration from President Roosevelt's proverbial "luck." The Republicans had been concentrating on the "red herring" of Communism in their attack on the New Deal, but without noting any mass effect on voters. Then the N.R.A. was donated to them as a gift by the President's own family. Son James, speaking at Gardner, Mass., said, according to the stenographic notes of listening newspapermen:—

"If the N.R.A. had not been knocked out we would not have had as much unemployment. The way to correct this is to shorten hours of labour. In order to accomplish this, the President intends to continue the principles of the N.R.A. by going before the people and seeking an amendment to the Constitution to make the principles of the N.R.A. the law of the land."

(In his own version of what he said, published after the speech, there was no reference to his father's intentions, but only an expression of his own personal views.)

Thus two first-rate issues are raised, the Constitution and the N.R.A., on both of which the President had good reason for saying nothing in the campaign. The constitutional issue, while unquestionably the outstanding question before the United States, is too fertile a field for raising a crop of quick growing prejudices. The N.R.A. would be still more unwelcome; for it is without doubt the most unpopular of all the sudden improvisations of the New Deal. Washington correspondents have long suspected that the President has been waiting for the antipathy to the N.R.A. to die down to propose something like it again. But Republican use of the suspicion has had to be confined to innuendo. Now the N.R.A. can be displayed to the public mind again as an intrinsic part of the New Deal, and even a denial from the White House will hardly dispel the illusion.

Save for this lapse in the President's luck there is little evidence on which to predict the close election which, a few months ago, seemed inevitable. Mr Roosevelt is now comfortably ahead. The Roosevelt campaign has not been specific and educational. The President has talked about his record, chiefly in relation to recovery, but not about plans for the next four years. In other words he has a defensive strategy. But the Landon campaign has not been a match for the Roosevelt defence. The way for the Republicans to have won, it now seems, would have been to offer a sound alternative to the New Deal, demonstrating how to do wisely and consistently what Roosevelt has done with impulsiveness and often with equivocation. But dating from his Minneapolis speech, when he accepted the economic nationalism of George Peek and denounced the Hull trade treaties, Governor Landon began a downward deviation from the intellectual standards he had set for himself at the start of his candidacy. His critique of the Social Security Act was not accompanied by a Republican programme of really generous social services.

Mr Landon finally took part, in the same bravado as Mr Hamilton and Colonel Knox, in charging Roosevelt with betraying the "American" system, even to the length of saying that the crisis of 1933 had been a pretext for the President to build up his own power. Thereupon he scurried out to California to pick up the votes of the Townsendites, who have no ticket of their own in that State and are being instructed by their leader to vote for Landon. Thus those who predicted that a Kansas Liberal could not override the overwhelming reactionary spirit of the Republican Party have been vindicated. It is reported that Governor Landon finally persuaded Chairman Hamilton to drop his "red herring," and he himself on his last trip to California tried to undo the damage of the



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Minneapolis speech, explaining that tariffs should never be used to protect inefficient industries, unless they were vital in time of war. But the repentance did not come in time to keep James Warburg and Dean Acheson from returning to the Roosevelt fold, in a handsome tribute to Secretary Hull's uphill fight for the reciprocal trade agreements. They probably symbolise large numbers of independents who are being driven to vote for Roosevelt, despite cogent objections, by the tenor of the Republican campaign.

Singularly little attention is being paid by the metropolitan newspapers to the smaller parties. The Union ticket, headed by Congressman Lemke and supported by Father Coughlin and Dr. Townsend, began with talk of ten million supporters, but will be lucky to poll a third of that number. These it will draw from both the older parties, with perhaps a larger drain from the Democrats. In Massachusetts and Ohio they may tip the scales for the Republicans. The Socialist Party has been elbowed out of the campaign by the decision of the Lewis trade unions and the Communist board of strategy to support Roosevelt. The labour vote in New York State and Pennsylvania will be of crucial value to Roosevelt. Probably the most pathetic spectacle of the season has been Senator Borah's abject acceptance of the Townsend Plan in his effort to hold his seat in Idaho. But it also is a reminder of the existence of factions and forces in the continent which perhaps make prediction uncertain. Most of the straw polls, except that of the Literary Digest, point to the comfortable victory of the President. But without polls, and ignoring the factions, the result should be easy to forecast.

Mr Roosevelt, with the Solid South already "in the bag," needs only a few minor victories in the West and North to be elected. Mr Landon, starting with a bag of New England States and Kansas, must tuck away New York, Pennsylvania, Ohio, Illinois and a dozen other States before he has his majority in the electoral college. Thus the South, the "forgotten region" of both major parties for half a century, plays a decisive rôle in the election for which it receives no comparable political reward.

WASHINGTON, October 20.

RECOVERY AND THE ELECTION

PERHAPS no feature of a none-too-realistic campaign strikes the observer with such force as the contrast between the tone of a large proportion of the political oratory and the actual state of production and trade. Much of the campaign debate is couched in the general language of depression. In varying degrees this is true on both sides. The Democratic argument is largely a reminiscence of the depths from which the country has recently emerged and of the imminent danger of its falling back into the slough, and the Republican argument insists that there has not been much recovery anyway. This latter thesis is buttressed by continuous reference to the 11 millions unemployed, and by data indicating that our recovery has been

less than in certain European countries. Despite the cloud of "estimates," the 11 millions unemployed are, in many people's opinion, statistically analogous to Falstaff's seven men in buckram. As for the relative measurement of our recovery and that of other countries, economic indices do not lend themselves to precise international comparison.

Stated in the simplest terms, the amplitude of our descent from the boom of 1929 to the depth of 1932 was exceeded by few countries; and while our indices do not show recovery to the boom levels of 1929, analysis suggests that we have reached a level which compares favourably with any period of our past except one recognised to be a "boom." Furthermore, there are rather good statistical reasons for supposing that the Federal Reserve index understates the level of business activity. As the rate of population increase diminishes, the proportion of economic effort devoted to certain forms of capital goods might be expected to change, and an index weighted appropriately for the period 1923-25 would not necessarily be equally applicable to the current economy. A good many trades to-day are far above their 1929 boom peaks, particularly in consumer goods lines. For example, there are said to be more retail establishments in actual operation than at that time. It is impossible to over-emphasise the thought that after such a cataclysm as that experienced between 1929 and 1932 all statistical series should be suspected of discontinuities unless continuity has been rationally evidenced. The upshot of it is that, while politicians are still talking in terms of recovery from a depression, Wall Street is thinking in terms of the proximate development of prosperity into boom.

INDUSTRIES WORKING AT "CAPACITY"

Three major industries are occupied at virtually economic capacity—the railways, the utilities and the steel industry. Car-loadings in the week of October 10th were 820,000; and this would be the seasonal peak or near it. It was the largest for any week since November, 1930, and although far below the yearly peaks of the late 'twenties (1,209,000 in 1926 and 1,202,000 in 1929) was close to the maximum the railways can handle with rolling stock which has been allowed to decline for half a dozen years. The pressure of existing demand upon the generating facilities of the utility companies has reached a point when it becomes a major consideration in the general problem of the relation of the industry to the Federal Government. In steel, while operations are at but 75 per cent. of rated capacity, bottle-necks have already appeared. For example, the output of pig-iron is at capacity, and the demand for scrap has lifted the price to comparatively high levels.

What is true in these great primary industries appears to be unequally true in minor instances. One constantly hears of individual and specialised concerns which are fully occupied, and which, from the state of their order books, anticipate a larger demand in the not distant future. In no important case has the problem of securing delivery actually appeared; but there is an abundance of evidence that only a small increase in demand from this level would raise the question of deliveries, and move definitely in the direction of a sellers' market. The pervasive shortage of labour in most skilled trades, and, in some areas, of unskilled labour, is mentioned more and more frequently—a condition that could hardly exist if there were any substantial supply of labour outside the Relief rolls.

Of course, at the moment there are two qualifications to be borne in mind. Ordinarily, October is about the peak month of certain seasonal activities; and from now on in the Northern States the recurrence of freezing temperatures affects, for example, some type of building activity. Second, in the past six months there has been a very heavy outpouring of Federal money, including the Bonus, which may have given some artificiality to demand, and from which some relapse is always imaginable. On the other hand, it is easy to exaggerate anything so conspicuous as Federal spending, and to underestimate, for example, the effects of the increased dividends which presumably will be disbursed between now and the year-end. The consequence of the increase in corporate earnings in 1936 has only been partially reflected in general conditions.

The past week has thrown little additional light on the operation of the "new gold standard." Yet it cannot be said that it has been without international implications. First, the flow of foreign funds into the New York security market not only continues, but seems to have risen to an unprecedented magnitude. Second, this flow is now accompanied by a gold influx much smaller than in the last days of the gold *bloc*. In part, the force seems to expend itself in a gradual and orderly decline in sterling against the dollar; partly, it may be that foreign balances already in this market are now being invested. In passing, it may be remarked that French balances in this market are put at about \$120 millions, but the reliability of this figure is not too well established.

The New York market has noticed that of all international rates none is more stable than the dollar price of gold in London, worked out on the exchange quotation at the time of the morning fixing. This persistently gives a figure of \$34.77, and of course, at this figure, London, to the Continent, is about 50 cents an ounce cheaper than New York. It is supposed that the Continental Stabilisation Funds have been offered some dollars, but on such cross rates the transaction apparently would not lead to a movement of gold. There has been some earmarking for unstated takers. There has been a good deal of hypothetical discussion whether, if the exchanges turned against the dollar, the gold would be furnished by the Reserve Banks, and charged against an exporting bank or the working balance of the Stabilisation Fund, reported to be \$200 millions; or would be shipped from the non-monetised \$1,800 millions of the Fund. At the moment, the question is purely academic; for it would appear that the new scheme offers considerable flexibility in meeting gold exports. So far as is known, all or most of the gold bought in times past by the Stabilisation Fund has been promptly offered to the Reserve Banks, and immediately monetised in the form of excess reserves.

NEW YORK, October 20.

FRANCE

AFTER THE RADICAL CONGRESS

THE resolutions at the Radical-Socialist Congress at Biarritz were as foreseen. Stay-in strikes and attacks on property and the "liberty of work" were condemned; and a vigorous effort to balance the Budget was demanded. What was less expected, however, was the repeated singing of the "Marseillaise" and the giving of the Fascist salute by sound Republicans in response to the closed fist of the Popular Front supporters—the Fascist salute, however, did not imply support for Fascism. The warning to the Communists was categorical: (1) On the foreign field, no "idealist crusade"; and (2) on the economic field, no immediate rupture. Either the Communists will now surrender, or they will have to be responsible for an eventual Ministerial crisis. This would be of minor importance to the country, since the Communists would be opposed not only by the peasants and the middle classes but by many trade unionists and by a large number of Socialists, as well as by the great mass of public opinion. This country, when all is said and done, has great reserves of strength, and its first aim is still the preservation of liberty.

The Popular Front is thus alive, but the bitter tone of the last speech of M. Blum at Narbonne shows that the Cabinet's liberty of movement is confined henceforth within certain limits. The lesson of the Radical Congress is that, if the Communist leaders are sometimes overborne by their troops, this also was the case at Biarritz with the Radicals, who encountered unexpected resistances in their task of saving the life of the Cabinet.

What will then be the Communists' tactics? The same apparently as before: the maintenance of the Popular Front Government. But these tactics will be rendered more difficult by the new resistance which Biarritz has aroused against the Communists. Employers, for instance, may show themselves less conciliatory in negotiations for

the settlement of social conflicts. In the coal industry, for instance, a large company has suppressed its interim dividend "because of stay-in strikes." And the president of the Coal Mines Committee has declared in a letter to the Prime Minister that the 40-hour week will be loyally applied; but he adds that this will entail serious complications: a diminution of the French miners' productivity, a rise in the cost price of coal at the mine, and a reduction in the economic efficiency of the country. The Communists reply, as did M. Blum at Narbonne, that certain capitalist interests are impeding the Government's experiment by restricting supplies in order to raise prices and demoralising the Stock Exchange by suppressing dividends.

POLITICS AND CONFIDENCE

These political troubles are all the more inopportune in that the French economy urgently needs calm and the Treasury urgently needs an atmosphere of confidence. But the internal agitation, combined with the exceptional taxes on profits from devaluation, have delayed the repatriation of capital. Day-to-day money costs 1 per cent.; but 4½ per cent. Rentes stand at 80; so that long-term money costs 5½ per cent. A large increase of deposits in the banks would be very desirable after their fall in recent years:—

	August 31, 1935	July 31, 1936	August 31, 1936
Crédit Lyonnais	11,016,173,245	9,677,814,294	9,493,566,414
Société Générale	9,182,324,771	8,111,624,732	8,060,639,178
Comptoir National d'Escompte	7,061,368,009	6,229,161,393	6,176,511,023
Crédit Industriel et Commercial	1,329,214,645	1,315,422,271	1,248,019,446
	28,589,080,670	25,334,022,690	24,978,736,061

Deposits in 1931 reached the record figure of 38,000 million francs.

The Government is trying to alleviate the position of debtors. The Bank of France has already been ordered by the monetary law to rediscount all public debentures presented to it. Moreover, a new convention will be arranged with the Crédit Foncier, which will entail an advance to this Institute of 3,000 million francs, which will come out of the revaluation of gold profits. At the same time, French experts are studying the British system of open-market operations in order to promote a cheap money policy.

The Treasury should not be in any difficulties in the immediate future. This is the period of heavy revenue from direct taxation. There is also 2,000 million francs to the account of the Treasury at the Bank of France; and the new advances by the Bank have been balanced by the profit accruing from devaluation.

PARIS, October 29.

GERMANY

THE FOUR-YEAR PLAN FOR RAW MATERIALS

AS "Commissioner for the Four-Year Plan," which is the official description of his new office, General Göring last week published in the form of a decree a description of his new organisation. This announcement brings the raw material project a step forward; but throws no light on the proposed dimensions of the supplementary output or on the measures by which fulfilment is to be ensured. In general, new offices are not created. But existing authorities are brought together, firstly, for the settlement of general principles and, secondly, for co-ordination of the special interests involved. The chief body is a "Ministerial Council," consisting of the various Ministers already interested, the chief of the Reich Chancellery, and Dr. Keppler, who since 1933 has been Herr Hitler's "Commissioner for Economic Questions," and who has been conducting his own raw material campaign.

In the proceedings of the Ministerial Council Secretary of State Herr Körner and the directors of the "business groups of the Four-Year Plan" will also participate, as General Göring's representatives. The business groups are: (1) Production of raw materials; (2) distribution of

raw materials; (3) provision of labour; (4) agricultural production, in so far as it is connected with the Plan, (5) prices; and (6) foreign exchange. The directors of most of these groups are prominent Nazi Party men. In general this scheme is merely for co-ordination. The functionaries already engaged in fostering or controlling raw material output will, it seems, retain their powers; but as the exercise of these powers involves many competing, or even conflicting, interests, such as finance, foreign exchange and labour, compromises will have to be brought about.

The attitude of business towards this project is not yet clear. The first effect of Herr Hitler's announcement of a Four-Year Plan at Nürnberg was to advance industrial securities on the Bourse; but since Herr Göring's decree there has been a sharp reaction. The latest measure has been presented in certain Nazi circles as "anti-capitalistic" in a loose sense. General Göring's decree expressly promises "the planning and execution of the manufacture of German raw materials." Taken literally, this implies compulsion on certain important sections of industry and agriculture. To industry the problem appears to be primarily one of investment of private capital and of profitability. But General Göring's announcement contains no reference to new investment regulations, or even to the very considerable power in this matter already possessed, and often exercised, by the Ministry of Economy. General Göring says indeed that "the financial questions of the expansion programme are to be considered in association with the Reich Finance Ministry and the Ministry of Economy"; but this passage seems to refer exclusively to State finance (credits, bounties, etc.), in which the latter Ministry is concerned through its control of credit.

Everything points at present to a more active official campaign against the rise in prices. The rise is one obstacle in the way of the Four-Year Plan. From the viewpoint of foreign trade and of the foreign balance of payments this problem has probably little importance. German foreign trade is not a function of relative prices. The real problem to be solved is the almost unbearable lot of home consumers, the buying power of whose officially stabilised earnings declines from month to month.

FORCED LABOUR AND SERFDOM

Labour is one of the numerous elements in the Plan which demand adjustment. Although there is still unemployment, labour is short in several trades. It is, indeed, shortest in trades which the Plan concerns, in particular agriculture, the heavy industries and building. Theoretically, labour for the new production of raw materials might be gradually supplied through the decline in manufacturing for export which ought to result automatically from the proposed reduction of imports of the same raw materials. But German labour is largely specialised, and the adjustment would take a long time. Indeed, most of the Autarkists expect no such solution; for (though they do not admit any increased debts service, much less any export of capital) they expect exports to flourish without imports. It is admitted that the present specialist labour shortage cannot be made good out of the heterogeneous unemployed reserve.

The remedies proposed mostly involve compulsion of some kind. One plan is for a system of priorities for public and private contracts. Other plans are for hardly-veiled systems of forced labour. The new "work book," which since October 1st must be carried, may be used as a lever, it is suggested, for withdrawing workmen from some occupations and forcing them to enter others. This measure would mean annulling the already restricted right of choice of residence. Apparently the Four-Year Plan may be another lever; for under this Plan General Göring last week ordered 250,000 labour service men to assist farmers. Hitler Youth circles suggest that landowners and farmers should be compelled to establish agricultural labourers on their land. This measure would be practicable only if also the labourers were subjected to compulsion.

In similar direction, but much more reactionary, is a plan recommended two years ago by the present Food Minister, Herr Darré, and now championed by the Reich Nutrition Corporation, to restore certain semi-servile institutions which obtained before the emancipation of the serfs and the Stein-Hardenberg agrarian reforms, which

reforms are now treated with great contempt as relics of Liberalism. One is the *Heuerling* (hireling) system, once common in many European countries, under which farm labourers in exchange for a house and some land were compelled to work a certain number of days for landowners or large farmers. The labourers would be tied permanently to the estates. This solution might solve the harvesting labour problem, and it might gratify the large landowners (a consideration important for the Nazi Party).

The unbroken, though slow, rise in the price of manufactured goods continues. The percentage of occupied places in all industry rose in September from 71.6 to 72.3. Owing to seasonal (including advanced Christmas) demand, the improvement in the consumption goods trades was considerable; but the greatest improvements were in iron and steel, non-ferrous metals and building. Output of ingot steel in the first nine months of 1936 was 14,468,800 tons, against 11,942,400 tons in 1935. The Solingen cutlery industry reports a considerable improvement in home business, and the cement trade continues to benefit from the great activity in building.

BERLIN, October 28.

BELGIUM

THE "REXIST" AGITATION

THOUGH the economic situation is much improved, there is a certain feeling of uneasiness in the country. The Communists are said to be organising more propaganda; and, on the other hand, the new party, which calls itself "Rexist" and employs Fascist methods, though the leaders deny it is Fascist, has begun an agitation whose future cannot be foreseen. The programme of the Rexist is very nebulous, and even the leaders seem to avoid explaining it—perhaps because their supporters have conflicting views. This unrest is not, of course, favourable to a recovery of business, but the recovery is not yet threatened. Much depends on the course of events in France. The international position inevitably inspires some uneasiness. The King's recent speech, however, represented the point of view of all those Belgians who dislike the Franco-Soviet pact.

The Government has introduced its Budget for the fiscal year 1937 on the prescribed date. Revenue shows a surplus on the estimates of 171 million francs. But the Government will reduce taxes by 150 million francs; so that there will be virtually no surplus on the ordinary Budget. Belgium has also an extraordinary Budget. This amounted to not less than 2,260 million francs for each fiscal year 1936 and 1937. This extraordinary expenditure is mainly on armaments and public works.

SPENDING ON PUBLIC WORKS

Though the extraordinary Budget distorts Belgian finance, which has had such a brilliant recovery, one must not forget that the objections to it are more of theory than of fact. There is a large difference between a voted extraordinary Budget and an actually expended extraordinary Budget. A lot of the anticipated work will not be executed in the course of the fiscal year, and according to Belgian Budgetary technique it is not possible to carry forward to the following years the amount remaining unspent. Instead of the 2,250 millions anticipated in the extraordinary Budget, hardly 1,000 million francs were spent in 1935. This is why the profit on the revaluation of the gold reserve of the National Bank has not yet been touched. In any case, the extraordinary expenditure will not much exceed 1,000 million francs.

In general the Belgian Budget appears satisfactory. In the ordinary Budget more than 500 millions are required for the redemption of public debt; social charges, including old age pensions, are also heavy. Actually the public debt is no longer more than 25 per cent. of the total expenditure on the ordinary Budget; and debt redemption takes a fifth of this amount.

Tax receipts are coming in very satisfactorily; and business activity remains in general good. In the mines a shortage of hands has actually retarded production.

Nevertheless, there still remain about 5,000 totally unemployed among insured mineworkers. Actual unemployment is less in Belgium than the Governmental officers register. Out of 100,000 totally unemployed who are inscribed on the rolls, a large number are unlikely ever to find a suitable job again. Most of them are too old.

Belgium was unaffected by the devaluation of the gold *bloc*. As it had been anticipated, even small business men and shopkeepers had avoided holding assets in French currency. The tourist trade is likely to be less active than in the two last seasons, though the cost of living is still much lower in Belgium than in France. The French funds sent to Belgium are still here at present. Along the French boundary some small holders of Belgian banknotes have been exchanging them against French currency. Belgian speculators are thought to have bought some stock in Paris at the moment of the devaluation; and this is why some gold was sent from Brussels to Paris.

The gold reserve of the National Bank of Belgium has not been much affected by the return of refugee capital to France. Official statements indicate a diminution of only about 600 millions. It must be remembered that the Belgian Government repaid in October the American and Swiss *tranches* of the 7 per cent. stabilisation loan of 1926. For this was used the surplus of the revaluation profit, which had been held in the form of gold ingots. This shipment did not therefore appear in the accounts of the central bank. The revaluation profit, amounting originally to about 4,000 millions, has been used to nearly half, for repayments of the public debt.

LOUVAIN, October 26.

SWITZERLAND

NO RISE IN THE COST OF LIVING

THE devaluation of the Swiss currency will certainly have an influence on foreign trade; but it has so far not affected the cost of living. The Government is closely watching the prices of all goods in order to prevent any illicit rise in prices; it has also reduced Customs duties on foodstuffs and on a number of other goods, and it has announced its intention of relaxing import quotas to a certain extent so as to facilitate trade with other countries. The effects of devaluation are being felt in the money and securities market. Gold and banknotes which were hidden in safes are coming out again; and there have been heavy purchases of securities. After devaluation there were rises of 20 to 35 per cent. in the price of almost all Government, industrial and banking securities.

The outstanding feature of the past fortnight has been the big success of the National Defence Loan, which was oversubscribed, despite the uneasiness at first caused by devaluation. Switzerland had placed so much confidence in the League of Nations in bringing about a general reduction of armaments and of reducing the chances of armed conflicts, that she had greatly reduced her military expenditure. The failure of the Disarmament Conference, the denunciation by Germany of the Locarno Agreement, and the disturbed European political situation, compelled the Government to alter its policy and to reinforce the national defences. The building of fortifications along the northern frontier, which is the least protected by nature, the reorganisation of the Army and Air Corps, and the development and modernisation of armaments, absorbed a sum of 80 million francs voted by Parliament two years ago. That scheme was adopted, involving a total expenditure of 235 million francs. It was decided to obtain this by means of the issue of a National Defence Loan at 3 per cent.; and the subscription towards the end of September. The response was so immediate that a week before the closing it was certain that the whole amount of the loan would be subscribed. On October 15th the subscription was closed, and by then 332 millions had been subscribed by 192,366 subscribers. Last week, the Government decided to accept the surplus and to form with it a special fund to be used for national defence in case of need.

The foreign trade returns show that the situation improved during the third quarter of the year. Imports were 279,798,307 francs and exports 210,327,785 francs. The results of the three quarters were as follows (in millions of francs), compared with 1935:—

	Imports		Exports	
	1935	1936	1935	1936
1st quarter	293.1	268.5	200.0	192.4
2nd quarter	329.4	273.5	201.2	203.8
3rd quarter	311.6	279.7	188.3	210.3

The results of the third quarter of the present year were not affected by devaluation. The decrease in imports, compared with 1935, is mainly due to import quotas. The situation of the export trade is better, but it is too early to speak of a recovery. The results of the four chief exporting industries are nevertheless very encouraging, as is shown by the following figures (in millions of francs) for the first nine months of 1935 and 1936:—

	1935	1936
Watchmaking	80.0	92.3
Silk	52.7	53.0
Cotton	62.0	63.3
Machines	69.2	77.7

The improvement is particularly noticeable in the watch-making and machines industry, the situation of which seemed almost hopeless two years ago.

GENEVA, October 27.

CZECHOSLOVAKIA

EFFECTS OF FURTHER DEVALUATION

DURING the Parliamentary holidays in August and September calm prevailed. The Defence Loan met with considerable success, and the amount subscribed was Cz.K3,500 millions. The Corn Monopoly was also reorganised. In view of accumulated stocks at the end of the 1935-36 season amounting to 70,000 trucks of wheat, it became necessary to make the Corn Monopoly independent financially and to adjust the price limits for purchase and sales as well as to limit the area of cultivation on the 1930 basis.

The devaluation of the Czech crown was effected on October 9th. As a result of the devaluations carried out in France, Switzerland, Holland and Italy, tense conferences were conducted by the Government in the first week of October. In his first statement, the Prime Minister pointed out that Czechoslovakia had to a certain extent anticipated the recent devaluations by her own devaluation in 1934. The Agrarian and the Social-Democratic Parties wanted to go much further than the actual Government Bill did. Ultimately an agreement was reached, and the value of the Czech crown was lowered to 30.21—32.31 mg. of gold, against the previous 37.15 mg.; and the Government was empowered to fix the value within these limits. It has decided on 31.21 mg. of gold, which gives an approximate devaluation of 16 per cent. against the previous value of the Czech crown, and 30 per cent. against the pre-1934 value. Simultaneously strict measures were taken against unjustified increases in prices.

The consequences of the devaluation have naturally first been felt in those industries which depend on imports for their raw or semi-raw materials on foreign countries, where the devaluation resulted in higher purchase prices. Some difficulty also arises from the fact that the devaluation is being effected at a time when prices are rising both at home and abroad. Government employees, who had their salaries reduced during the crisis, are putting forward their claims for the abrogation of these cuts.

Parliament has now been presented with the balance sheet of revenue and expenditure for 1935. Revenue amounted to Cz.K8,444.6 millions, and expenditure to Cz.K10,097.9 millions, so that there was a deficit of Cz.K1,656.3 millions. Expenditure exceeded the estimates by Cz.K617 millions, and revenue fell short by Cz.K959 millions. The increased expenditure is mainly on defence, on social welfare and on unemployment relief.

The Budget for 1937 is as follows:—

	1936	1937
	Mill.	Mill.
Expenditure	8,032	8,455
Revenue	8,034	8,456.5
Receipts of Government undertakings	998	1,065.1
Allotments to autonomous bodies from taxes	2,733	2,823.1
Public debt service and amortisation	1,988	1,700.9

The Government debt now stands as follows:—

	Mill. Cz.K.	Mill. Cz.K.
Internal debt	30,773.3	36,605
External debt	8,160.4	8,149.4
Currency debt	2,000	2,030
Total	40,933.7	46,784.4

The internal debt rose, therefore, by Cz.K5,832 millions. The interest and amortisation require a smaller total in the Budget than they did in the 1936 Budget, owing to savings which result from the unification of Government debts. The Finance Minister is to be empowered by law to utilise the proceeds of the Defence Loan to provide for defence needs up to Cz.K438 millions and to credit State investments up to Cz.K794.7 millions. According to the Minister's statement, some Cz.K5,250 millions will be allotted in 1937 to the construction of public buildings and works as a part of the Government's three-year programme.

FALL IN UNEMPLOYMENT

The Budget reckons with higher revenue from taxes, due to the revival of economic activity. This year's yield of taxes in the first eight months, at Cz.K5,732.4 millions, are higher by Cz.K591.5 millions than for the same period last year. At the same time, unemployment had fallen by the end of September to 470,850, compared with 573,362 in 1935.

According to the preliminary estimates, the harvest, in thousands of quarters, will be as follows:—

Wheat	14,714 or 2,185 less than a year ago.
Rye	13,953 or 2,431 " "
Barley	9,732 or 882 " "
Oats	12,194 or 1,922 " "

This diminished harvest yield has improved the situation of the Corn Monopoly.

There has been a substantial revival in the building trades, and improvement has been noticeable in the engineering and leather trades, and in the manufacture of clothing. Output in various industries in September, 1936, was as follows (in thousands of tons):—

		Increase over September, 1935
Coal	1,130	+ 126
Lignite	1,451	+ 172
Coke	163	+ 28
Iron	93	+ 20
Raw steel	140	+ 46

Imports in the first nine months of 1936 amounted to Cz.K5,230 millions, against Cz.K4,528 millions in 1935; and exports to Cz.K5,544 millions, against Cz.K5,463 millions in 1935; so that the export surplus was Cz.K313.9 millions, against Cz.K935.4 millions in 1935. Exports rose, especially to the countries of the sterling *bloc* and the United States.

PRAGUE, October 22.

EGYPT

SOCIAL REFORM LEGISLATION

SINCE the signing of the Anglo-Egyptian Treaty on August 26th there has been a marked lull in local political activity. While much speculation has been going on concerning the form and extent that opposition to the present Wafdist majority is likely to take during the coming months, economic and social problems are drawing much greater attention than heretofore. It is felt in all Egyptian circles that, now the question of the Anglo-Egyptian relations has been settled, much of the nation's energy should be devoted to the improvement of the living conditions of the masses. During the late Parliamentary Session the only noteworthy measure to be adopted was a law insuring workers against accidents. Care was taken to include even the smallest industrial and commercial concerns.

The reformers, however, wish to extend their activity beyond these narrow limits, and they often appeal to English social institutions. One of their principal aims is an improvement in housing and sanitation in the villages, where both have remained deplorably low. Plans for model villages have already been devised, and one or two unimportant experiments attempted some time ago. But the carrying out of this scheme on a large scale will require expenditure far exceeding anything present or coming Budgets could provide. With a big expansion in the military services in sight, work would have to proceed at a much slower pace than planners originally forecast.

As the present Budget does not provide for the new expenditure that will result from the application of the military clauses of the treaty, £5,000,000 have been taken over from the reserve fund and will be used for roadmaking and barrack building. The figure given during the discussion of the present Budget and before the aforementioned appropriation was £33½ millions. As, however, securities belonging to the fund have appreciated by about £4½ millions, the actual figure may be put at £37½ millions.

Foreign trade during the first seven months of the year shows the following changes:—

(In thousands of £E.)				
	Imports		Exports	
	1935	1936	1935	1936
Great Britain	3,645	4,408	5,402	5,909
Germany	1,536	2,147	1,581	1,331
Japan	2,294	1,229	916	1,154
All countries	16,699	17,203	17,989	16,756

After several years of sustained efforts, imports from Japan have been brought down to the level of exports. Thus, one of the chief aims of Egyptian commercial policy has been attained. The consequence, however, will be to strengthen the position of Japan in future negotiations. German exports to Egypt, however, are now fast exceeding her purchases from this country. Great Britain is in an intermediate position.

ALEXANDRIA, October 16.

THE TRADE CYCLE

By

R. F. HARROD

10/- net

"... This is a book of the most profound interest and importance. It will beyond question take its place alongside the recent work of Mr. Keynes..."

—*Tablet*

OXFORD UNIVERSITY PRESS

SOUTH AFRICA

MORE SIGNS OF PROSPERITY

DOUBTLESS the most spectacular sign of South Africa's unprecedented prosperity is to be found in the Empire Exhibition. Few criticisms have been made of the Exhibition itself as a display or of the abundance of its popular attractions. But its financial aspects have to some extent given cause for anxiety. The public attendance has not quite come up to its promoters' optimistic expectations. It is officially estimated that in the three weeks since its opening admissions have totalled about 300,000. This, of course, includes a large proportion of second and subsequent visits and also some 25,000 school children for whom the South African railways have provided special travelling facilities from all parts of the country. A Cape Town critic has expressed the opinion that the Exhibition may result in a deficit of £500,000 or even £750,000, though vigorous replies have pointed out that this figure is actually higher than the expenditure incurred by the Exhibition organisers (apart, of course, from costs devolving on individual exhibitors), and, in any case, any possible deficit is covered by guarantees, so that the individual tax- or rate-payer has apparently no cause for anxiety in the unlikely event of the Cape Town critic's estimate being well founded. The Exhibition has till mid-January to make up for any disappointments so far experienced.

RECORD BUILDING ACTIVITY

But there are more concrete and indisputable evidences of South Africa's prosperity. The National Federation of Building Trade Employers of South Africa is holding its annual congress in Pretoria from October 12th to 15th, and the Federation's annual report states that in the twelve months ended June 30th the value of building plans passed in Johannesburg, excluding the Witwatersrand (an area extending about forty miles east and west of the city), was £8,744,800, a figure which exceeded the total value of plans passed in the whole Union during the twelve months ended June 30, 1931, which was then considered to be a good year. The Witwatersrand area, excluding Johannesburg itself, accounted for plans in the past year totalling in value £4,058,472. Cape Town's figure was £2,663,347; Pretoria plans represent a value for the year of £1,110,913, Durban £1,005,450, Port Elizabeth £567,112, East London £377,943, Maritzburg £121,338, and Bloemfontein £53,294. The aggregate of these districts' building development in the twelve months thus reaching the impressive figure of £18,794,459.

A timely—but, it is to be feared, little heeded—corrective to the jubilations which Johannesburg is indulging in, has just been voiced by Professor E. D. Mountain in his presidential address at the annual meeting of the South African Association for the Advancement of Science, which is one of many congresses and annual gatherings being held in conjunction with the Empire Exhibition. While recognising the country's indebtedness to its gold-mining industry as the basis of its present abounding prosperity, the Professor warned his hearers that all mineral reserves must be regarded as wasting assets as compared with the products of the farming community. Although, admittedly, South Africa's gold ores are of a somewhat unique type, the life of gold mines elsewhere had been very ephemeral. Seventy-five per cent. of South Africa's exports comprised mineral products, consisting overwhelmingly of gold.

At the same time, while the gold production of the Union in point of value of output was a record, it had to be remembered that South Africa's percentage contribution to the world's production had rapidly dwindled from 51 per cent. in 1930 to 35 per cent. in 1935. This was principally due to the phenomenal increase from 1,400,000 ounces in 1930 to 5,700,000 ounces in 1935 in the Soviet Union. "At this rate," commented the Professor, "the U.S.S.R. are well on their way to becoming the leading producers of gold." Professor Mountain then said that it was a source of satisfaction that action had already been taken by the South African Government with a view to developing the production of other minerals than gold.

JOHANNESBURG, October 9.

LETTERS TO THE EDITOR

BRITISH MONETARY POLICY

TO THE EDITOR OF THE ECONOMIST

SIR,—*The Economist* has been retreating step by step since September, 1931, from its former position as perhaps the most zealous supporter of existing gold standards among all the financial journals. We recall the applause, in your issue of May 2, 1925, with which you greeted the return to the pre-war gold standard. Although you have since agreed that the 1925 decision was a "disastrous" mistake and have declaimed against the "horrors" of deflation, in as far as other countries have since been concerned, it is very obvious to us from your article "British Monetary Policy" of October 17th last that if action be taken upon your advice we shall ourselves again suffer from disastrous mistakes.

This article solely concerns itself with a prospective slump in about two years' time, in building and armament activities, and, urging the desirability of smoothing out fluctuations, advises that inflationary tendencies be checked. May we ask your consideration for basic industries, such as agriculture, coal-mining, mercantile shipbuilding, shipping and cotton, and more especially for exporting industries? Your article takes for granted that "something like 900,000 'special' unemployed in the distressed areas" and others in depressed areas will never again find work in their old vocations. We strenuously oppose your implied suggestion that the industries concerned should be abandoned to their present fate.

The horrors of deflation still remain also with primary producers in all those parts of the Empire and of the world in general which are directly or indirectly subject to, or strongly influenced by, British currency control. Their plight is still desperate. Having suffered a 50 to 60 per cent. fall in the price of their own produce since 1924, and with debts and taxes undiminished, they are now permitted by our currency control only a 5 to 8 percentage points increase in their earnings. Deflation has been responsible for this disastrous fall of prices; and, until primary producers again have their earnings restored to a prosperity level, deflation persists. A currency control which will substantially reduce the wholesale commodity value of our money is absolutely essential to remedy both the defects and the effects of currency control since 1924.

If, on the above-mentioned pretext, the necessary inflationary (we prefer the word reflationary as more exact) measures are checked, all primary producers within the sphere of British influence will remain acutely depressed. But, with post-1924 defects adequately remedied, it is certain that the "special" unemployed will all be required back in their old jobs to meet the greatly increased demand for the necessities of life and for the capital equipment used in producing and transporting them.

Yours, etc.,

W. M. WIGGINS,

Chairman, Monetary Policy Committee.

The Federation of Master Cotton Spinners'

Associations, Ltd.,

Fifth Floor, Royal Exchange, Manchester.

[We would point out to Mr Wiggins that, partly as a result of the reflationary policy pursued in the last five years, and consistently supported by *The Economist*, our index of the sterling prices of primary products has risen 45.7 per cent. since September, 1931. Moreover, a great part of our first article on Monetary Policy was devoted to suggestions for meeting the deflationary tendencies that may break out two years hence. The "special" unemployed, in our opinion, cannot be rapidly absorbed in their old trades as a result of any monetary measures, but only by a freeing of international trade. We have constantly pleaded the case of these industries, and we would refer Mr Wiggins to an article entitled "A Chance for Statesmanship" in our issue of October 10th.—ED. *Econ.*]

TO THE EDITOR OF THE ECONOMIST

SIR,—As an old reader of *The Economist* I beg to ask you for a little space and quote from the last paragraph of the excellent article which you published on October 24th under the title "British Monetary Policy—II." The paragraph opens thus: "The truth is that the old rigid gold standard is not able to cope with fluctuations and disturbances on the scale customary to-day, and that no equally automatic method can be devised to succeed it."

The first sentence quoted merely states a fact. But it is with the second that one has to disagree. Those who have for the last twenty years and more been aware of the truth of the first sentence, namely, of the fact that the gold "standard" is inefficient and indeed dangerous, have not only devised a method for the internal management of the currencies on a scientific basis (which certainly the gold standard cannot provide); but they have also devised a method for stabilising parities which is as automatic as the working of the gold standard can be at its best. And that method is the system of *purchasing power parities*.

The example of Sweden, and the one is forced to conclude—accidental policy of British monetary authorities, are proof enough for the contention that currencies can be managed fairly well by basing the policy on the internal purchasing power of the currencies concerned. All that is essential for the establishment of purchasing power parities is that currency authorities who use this new method of management of currencies agree among themselves, or at least announce their intention, to keep the rates of exchange more or less pegged to the purchasing power parity, as far as the latter can as yet be ascertained. Except for temporary large-scale speculative or other movements of capital, which have to be attended to by means of market interference by what we now call "Equalisation Accounts," the rate of exchange will on long-term *ipso facto* coincide with the purchasing power parity. There are many statistical difficulties standing in the way of the scheme, but we believe they can be overcome.

JO. HENRY BUCHI,

Director of Studies and Research,

Free-Economy Federation of Great Britain.

31 Alexandra Villas, London, N.4.

"ACCESS TO RAW MATERIALS"

TO THE EDITOR OF THE ECONOMIST

SIR,—Recently Mr Eden again renewed this country's offer of greater access to raw materials, but I have never yet seen it suggested how this end is to be achieved. In fact, as has already been pointed out, the market in raw materials is open to any bidder, but the trouble is that such countries as Germany have no foreign exchange with which to buy.

Would not a possible way for giving this access be for the Government departments of the Mandated Territories to be instructed that when they require manufactured goods from Europe, say for railway replacement, hydro-electric plant, etc., they should definitely favour quotations from German firms?

If Germany were given increased access to the world markets as suggested, her purchases would help to absorb the surplus of raw materials available, and raise their price to a more balanced level. This in its turn would raise the purchasing power of all raw material producing countries and thus increase the demand for our own manufactured products.

Yours faithfully,

W. EDE LACY HAMILTON.

100 Clanricarde Gardens, W.2.

Lately of Nairobi, Kenya Colony.

BOOKS AND PUBLICATIONS

HINDENBURG

IN 1847, in Posen, Paul von Beneckendorff und Hindenburg was born. In 1911, at the age of 64, after an undistinguished career in the Prussian army, he retired to collect pictures of the Madonna and Child; a minor General, almost ignored by the great General Staff, who were still busy on the Schlieffen Plan for the invasion of France through Belgium. Yet Schlieffen's retirement in 1905 enabled the Kaiser (who "had to have his Moltke") to push the younger Moltke into the supreme position of Chief of the General Staff; and it was the younger Moltke's error in departing from Schlieffen's dying adjuration—"Only see that my right wing is strong"—which weakened that right wing, halted Von Klück's advance, and decided that the Western smashing campaign should become a war of attrition. Thus, the Russian danger in the East became a real threat; the armies of Samsonov and Rennenkampf—the ghastly tale of the latter's hatred of the former is one

of the chances which make history anything but materialistic—descended upon the weak German force in East Prussia; the German leaders there panicked; and the Kaiser, Moltke and Falkenhayn at the Imperial General Staff at Coblenz had to supersede them. They easily found the right man for the Chief of Staff in the East: the brilliant and temperamental Ludendorff. Finally, a junior officer unearthed a long-forgotten and retired military cousin as General. And so Paul von Beneckendorff und Hindenburg was recalled by telegram. He and his Chief of Staff met on the station platform at Hanover on August 23, 1914, on their way to East Prussia. And so was founded that alliance of brilliant verve with stolid age which made their names known throughout the world.

Mr Wheeler-Bennett's latest book* aims at giving us the Hindenburg of the legend: the Wooden Titan who won at

* *Hindenburg: The Wooden Titan*, by John W. Wheeler-Bennett. Macmillan, 507 pages, 21s. net.

Tannenberg: the statuesque personality on whose broad shoulders were placed, in fatal succession, the conduct of the war, the safety of the All-Highest War Lord, the whole structure of the German Weimar Republic, and—the responsibility for the bringing of the Nazis to power. The book is brilliantly written, documented, penetrating. But it has one major weakness; it begins only in 1914 with Benedict's recall to active service. Who was the essential Hindenburg; how his personality was formed between 1847 and 1911; what manner of man it was that was twice recalled to supreme authority after the age of 65—in 1914, and to save the young Republic in 1925—we have no trace in Mr Wheeler-Bennett's book.

For the story of Hindenburg and his legend, as here told, is truly fascinating. The author shows, with damning clarity, how wooden this Titan really was. It was young Hoffmann, the junior Staff Officer at Marienburg, who gave the orders which Ludendorff later arrived to confirm, and so really won Tannenberg. It was Ludendorff's genius that won the victories and held on like grim death against the world in the West; the "old man" was even screened by Ludendorff from essential information. It was Groener—the poor, maligned but honest and "brave Suabian," Groener—who was left to face the All-Highest with the awful truth, to urge his own War Lord's flight, to take all the responsibility for co-operating with the Republican Government to evacuate the routed German Army in 1918. It was Groener again who faced the calumnies of his Prussian ex-colleagues when he accepted the Versailles Diktat, and steeped to build up the cadre of the Prussian Army with worn-out tools. It was Bruening who bore the heat and burden of the day in the crisis; who came within an ace of carrying back his economic and political victory to Berlin in 1932; and who was dropped by the old Titan as a result of a conspiracy between Von Papen, Schleicher, and Hindenburg's son, to warn the French that Bruening would not be in power sufficiently long to make negotiations with him worth anything. They were all dropped: the Kaiser, Hoffmann, Ludendorff, Groener, Bruening; yes, and finally both Von Papen and Schleicher themselves. Hitler came; and Death—"Friend Hein," as the Titan called him on the day he died—enabled Hitler to stay.

Hindenburg's strength was his weakness: his stolidity, his loyalty, his complete lack of imagination, his doggedness, his incapacity to think a problem out and act on logical conclusions. These were the qualities that refused to treat for an honourable peace, that largely made the rout of 1918, that refused to face the Kaiser's abdication as a necessity, that kept Hindenburg loyal to his Junker cronies in face of Bruening, that "let down" the Right in 1925 and the Left in 1932. Mr Wheeler-Bennett's powerful book leaves anything but a pleasant impression.

SHORTER NOTICES

"Mr. Keynes and the Labour Movement." By A. L. Rowse. Macmillan. 68 pages. 2s. 6d.

In this short, fervent and very readable book Mr Rowse argues that Mr J. M. Keynes's latest work "The General Theory of Employment, Interest and Money" supplies a fundamental vindication of the outlook and policy of the British Labour movement. Mr Rowse notes the emphasis laid by Mr Keynes on the need for low interest rates, the danger of over-saving, and the desirability of increasing consumption as well as investment if unemployment is to be avoided. These, he suggests, are powerful arguments for the orthodox Labour policy of financing increases in the social services and of direct taxation imposed on the rich; and he quotes Mr Keynes in support of this important inference.

Mr Rowse perhaps accepts a little too much at its face value Mr Keynes's claim to have effected a Copernican revolution in economics, and he takes the possibility of a zero—or negligible—interest rate a little more seriously than would probably be wise in a practical Labour politician. But, in general, he has concentrated on the more valuable and suggestive parts of Mr Keynes's new book, and made interesting and relevant comments. Those who want to discover the practical implications of Mr Keynes's book without reading the whole of it themselves, might very well begin with Mr Rowse's commentary.

"Fundamental Issues in the United States." By E. A. Radice, with the Assistance of the Information Department of the Royal Institute of International Affairs. Oxford University Press. 74 pages. 3s. 6d.

The object of this pamphlet is to provide a discussion of some of the fundamental problems underlying the Presidential Election in the United States for the information, in the main, of British readers. The general criticism can be made that the task is far too large for the dimensions of the pamphlet, and that Mr Radice has not always succeeded in avoiding the alternative dangers of superficiality and obscurity. His first two chapters are open to the former charge; it is really impossible to survey the whole of American history and the New Deal in 24 pages.

The three remaining chapters, dealing with the problems of Federal versus State powers, the creation of an efficient Civil Service, and the future of the Federal Budget, are most illuminating and interesting, but they pre-suppose a considerable knowledge of American affairs. This general criticism, however, is almost the only one that can be made of the pamphlet. Here and there Mr Radice is led by brevity into dogmatism, but on the whole, his discussion is both moderate and penetrating. Could not Mr Radice expand his last three chapters into a full-scale volume, which would undoubtedly be a most valuable contribution to the elucidation of that most obscure subject, the American political system?

BOOKS RECEIVED

The Improvement of Commercial Relations between Nations: the problem of monetary stabilisation. Separate memoranda from the economists consulted by the Joint Committee and practical conclusions of the Expert Committee appointed by the Joint Committee. Headquarters of the Joint Committee, International Chamber of Commerce (Paris). 417 pages.

International Economic Reconstruction. An Economist's and Businessmen's Survey of the main problems of to-day. Headquarters of the Joint Committee, International Chamber of Commerce. (Paris). 225 pages.

Social Care of Motherhood. Committee Against Malnutrition. (London) Lawrence & Wishart. 28 pages. 2d. net.

Migration and Economic Opportunity. By Carter Goodrich and Others. (London) H. Milford. 763 pages. 22s. 6d. net.

The Case of the Trotskyite—Zinovievite Terrorist Centre. Report of the Proceedings Heard before the Military Collegium of the Supreme Court of the U.S.S.R. (London) Lawrence & Wishart, Ltd. 180 pages. 2s. 6d. net.

Politics and Political Parties in Roumania. International Reference Library Publication. (London) John Clark, 12, Ludgate Hill, E.C.4. 560 pages. 15s. net.

The Ratepayers' Money. By A. Collins. (London) Allen and Unwin. 199 pages. 5s. net.

Handbook on the Formation, Management and Winding-up of Joint Stock Companies. (Sir Francis Gore-Browne.) 39th Edition. By His Honour Judge Haydon and Stanley Borrie. (London) Jordan & Sons, Ltd., 116, Chancery Lane. 916 pages. 20s. net.

The Fundamental Principles of Taxation in the Light of Modern Developments. A New and Revised Edition. By Sir Josiah Stamp. (London) Macmillan & Co., Ltd. 220 pages. 10s. 6d. net.

Complete Practical Income Tax. 8th Edition. By A. G. McBain. (London) Gee & Co. (Publishers), Ltd. 315 pages. 7s. 6d. net.

La Pétrole et son Economie. By H. Peyret and Others. (London) Williams and Norgate. 221 pages. 10s. 6d. net.

OFFICIAL PUBLICATIONS

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

Fourth Report by the Joint Committee of the House of Lords and of the House of Commons upon the Housing Bill. 2s. net.

Imperial Economic Committee: Wool Production and Trade, 1935-36. 2s. 6d. net.

Report of the Industrial Assurance Commissioner for the year ended December 31, 1935. 1s. net.

First and Second Reports from the Committee of Public Accounts, together with the Proceedings of the Committee, Minutes of Evidence, Appendices and Index. £1 net.

Industrial Fibres. A Summary of Figures of Production, Trade and Consumption Relating to Cotton, Wool, Silk, Flax, Jute, Hemp and Rayon. Compiled in the Intelligence Branch of the Imperial Economic Committee. 2s. 6d. net.

Air Raid Precautions Handbook No. 4. Decontamination of Materials. 6d. net.

Sudan No. 1 (1936): Report on the Administration, Finances and Condition of the Sudan in 1935. Cmd. 5281. 2s. 6d. net.

MONEY AND BANKING

FRANCE AFTER DEVALUATION

The hesitancy of the French national economy to "pick up" after the devaluation of the franc a month ago, and the recent weakness of the franc, give point to the following article by a well-informed French contributor.

THE present course of events in France, as exemplified by the downward trend of *rentes* and French shares on the Bourse, is undoubtedly as disappointing to the French Government as it is surprising to foreign observers. It had been expected that devaluation would bring a rapid return of capital, which would make conversion of all internal indebtedness to lower rates of interest possible; while a general "pick up" in business would take place. Although no reliable figures can yet be cited, it is obvious that the return of capital has not reached anything like the several thousands of millions of francs which the Government had anticipated.

Popular explanations of these disappointments are of two kinds; political and financial. It is argued that the political dangers of the present international situation are making Frenchmen reluctant to repatriate their funds. There is scarcely any more danger in France than in many other European countries where French capital has fled; but the bearing of the war danger on the French armament programme is undoubtedly making the French budgetary dilemma still more awkward. Internal politics ("the confidence factor") have undoubtedly a more immediate effect. From its inception the *Front Populaire* Government has encountered the distrust of many *bourgeois*, and has never enjoyed even the degree of tolerance which Labour Governments in England (with which it has many common features) were accorded by their Conservative opponents. The Communist Party is supporting it; and its intricate relations with the Trade Unions have given rise to a slogan of the Opposition, according to which the present parliamentary Government is leading directly to a revolution. Such an attitude on the part of the "possessing classes" may, of course, act as a brake on the economic forces working towards recovery; but the question arises whether it can constitute an absolute obstacle to them. To this point we revert later.

From the financial point of view, it cannot be denied that the situation is still serious and that the Government's need to borrow will remain great for some time ahead. Should present unofficial estimates prove true, the amount of Government expenditure next year (including that on the railroads) which will have to be financed otherwise than out of tax revenue would not be far short of Frs. 30,000 millions. Out of this total, some 6,000 millions would be allotted to public works. Payments under this head could probably be delayed, while so enormous a total could logically be reduced if an extensive business recovery sets in. A less optimistic view can be expressed about military expenditure, which will account for nearly Frs. 10,000 millions of the above total. These cannot be easily reduced. The new air programme announced on Tuesday alone accounts for Frs. 5,000 millions.

All these reasons tend to explain the hesitancy in the trend of repatriation of capital. The taxing of gold hoards and of Stock Exchange profits have worked in the same direction and lent support to rumours—despite official denials—about the taxation of the profits in francs on holdings of foreign securities. Another technical argument may be mentioned: the Bank of France considerably reduced its discount rate as soon as devaluation was over, and short-term funds receive very low remuneration in Paris at present. This policy, more precipitate than that followed by the Bank of England in 1931, naturally attracts no foreign short-term balances to Paris, the more as the forward premium on pounds and dollars more than offsets whatever profit may arise from the operation.

It is possible that the Government may also have nourished some illusions about the amount of hoarded and exported capital liable to return to active circulation in

France. It has been common ground among all previous Governments that there exist in France enormous amounts of hoarded banknotes. This statement, however, is authoritatively questioned in the June issue of the *Revue d'Economie Politique*, which suggests that, while possibly a few thousand million francs have been held apart in this form, such hoarding cannot reach the high figure of Frs. 20,000 or 25,000 millions, which has been commonly accepted. Most banknotes of large denomination issued during the last years should be considered as part of the working capital of private citizens. As to gold hoards, their return to the Bank of France has naturally been considerably retarded by the fixing of the repurchase price at the former franc parity. On the other hand, allegedly fraudulent exports should logically have the same effect as the return of gold to the Central Bank; since the chances are that the proceeds of French gold sales in Switzerland or Belgium are in many cases repatriated in French francs. It is likely, however, that part of the gold hoards is held in abeyance in the expectation of more liberal legislation.

As to the seriousness of exports of capital, this is a reality beyond doubt. It is not unlikely that as much as Frs. 30,000 millions were exported in 1935 and 1936. But only a part (though probably the major part) of this amount could be expected to be quickly transferred into francs, since the balance has presumably been invested at more or less long term, and is not intended to be returned to France unless a slump threatens on the London or New York Stock Exchanges. They can be considered as a standing proportion of all French foreign investments. Thus the Frs. 60,000 millions which the French Government estimated should return into active circulation in France should be reduced by something like one-half.

If, then, the amount of possible capital repatriation is smaller than expected; and if, further, its trend is slower than expected; there remains but one source of funds for the Government's needs. That is the development of internal savings. Here emphasis should be laid on the possibilities of economic recovery within the country. This is, perhaps, a point not sufficiently appreciated by Frenchmen themselves; and on this account alone a little more optimism on their part would probably be justified.

The index of industrial production has, it is true, declined from 102 in May to 93 in August; but it is not lower than in August of last year. The number of unemployed receiving benefit is higher than at the corresponding date last year; but temporary unemployment is distinctly lower. Orders are reported to be coming in in increasing quantities by several industries, including all branches of the textile industry, which suffered most from the depression. French industries, whether exporting or not, are receiving many inquiries about prices from former clients.

In too many cases, however, French producers refuse to quote prices because they fear the eventual consequences of rising prices, rising costs, reductions in hours, and the social legislation. The introduction of the 40-hour week may prove to have been untimely. There is a chance, however, that the Government may soon be forced to pursue a somewhat firmer policy over wage disputes, as a result of the Radical Congress last week; and this should help to restore a due sense of the normal risks of enterprise in the minds of French producers. Further, even if a large part of the exporters' exchange premium be eventually wiped out by higher costs, an increase in production can be predicted with a fair degree of safety. It is arguable that the French devaluation, contrary to other devaluations, was effected under unfavourable political and financial circumstances. But never has a devaluation been made with better prospects of international trade. Not only has France

reduced tariffs and quota restrictions, but Italy and Switzerland have done the same; and this movement towards freer trade may well go some steps further. Moreover, the exporters' exchange premium in sterling or dollars is not wiped out by other countries' devaluations at the same time. And competition is now slightly easier the world over. Even products subject to the control of international cartels should be able in time to obtain larger import quotas.

There is little doubt that these purely economic influences will be stronger than the reluctance of the French public to invest and lend to the Government immediately. The time element remains the crucial factor; and it will take at least a few months before increased tax revenue reflects increased business activity. The dangerous psychological effect of the budgetary deficit may then be allayed by a decrease in this deficit; and this may prompt a return of such short-term funds as have not at that time been repatriated by direct transfers or by increased imports. Before this optimistic hypothesis is borne out, the Bank of France will undoubtedly have to provide the Treasury with liquid funds; but the dangerous character of such a policy is often exaggerated. For the real danger for a Central Bank is not that a part of its assets consists of Government paper; but that this part constantly increases.

It is not contended here that all the obstacles to speedy recovery in France are imaginary, nor that equilibrium will soon be reached. But one fact, perhaps, deserves attention. France is no more isolated from a world well on the way to recovery; and prices and exchange relations are no less important in 1936 than they were ten years ago. Thus, to-day, the international influences making for general recovery may play a predominant and beneficial rôle both in French finances and France's national economy.

FINANCIAL NOTES

Repatriation and British Policy.—In the *Economist* of October 10th we drew attention to some of the possible consequences of a repatriation of foreign funds from London offset by purchases of sterling by the British Exchange Equalisation Account. The point we then made was that as the Account sold gold and bought sterling, it would be able to take over Treasury bills held in the banking system. Thus the drop in joint-stock bank deposits, due to repatriation, would be offset by a drop in the banks' discounts and not in their cash. The banks' cash ratios would therefore increase and—apart from their natural desire to maintain broadly the same proportions of their different assets—credit would tend to become easier. While repatriation of French money has so far been on a modest scale, funds have returned more freely to Holland and Switzerland, and there is some sign that the authorities have taken measures to meet the contingencies we have described. An obvious remedy would be for the Exchange Account not to apply its sterling acquisitions to the redemption of Treasury bills, but to immobilise them in public deposits at the Bank of England. In this event, the reduction in the joint-stock banks' deposits would be offset by a contraction in their cash, leading to a fall in their cash ratios and more stringent credit conditions. This explanation accorded with the facts up to October 21st, for between September 23rd and October 21st the Bank return showed the following changes:—

	Sept. 23rd	Oct. 21st	Change
Gold	247.6	248.7	+ 1.1
Note circulation ..	445.1	440.1	— 5.0
Reserve	63.6	69.6	+ 6.0
Public deposits.....	10.4	37.6	+ 27.2
Bankers' deposits...	108.0	81.4	— 26.6

The drop in the note circulation affords some evidence of foreign dishoarding; but the most significant fact is the transfer of over £25 millions from bankers' to public deposits. Meanwhile, tender issues of Treasury bills only fell during the same period from £621 to £615 millions; but the floating assets of the Departments (including the Exchange Account's sterling investments) rose from £219 to £242 millions. *Prima facie*, it looks as if the authorities

have not applied the whole of the Exchange Account's sterling acquisitions to the redemption of Treasury bills issued by tender.

An Alternative Explanation.—It is only fair to add that there are three arguments against the above theory and in favour of a totally different explanation. The first is that it would denote a departure from previous official practice, and the second is that since the second week of October little intervention by the British Exchange Account has been traceable. The third is in many ways much the most interesting. During recent weeks the Departments have been heavy and successful sellers of 2½ per cent. Funding Loan, and the above statistics suggest that the cash proceeds of these sales have been lodged in public deposits instead of being re-lent on Ways and Means or re-invested in Treasury bills. These Funding Loan sales may easily be the principal explanation of the expansion in public deposits, but in any case the market has not unnaturally formed the view that the authorities may be clearing the decks for another Government issue. A specific re-armament loan is not expected, for so far the cost of re-armament is not great enough to justify a major operation of this character. If a new loan is issued, it will be for the general purposes of the Government, including possibly the funding of some Treasury bills, the covering of current expenditure, and perhaps the conversion of another block of outstanding debt. For example, there may be an offer to the holders of 4½ per cent. Conversion Loan, 1940-44, which is rapidly becoming a "money market" security. Meanwhile last week's experience suggested that the authorities had carried the accumulation of money in public deposits a little too far. On October 21st stringency began to develop in the discount market, and to relieve the situation heavy open-market purchases of bills became essential. These bills were not bought by the Bank on its own account, for Government securities at the Bank remained unchanged. Apparently they were taken either by the Exchange Equalisation Account or by one or more of the Departments. The Bank return for October 28th also showed a drop of £10 millions in public deposits, coupled with some increase in bankers' deposits. Thus the official policy of cheap money remains unaltered, but our whole monetary system to-day calls for very delicate management.

Washington and Paris.—The authorities abroad are also having to adjust themselves to new circumstances. Probably no definite rate for sterling has been agreed between Washington and London, nor will any attempt be made precisely to fix a rate. Instead, if sterling either falls below \$4.86 or rises above \$4.95 or \$5.00, one Exchange Fund will intervene with the tacit assent of the other. The London market price of gold will be governed by the dollar exchange with, at times, a small premium if a demand for gold develops. This means that, converted into dollars, it will remain constant at about the American official price of \$35 an ounce. The French authorities are not finding the new conditions too easy. For reasons developed in the leading article in this section the franc has recently been at a discount of Frs. 1½—equivalent to 6 per cent. per annum. This is a wide margin for a devalued belgas, which followed last year's Belgian devaluation, and the premium on forward Swiss francs, which replaced the valued. There is also a fear that the French franc was devalued sufficiently to allow for the rise in French prices, and that it is still over-valued. Hence bear attacks occurred when the French authorities were only just beginning to operate their newly-created Exchange Funds, and so far the official operations have not prospered from Frs. 105½ to Frs. 106½. They then came in suddenly and buffeted the rate back to Frs. 105½. This probably taught the bears a salutary lesson, but at the cost of a temporary disturbance to the market. The British

Control has learned by experience how to intervene in such a way as to prevent these speculative attacks from developing at all, with the result that it is now able to prevent such wide fluctuations. We suggest it is desirable that monetary co-operation between England and France should be extended to include a pooling of information and acquired knowledge in the technique of Exchange Fund operation.

The Foreign Exchanges.—This week's chief movement in the London market has been the appreciation of the guilder rate from Fl. 9.07 to Fl. 9.03½. The explanation is that Belgium has been repaying the Mendelssohn credit and has been drawing on Belgian-owned sterling balances for this purpose. Thus there has been persistent Belgian selling of sterling for guilders. Forward guilders, however, are practically unchanged, and the market quite expects the spot rate to slip back again so soon as this special operation is complete. The French sterling credit reaches maturity on November 20th and is expected to be repaid. Francs remain weak. Repatriation of French capital has now practically ceased, and the French Government may be coming to realise that the imposition of penal taxation on private devaluation profits was from this point of view a tactical error. Another deterrent against repatriation is that a better return on short money is at the moment obtainable in Holland and Switzerland. The franc therefore remains weak, with three months' francs at the relatively wide discount of Frs. 1½. Spot Swiss francs are steady at Frs. 21.28, but the forward premium has shrunk to par to Frs. 2 premium for three months' francs, which suggests that the repatriation of Swiss funds from London has now ceased. The tendency now is for Swiss money to be transferred from London to New York. Dollars have been steady, at \$4.89½ on Thursday, and at upper and lower limits of \$4.88½ and \$4.89½ for the whole of the week. There has been no pressure to buy dollars, and in Paris they have been offered at Frs. 21.50. There are suggestions in London that the Austrian schilling will be devalued at the New Year or possibly in January.

Central European "Clearings."—The "clearing" systems by which Central and South-Eastern Europe is riddled are losing some of their popularity. The various countries are becoming more orientated towards Italy and the devalued lira, from which they expect freer trade, than towards their erstwhile heavy debtor, Germany, with whom their trade is still completely controlled. At the recent discussions between German and Yugoslav experts at Dresden, Germany offered to expand her trade and tourist traffic with Yugoslavia on a strict compensation basis, so that no debit balance could arise. (The former German debt of about 500 million dinars has been offset by purchase and equipment of the Zenitza ironworks by Yugoslavia from Krupps.) While this has hit French and British trade with Yugoslavia—which provides free *devisen*—the new agreement with Germany may even once again prove simply a new way to extract trade credits for Germany, which will again need to be thawed. While Germany is now Yugoslavia's largest customer, as she is of Bulgaria, Yugoslavia's second-best customer, Italy, may yet prove the most profitable; for the German "additional exports" prove very dear when valued at nominal rates of exchange into Reichsmarks. Again, the agreements between Roumania and Bulgaria, on the one side, and the Soja A.G. (a subsidiary of the German I.G. Farbenindustrie), on the other, which two years ago induced Roumania and Bulgaria to grow soya bean for Germany, have now expired. Originally, Germany was to pay for the beans up to 100 per cent. of the agreed value in German goods. The new agreements, however, include an interesting clause: that Germany can now pay partly with German and partly with Italian goods. This may be a result of Count Ciano's visit to Berlin; it may be the result of a German favourable trading balance with Italy; or it may be due to the natural desire of the Roumanians and Bulgarians to secure cheaper Italian manufactures of equivalent quality to the dearer German products under the agreements. Again, Hungary now exports about

25-30 per cent. of her total exports to Germany, and she also sends soya bean. Hitherto, it was only possible for Hungary to sell this big block of exports to the German market; but on November 11th and 12th the Rome Protocol Powers—Italy, Austria and Hungary—meet in Vienna to regulate the situation brought about in their trilateral "clearings" by devaluation of the lira. World markets are expanding slowly, and Hungary may find more profitable markets than the German. While the *pengő* was effectively devalued last December by a uniform surcharge of 53 per cent. on foreign exchange, the Austrian schilling has remained where it still is for nearly three years; and the devaluations of the lira, Swiss franc and Czech crown have largely altered the financial basis of Austria's trade—and competition—with her neighbours, with most of whom she has trade and exchange agreements. Evidently, rising world prices and the recent devaluations are proving potent enemies of the bilateral "clearings" and compensation agreements which have for so long paralysed and arrested trade in Central and South-Eastern Europe. We hope the moral will not be lost on the British authorities. France and this country could do a lot to ease the path of Central and South-Eastern Europe towards freer trade.

The Money Market.—The Bank Return shows that this week £10 millions has been released from public deposits, and about £5 millions of this amount has returned to bankers' deposits, that is, to the cash holdings of the joint stock banks. This has made money easier and there has been less pressure than earlier in the month. There was the usual calling by the clearing banks on the first three days of the week, but October 29th being the fifth Thursday of the month, there was no calling on that day. Conditions, therefore, were very easy, and there was a tendency to press money on the market.

	Oct. 8, 1936	Oct. 15, 1936	Oct. 22, 1936	Oct. 29, 1936
Bank rate.....	%	%	%	%
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 replenishment of their cash has made the banks freer buyers of bills. They are now ready to take January Treasuries at ½ per cent., and are taking mixed parcels of Decembers and Januaries at ½ per cent.

The Bank Return.—The increase of £2.6 millions in the note circulation represents the normal movement at the end of the month, and so shows that last week there was no further dishoarding by foreign holders of British currency. The Bank's gold holdings have remained unchanged since the devaluation of the gold *bloc* currencies at the end of September.

	Oct. 30, 1935	Oct. 7, 1936	Oct. 14, 1936	Oct. 21, 1936	Oct. 28, 1936
	£ mill.	£ mill.	£ mill.	£ mill.	£ mill.
Issue Department:—					
Gold	194.7	248.7	248.7	248.7	248.7
Note circulation	399.9	450.8	446.4	440.1	442.7
Banking Department:—					
Reserve	55.6	58.9	63.4	69.6	66.9
Public deposits.....	26.2	24.8	31.6	37.6	27.6
Bankers' deposits	82.5	84.2	82.2	81.4	86.5
Other deposits.....	38.6	40.9	41.2	41.1	41.4
Government securities ...	85.9	79.8	80.4	79.9	80.2
Discounts and advances..	11.2	9.3	9.6	6.7	6.6
Other securities	12.3	19.6	19.4	21.6	19.5
Proportion	37.7%	39.3%	40.8%	43.4%	43.0%

This week's drop of £10 millions in public deposits still leaves them on the high side compared with September, when they averaged only £16 millions. Bankers' deposits have only risen by £5.1 millions, this smaller increase being partly explained by the week's currency withdrawals by the public.

THE STOCK EXCHANGE

ARGENTINE RAILWAY PROSPECTS

FOR some months the best asset which the Argentine railway market has enjoyed has been its lively hope of recovery to come. Of all industrial equities, those of the railways, with their substantial *corpus* of fixed charges, are most responsive to advancing earnings. But it cannot yet be said that any appreciable improvement is reflected in the accounts of the Argentine systems which have been published this month. The Central Argentine report has not yet appeared, but the B.A. Great Southern and B.A. and Pacific show reduced operating profits, and the B.A. Western a very small increase.

The Argentine Republic has just passed through one of the least fortunate years in its agricultural history. Failure of the fine cereals crops has checked a recovery which had been reflected in the railways' peso receipts in earlier years, and this experience has been reflected in every branch of railway operation. On the B.A. Great Southern, indeed, receipts from fine grains fell last year by no less than 40 per cent., from £2,496,457 to £1,505,269, and but for the improvement in certain other classes of goods and in livestock, the full force of this loss would have fallen on total operating receipts. In addition, earnings from wharves were reduced by almost one-half. Passenger traffics, which continue to be affected by road competition, particularly on the suburban routes, declined by 5½ per cent. Last year's fall in earnings, in short, was mainly due to natural factors outside the control even of the most competent railway administrators. It could not be offset, moreover, by a corresponding reduction in operating costs. The railways have already carried the process of "pruning" costs to the limit of practicability. Many elements in their total expenses bill have a more or less "fixed" character; in particular, they are still debarred from varying their labour forces to correspond with the demands of traffic.

The effect of these conditions may be seen in the following table, which compares the main heads of receipts and expenditure and the volume of traffics for the past year with those of 1934-35 and of the pre-depression year 1928-29:—

WORKING RECEIPTS AND EXPENSES				
Year to June 30, 1936	B.A. Gt. Southern	B.A. Western	B.A. and Pacific	
RECEIPTS				
Total passenger receipts (£).....	2,509,196	746,694	764,245	
compared with { 1934-35	- 5.5%	- 3.0%	- 3.4%	
{ 1928-29	-20.2%	-36.8%	-46.4%	
No. of passengers	48,726,138	20,000,359	11,320,627	
compared with { 1934-35	- 7.9%	- 3.5%	- 6.8%	
{ 1928-29	-16.1%	-16.1%	-31.0%	
Total goods and livestock receipts (£).....	5,920,019	2,387,380	5,079,537	
compared with { 1934-35	-10.3%	+ 0.6%	+ 6.0%	
{ 1928-29	-24.8%	-32.6%	-26.4%	
Total tonnage of goods	7,102,753	1,974,453	3,378,761	
compared with { 1934-35	-11.1%	- 4.5%	+10.1%	
{ 1928-29	-14.1%	-29.8%	-29.4%	
Number of livestock	9,435,384	4,303,247	1,262,190	
compared with { 1934-35	+12.5%	- 2.6%	+ 8.7%	
{ 1928-29	+ 5.7%	-56.8%	-28.8%	
EXPENSES				
Locomotive and traffic running (£).....	4,239,371	1,732,408	2,685,475	
compared with { 1934-35	- 1.4%	+ 1.4%	+ 5.6%	
{ 1928-29	- 6.7%	- 5.5%	-16.7%	
Permanent way and works (£).....	786,910	304,359	687,109	
compared with { 1934-35	- 9.8%	- 3.4%	+26.6%	
{ 1928-29	-46.6%	-38.4%	-37.2%	
Maintenance of locomotives, coaching and goods stock (£).....	1,324,805	546,577	1,137,045	
compared with { 1934-35	+ 4.3%	- 1.6%	+19.6%	
{ 1928-29	- 3.8%	-20.6%	-26.6%	

All three lines showed a further reduction in passenger receipts, although the average fare per passenger was slightly higher in each case. Compared with 1928-29, the Southern has lost 20 per cent. of its passenger revenues, the Western 36 per cent. and the Pacific as much as 46 per

cent. This persistent loss of revenue is due in no inconsiderable part to the same factor which affected British railway revenues a few years ago. Road competition in the Argentine is still extending, and the companies have cut their rates severely, both for short suburban and long distance travel. Their policy is re-attracting a considerable volume of traffic, but can hardly do more than maintain the existing level of revenue.

The recent trend of goods and livestock receipts suggests the need for differentiation, on the investor's part, between the position of individual railway systems in a group subject to the same general problems. B.A. Great Southern is a fine cereals line; in 1934-35, with a more normal harvest, as much as 12½ per cent. of its gross receipts were derived from wheat alone. B.A. Western is substantially interested in cereals, but regularly obtains well over 20 per cent. of its revenues from livestock shipments. Last year, indeed, the proportion was as high as 23.4 per cent. With its moderate equity in the maize business (in which the B.A. Great Southern has no share), the Western has achieved results which are, at least, as good as investors could expect. B.A. and Pacific has an "all-round" distribution of traffics between cereals, maize and livestock, and its receipts from the wine traffic (which accounted for 37 per cent. of its total goods takings last year) showed a further advance after the gratifying recovery of the preceding year. This company consequently produced the best percentage increase in gross traffic receipts last year—though the rise, in fact, was limited to 4.6 per cent.

Before trying to assess the effect of any potential future recovery in terms of dividends, investors may be advised to examine the cost side of the Argentine railway equation, whose component items are set out in the table above. The following figures show total working expenses, changes in net receipts and proportionate earnings on different classes of securities:—

GENERAL RESULTS				
Year to June 30, 1936	B.A. Great Southern	B.A. Western	B.A. and Pacific	
Gross receipts (£).....	10,006,699	3,526,587	6,529,274	
compared with { 1934-35	- 8.7%	+ 0.4%	+ 4.6%	
{ 1928-29	-23.4%	-33.2%	-28.5%	
Working expenses (£).....	7,326,277	2,945,534	5,179,229	
compared with { 1934-35	- 3.2%	- 0.1%	+10.9%	
{ 1928-29	-16.3%	-14.8%	-19.5%	
Net receipts (£).....	2,680,422	581,053	1,350,045	
compared with { 1934-35	-20.8%	+ 3.0%	-14.0%	
{ 1928-29	-38.0%	-68.1%	-60.0%	
Earned for fixed charges (£)*.....	1,167,836	491,519	809,191	
compared with { 1934-35	-25.5%	+14.2%	-11.6%	
{ 1928-29	-70.8%	-74.6%	-58.4%	
No. of times debenture interest covered.....	1.08	1.07	0.64	
Corresponding figures for { 1934-35	1.45	0.91	0.73	
{ 1928-29	5.22	4.00	1.72	
No. of times total preference requirements covered.....	0.09	0.26	Nil	
Corresponding figures for { 1934-35	0.47	Nil	Nil	
{ 1928-29	2.80	3.15	1.59	
Ordinary stock.....	Earned Paid	Earned Paid	Earned Paid	
{ 1934-35	Nil Nil	Nil Nil	Nil Nil	
{ 1928-29	8.1 8.0	7.7 7.0	9.9 7.0	
Added to (+) or taken from (-) reserves and carry-forward.....	£	£	£	
Corresponding figures for { 1934-35	+ 2,757	- 22,228	- 889,114	
{ 1928-29	- 180,802	- 116,050	- 936,331	
{ 1928-29	+ 6,431	+ 105,129	+ 230,613	

* After adding other income and deducting other expenses and exchange losses.

Responsible spokesmen for the railway companies—for example, the Director-General of the B.A. Southern and Western companies in his comprehensive reports—make no attempt to gloss over the problem of future expenditure. It is clear that the larder is bare of further major retrenchment measures. Substantial sums are now required

for current maintenance, in the narrow sense, quite apart from renewals. B.A. Great Southern spent 4.3 per cent. more last year for vehicle maintenance, although—by one of the few favourable consequences of the drought—it was able to effect further savings in permanent way costs. Running expenses, both on the Southern and the Western, were only slightly changed. This relative stability, however, conceals an effective saving, since no deductions were made from wages last year, whereas for three months of the preceding year they were subjected to a cut of 5 per cent. Maintenance is not the least pressing problem of the B.A. and Pacific, and the company is facing it on the lines suggested in our article of July 18th last, when we first reviewed the past year's traffics. Of an increase in working expenses totalling £508,450, no less than £326,000 is attributable to expenditure on renewals and provision for deferred renewals, spread fairly evenly between permanent way, locomotives and goods vehicles. Capable managements may still find small economies in running and workshops costs; but really substantial savings in expenditure would seem to be effectively precluded, on the one hand, by the inflexible labour policy which the railways are compelled to follow, and, on the other, by the demands of maintenance and adequate renewals reserves. Who, with the British railways' experience in mind, would rule out the probability of pressure for increased wages if traffics improved?

The past year's experience, however, has revealed one satisfactory feature. Since last January the Argentine authorities have allowed the railways to make remittances at a rate only 5 per cent. above the official buying figure, and exchange losses, consequently, have been substantially reduced on all the lines. The figures are set out in the following table:—

EXCHANGE LOSSES				
Year to June 30, 1936	B.A. Great Southern	B.A. Western	B.A. and Pacific	
Loss on remittances.....	1,364,657	330,023	985,586	
Corresponding figures for { 1934-35	1,736,070	438,464	915,881	
{ 1928-29	27,072	14,404	Nil	
Depreciation of floating assets and other exchange differences.....	Cr. 190,675	Cr. 56,268	Cr. 275,527	
Corresponding figures for { 1934-35	Cr. 133,348	Cr. 127,920	Cr. 112,820	
{ 1928-29	Nil	Nil	Nil	
Total exchange losses.....	1,173,982	273,755	710,059	
Corresponding figures for { 1934-35	1,552,722	310,544	803,061	
{ 1928-29	27,072	14,404	Nil	

The railways have taken credit for amounts released from earlier provisions against the depreciation of floating assets, and, altogether, have obtained satisfactory exchange savings. The agreement, however, is due to expire at the end of the calendar year 1936. It is, therefore, impossible to judge the extent of any potential savings on exchange during the current railway year.

What of the outlook? The year 1936-37 will certainly be eventful, and may be decisive from the viewpoint of the Argentine railway investor. The market, whose short-term movements witness its perennial ability to find hope and reassurance in a difficult situation, is already discounting the probability of better cereals traffics. It would be cruel, indeed, if Nature were to repeat last year's unkindnesses. But her favours cannot be reflected in railway receipts until the second half of the financial year. For the time being, receipts are still affected by the small carry-over from the last harvest. Can the railways look for expanding revenues in other directions? They are fighting road competition with the only weapon which the prolonged delay in passing the comprehensive Transport Co-ordination Bill has left them. But will fare reductions do more than maintain passenger receipts? British experience, at any rate, suggests that any more substantial result is unlikely. Again, the improvement in the livestock traffics of the three lines brought a welcome addition to their receipts last year. But can investors ignore the long-term repercussions of British agricultural policy, not on these receipts alone, but on the level of prosperity of Argentina's whole economy? This question, which closely concerns all the railways, is particularly relevant to the B.A. Western.

British investors will have every sympathy with the Argentine Government if it finds itself torn between the

desire to make maximum concessions to foreign railway capital and the necessity to "retrench" owing to a reduced balance of payments. In the last resort, Argentina's economic progress will be determined largely by Great Britain's trade policy. On the other hand, it may be questioned whether some of the more extreme political propagandists in Argentina do not greatly underrate the decisive contribution which the railways have made to the Republic's past development. Recognition of this fact might be appropriately expressed by the passage of the Transport Co-ordination Bill, which is long overdue.

If, therefore, some improvement in the short-term prospect seems apparent, the companies are still faced with all the problems which have been inherited from earlier years. A certain scepticism is therefore permissible over the present market value of some of the marginal preference stocks:—

	1929-1936		1936		Price Oct. 28, 1936	Current Dividend Basis	Yield %
	Highest	Lowest	Highest	Lowest			
B.A. Gt. Southern:						%	£ s. d.
4% deb. stk.	90	47	85	70½	82½	4	4 18 2
5% non-cum. pref. stk.	96	28	73½	51½	59½	1	1 13 9
6% non-cum. pref. stk.	112	27	63	32	49	Nil	Nil
Ordinary stock.....	110½	13½	24½	14	20½	Nil	Nil
B.A. Western:						%	£ s. d.
4% deb. stk.	88½	44½	80½	65	79½	4	5 0 8
5% non-cum. pref. stk.	94½	35	72	55	67½	5	7 8 2
4½% non-cum. pref. stk.	86½	25	50	30	49½	1	2 0 5
Ordinary stock.....	100½	10	19½	11½	17	Nil	Nil
Central Argentine:						%	£ s. d.
4% deb. stk.	83	43½	83	60	82	4	4 19 5
5% deb. stk. 1967-87.....	95½	46	89	65½	88	5	5 13 8
4½% non-cum. pref. stk.	85	18	57	22	53	3½	6 12 1
6% cum. conv. pref. stk.	110	18½	61½	22	59	Nil	Nil
Ordinary stock.....	100½	7	20	8½	18½	Nil	Nil
Deferred stock.....	93½	3	10½	4½	10	Nil	Nil
B.A. and Pacific:						%	£ s. d.
4½% cons. deb. stk.....	85	15	66½	27½	62½	2½	3 12 6
5% (1912) deb. stk.	95½	15	37½	16	34	Nil	Nil
6% cum. pref. stk.	106½	5½	15½	7½	14	Nil	Nil
Ordinary stock.....	107½	4½	11½	6½	10½	Nil	Nil

Sir Follett Holt and Viscount St. Davids assured their stockholders this week that prospects were more promising for the current year. No one, indeed, could legislate for a longer period. And the ordinary stocks, alas, are still far from the Promised Land. Under the bludgeonings of the last few years they have become of interest mainly to the option-money speculator, and even his experience has not been happy.

INVESTMENT NOTES

"Policy" and Gilt-Edged Issues.—In the season of sere and yellow leaf, discussion in the City of London turns inevitably to the prospect of a Treasury issue, for the last few weeks of the year have more than once been the chosen time for a major operation. If any such event is, indeed, in prospect, the recent weakening of the home corporation issue market is untimely. At the end of September, after the market had had two months' respite from major issues, the London County Council issued a £10 millions loan of which as much as £6,100,000 was new money. The response was gratifying enough at the time, but the heavy meal appears to have taken the edge off the investor's appetite. Early in October, Manchester Corporation issued £5,000,000 to repay short loans, and the authorities took the opportunity to step up the issue price of the invariable 3 per cent. stock from 99 in the L.C.C.'s case to 90½ in that of Manchester, and to lengthen the "life" from 20-25 years in the one case to 22-27 years in the other. Manchester, apparently, was designed to serve as a "new model," for Bristol subsequently offered £3,000,000 and Dumfries County £1,200,000 on the same terms. These issues were followed by an offer of £1,500,000 by Aberdeen, with a maximum "life" of 27, but a minimum of only 17 years. The lists remained open for some hours, and the issue was barely covered, though underwriters were relieved. All the four October scrips are now standing a little on the wrong side of their issue price. The authorities would appear to be faced with the alter-

native either of giving the market another "rest," or of floating the next batch of corporation offers on rather more favourable terms to subscribers. Meanwhile, they have "recommended" the same terms for a £1,500,000 issue on behalf of the borough of Leicester, although its reception can hardly be generous. Even those who sympathise with the Treasury's declared policy of maintaining low interest rates may question what good purpose is served by the continuance of existing tactics in the new issue market. A series of advances and retreats, punctuated by intervals of "rest," have left the market, on balance, less favourable to borrowers than at the beginning of this year, when 3 per cent. Corporation issues were being made at 101. There is, of course, a minimum of investment money which must be placed on almost any terms, and by making the intervals between each series of issue sufficiently long the authorities can screw up rates and secure a temporarily satisfactory response. But the value of such a result as a guide to the probable reception of a Treasury offering on the grand scale is difficult to perceive. And in the meantime the paradox remains that, with interest levels at almost the lowest point for a generation, gilt-edged borrowers are raising less capital in the market than they did a few years ago.

* * *

"London Curb Exchange."—A statement has been issued this week by a company registered last August under the style "London Curb Exchange, Limited," with a nominal capital of £100. The company is about to increase its capital to £63,000, in order to acquire premises in the City of London (at an address in close proximity to the Stock Exchange), where it will establish an exchange with two purposes. The first will be to provide a centre for the sale and purchase of securities which "owing to the absence of a free market are difficult to deal in at reasonable prices"; and the second, "to enable companies at present unlisted to raise capital." Thus, it is suggested, London will have an institution fulfilling the functions of the New York Curb Exchange and the Paris Coubisse. All members will be shareholders, and "merchant bankers, finance houses, trusts and the like" will be available for membership. Advertising and circularising will be allowed, but members will be strictly accountable to an elected committee for all statements. Detailed comment on the aims, functions and desirability of the new institution will be relevant only when matters have reached the stage of accomplished fact. Of the three present directors, Mr Frederick Walter Barker would appear, by current works of reference, to be a director of Mining Securities, Limited, which is described in the 1936 Edition of the *Stock Exchange Official Year Book* as a company registered in 1934 to acquire certain mining rights, with an authorised capital of £45,000 and an issued capital of £12,100 10s. The *Directory of Directors* gives no particulars of the remaining directors, Lieut.-Colonel Ewen Allan Cameron of Landavra, and Mr Gerald Hyde Villiers. Presumably, when the promised prospectus is published in the next few weeks, the *raison d'être* of the new institution will be more fully set out. At the moment, it is difficult to appreciate the exact nature of the wares which will be dealt in on the new exchange. The London Stock Exchange, unlike some overseas Bourses, already endeavours to make its dealings comprehensive. Its Supplementary List, for example, contains the names of numerous new and relatively small companies which have obtained "permission to deal"; and some investors have tended, rightly or wrongly, to draw the conclusion that where permission has been refused, the Committee has regarded its action as in the interests of those likely to deal. The scope for the new exchange will doubtless be described, in due course, with considerable detail; for, *prima facie*, it would seem to be the crux of the matter.

* * *

Alberta's Credit.—If the Province of Alberta continues in her present path, it will soon be necessary to speak of her credit in the past tense. Earlier this month the report of an investigation into Alberta's economic position was published. The two experts responsible concluded

that the Province is "economically and fiscally solvent," that it can pay all its interest obligations in full, and can reasonably expect surpluses in the near future. The committee of investigation was prepared to recommend temporary suspension of sinking fund operations to ease the burden of the debt service, but declared unhesitatingly that the Budget could be balanced without imposing new taxation. The Province, however, is now making interest offers *à la grecque*. It is proposed, in other words, that holders of the 4½ per cent. registered stock, 1943, should accept only half of the coupon due on November 1st, entering into a formal agreement to take this amount in full discharge of this and all future sums due. The strong Protective Committee which has been formed in London rightly recommends that stockholders should refuse to sign away half their rights in perpetuity on the grounds of temporary inability—or reluctance—to pay the interest due. Alberta has already defaulted on the principal of certain dollar issues, and a further lapse from grace was understood to be imminent as we went to press, for the Dominion Government, lacking the statutory authority and probably the inclination to make advances for debt repayment, has not responded to Mr Aberhart's appeal for funds to meet a \$1½ million obligation which matures on November 1st. The Bank of Canada has also refused to lend \$3,500,000 to the Province for bond redemption purposes. This is, in any case, a correct attitude, but unfortunately Alberta's policy is already having regrettable, though inevitable, repercussions on Canadian credit as a whole.

* * *

Actuaries' Investment Index.—This week's calculations of the Actuaries' Investment Index enable investors to summarise the net movements of an exciting month. The industrial markets were in a state of boom before October was a week old, and during the second week, the Morris placing diverted the energy which had previously been spread over the industrial markets into a narrow and congested channel. Although there has been a considerable amount of technical correction in certain sections of the industrial market, the general level of quotations has resisted profit-taking attack. Thus, the average level of 178 ordinary shares in the Index rose during the month from 88.2 to 90.4, with a corresponding fall in the yield figures from 3.62 to 3.54 per cent. A year ago, the Index stood at 76.5, and the average yield at 3.83 per cent. (December 31, 1928=100.) The following table shows the movements in selected groups, and in the leading fixed-interest classes:—

Group (and No. of Securities)	Prices (Dec. 31, 1928 = 100)			Yield (%)		
	Year Ago (Oct. 29, 1935)	Month Ago (Sept. 29, 1936)	This Week (Oct. 27, 1936)	Year Ago (Oct. 29, 1935)	Month Ago (Sept. 29, 1936)	This Week (Oct. 27, 1936)
Fixed Interest:						
2½% Consols	147.3	150.9	151.0	3.03	2.85	2.85
Misc. Indust. Debts. (17)	124.5	125.6	126.2	3.90	3.93	3.91
Misc. Indust. Preference (44)	117.7	122.8	123.0	4.37	4.18	4.19
Ordinary:						
Building Materials (5)	91.3	107.1	104.7	4.47	4.64	4.79
Cotton (6)	49.9	42.3	47.5	2.21	2.09	2.01
Iron and Steel (12)	64.2	80.1	84.1	3.32	3.78	3.63
Motors (5)	53.3	58.1	61.2	3.91	4.07	3.90
Oil (5)	66.3	90.4	93.3	3.38	3.01	2.91
Electric Supplies (10)	121.0	150.2	156.4	4.23	3.61	3.44
Shipping (4)	15.6	21.9	25.1	...	0.55	0.48

The only significant fall during the month is in building materials shares, which have been particularly affected by poor "plans approved" figures for the second month in succession. The electrical equipment group has again been active, steel shares have attracted more interest than in September, and motor issues have been favoured by the Annual Show and much good company news. The depressed groups—cotton and shipping—have made further progress. Of the yield figures, two things may be said. The margin between industrial debentures and preference issues yields remain sub-normal, while the general return on ordinary shares is discounting favours to come more confidently than at any time since the pre-dividend season of last February.

COMPANY NOTES

London Transport Accounts.—Investors who had credited the Board with strategic motives for the mere maintenance of the 4 per cent. interest on the "C" stock will find little to confirm their theory in the third London Transport report. The increase in traffic receipts, from £29,016,085 to £29,724,723, is short of the Board's anticipations, and although the average receipt per passenger has increased as a result of longer journeys, the report definitely records a decline in the rate of traffic expansion. Operating expenses, however, provide the Board—and "C" stockholder—with the chief problem. They have increased by almost exactly £1,000,000 to £23,515,821, a growth of 4½ per cent. Of this increase, £707,307 is attributable to wage adjustments and to increased staff (with £155,000 per annum still to accrue), £182,934 to electric current and fuel (excluding duty), £113,409 to stores and £124,725 to taxation. After charging £2,300,000 for renewals (against £2,526,000 for the previous year), crediting some £63,000 more from Other Receipts and charging nearly £50,000 less for miscellaneous expenses, the amount available for appropriation (including £28,632 from the "C" stock interest fund) is increased from £5,126,271 to £5,202,671. The following table gives an analysis of revenue and its appropriation:—

	Years to June 30th		
	1934	1935	1936
Revenue:			
Total Traffic Receipts	27,379,351	29,016,085	29,724,723
Working and general expenses	21,583,744	22,515,889	23,515,821
Provision for renewals	2,020,500	2,526,000	2,300,000
Net traffic receipts	3,775,107	3,974,196	3,908,902
Other receipts	1,520,408	1,500,014	1,563,214
Miscellaneous charges	Dr. 338,824	Dr. 347,939	Dr. 298,077
Available for appropriation	4,956,691	5,126,271	£5,202,671
Appropriation:			
Tramway debt fund and interest	35,895	26,158	20,337
"A" stock interest	2,891,537†	2,893,169	2,894,955
"B" stock interest	1,181,694‡	1,183,506	1,185,492
"C" stock interest	874,664‡	1,015,192	1,027,952
Ditto rate %	3½	4	4
Payments under guarantee, etc.	21,275	8,246	43,296
	4,956,691	5,126,271	£5,202,671

Note: These figures are not strictly comparable owing to the acquisition of undertakings during the period.

† Includes £28,632 transferred from "C" stock interest fund.
‡ Less £48,374 charged to capital cost of new works. § Includes £30,639 transferred to "C" stock interest fund, being surplus earned over 4 per cent.

Of the fuller import of these figures, we hope to comment on a later occasion. For the present, the investor's attention may be directed to three main features. First, the 4 per cent. "C" stock interest has been earned with no more than £30,639 to spare, representing 0.12 per cent. Secondly, the renewals provision has been reduced by £226,000 to the conveniently round figure of £2,300,000, fortunately, and indeed inevitably, for the maintenance of the "C" stock payment. But there are a considerable number of miscellaneous road vehicles still to be withdrawn from service, and the replacement of rolling stock must be above normal until it has finally been standardised. Finally, the Board calls attention to the growing burden of taxation, including under this heading local rates, freight rebates, licensed vehicle duty and other licences, and duties on petrol and other fuel, but excluding income tax. The total cost of these items—£2,665,829—is equivalent to 10.37 per cent. on the "C" stock, to 8.52 per cent. of total receipts and to 10.33 of total working expenses. Of the total, as much as 75 per cent. is attributable to licence and fuel duties on bus and coach operation. The report, in sum, gives no clear indication that the Board is within sight of earning the further amount of £355,000 necessary to meet the standard rate of 5½ per cent., assuming that the present renewal allocations are maintained. This problem the Board must solve within the next twenty months, if it is not to invite the sanctions of "receivership"—whatever that may mean. The "C" stock has fallen steadily from a high level of 112½ this year to par.

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Richard Thomas & Co., Ltd.	Government Gold Mining Areas (Modderfontein) Cons., Ltd.
City of London Real Property Co., Ltd.	Van Ryn Deep, Ltd.
London Brick Company Ltd.	J. & P. Coats, Ltd.
Metropolitan Housing Corporation Ltd.	International Tea Co.'s Stores, Ltd.
Imperial Chemical Industries, Ltd.	Scribans & Co., Ltd.
Imperial Continental Gas Association.	Tate & Lyle, Ltd.
"Shell" Transport & Trading Co., Ltd.	Amalgamated Press, Ltd.
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Gaumont - British Accounts.—Gaumont - British shareholders, long since promised a consolidated statement of the Corporation's position, have again received a report which for obscurity can have few rivals. So far as the position is ascertainable from the figures submitted, it appears far from favourable. No investor can interpret the inward meaning of a fall in "Profit, including income from investments, etc.," from £720,483 to £715,514. This amount is distributed between depreciation, debenture interest and preference dividend, and the resulting earnings of £196,756 (8.6 per cent.), against £234,146, on the ordinary capital have a purely formal significance. More important is the transfer of £200,000 to a special reserve against films produced for the American market, and the "substantial fall" in the profits of Gaumont-British Distributors, whose function is to bear the cost of all films completed by the Corporation. It is, however, on the balance sheet that the attention of shareholders will be largely concentrated. Of total assets of £14,219,752, no less than 75½ per cent. is represented by interests in subsidiaries. In the following table we show the growth in these items in recent years, and the methods of its finance:—

	Totals at March 31st,			
	1931	1934	1935	1936
Assets:				
Advances to and sums due from subsidiaries	590,981	750,197	812,951	1,050,878
Shares in subsidiaries	5,763,383	5,185,410	5,288,407	5,478,871
Debentures of subsidiaries	12,970	4,313,847	4,270,710	4,224,769
Cash	169,418	1,197	1,327	1,145
Liabilities:				
Debenture stock	966,900	5,000,000	5,108,580	5,036,718
Bank overdraft	270,000	133,172	667,537	1,149,785
Preference capital	1,250,000	3,250,000	3,250,000	3,250,000
Ordinary capital	2,500,000	3,000,000	3,000,000	3,000,000
General reserve	2,500,000	500,000	500,000	500,000

The rising demands of subsidiary companies have been met, first by a substantial increase in the prior charges of the parent concern (financed on cheaper terms than those available to the constituent companies) and more recently by resort to the Corporation's bankers. An increase of £1 million in the bank overdraft during the past two years has been accompanied by an expansion in subsidiary interests of roughly half that sum, increased amounts for stocks and debtors making up most of the balance. Shareholders will certainly welcome any detailed exegesis of the consequences of these developments which the chairman can see his way to make at next Monday's meeting. In the meantime, the 10s. shares at 10s. 6d. are a speculative holding.

Mitchells and Butlers.—The market was correct in anticipating a significant improvement in the earnings of this prosperous Midlands brewery, but it was guilty of over-estimating the directors' willingness to distribute them. A mere half of one per cent. tax free in extra dividend for a year of record prosperity in the Birmingham district does indeed seem somewhat scant, but the report shows how comfortably the 17½ per cent. tax free distribution has been earned. Total profits are nearly £45,000 higher at £719,119, and thanks to the low gearing of the ordinary shares the sum of £612,895 is available for their dividend, compared with £566,842 for the previous year. These earnings, as the following table shows, are equivalent to 20.7 per cent. tax free:—

	15 months to Sept. 30, 1934	Years to September 30, 1935	1936
Balance from trading account, after depreciation, tax, etc.	824,512	674,438	719,119
Directors' fees	2,500	2,411	2,500
Interest	36,965	29,486	29,246
Preference and max. ordinary divs. ...	93,402	75,699	74,478
Ordinary shares (tax free):—			
Earned	691,645	566,842	612,895
Paid	555,056	503,251	518,052
Earned %	18.7*	19.1	20.7
Paid %	15*	17	17½
Reserve	75,000	60,000	65,000
Carried forward	549,775†	553,366	583,209

* Equivalent per annum, tax free. † Includes £9,077 surplus on realisation of investments.

This year's conservative distribution cannot be attributed directly to the programme of modernisation in which the company is still engaged. Profits, in fact, are struck after providing for depreciation, and in any case the fixed assets have again increased this year from £7,357,000 to £7,579,000. The doubling of the amount carried forward during the last decade and the increase in the general reserve from £1,350,000 to £1,550,000 during the past four years—they amount together to 72 per cent. of the ordinary capital—reveals the impressive strength of the undertaking. Shareholders may reflect that this has been achieved by taking longer views than the market sometimes permits itself. The shares rose to 113s. on the publication of the report, and yield 4 2s. 6d. on a gross basis.

"Re-Armament Boom Finance."—In a Leading Article under this heading which appeared on page 71 of the *Economist* of October 10, 1936, we included Steel Barrel Scammells in a list of offers made this year by twenty companies whose activities were related to the Government's defence programme either directly or by implication. We stated, further, that in a number of border-line cases we had regarded the prominent display of a claim to inclusion among War Department contractors as a deciding factor. Under this definition we based the inclusion of the company on the fact that the "particulars" given in the offer for sale on its behalf stated that the Steel Barrel Company, Limited (one of the businesses taken over) was "one of the largest and most complete organisations engaged in . . . Naval and Air armaments . . ." and that the company had in hand considerable orders for Air Ministry, Admiralty and various well-known concerns. As regards other constituent businesses, it was disclosed that G. Scammell and Nephew, Ltd., had in hand a considerable Air Ministry contract for metal bodies, and that further orders were anticipated; further, Carrimore Six Wheelers, Ltd., had recently executed orders for the Air Ministry. We are now officially informed by the Steel Barrel Scammells Company that although it has a large volume of Government orders in hand at present, these are only a small percentage of the combined total production. In the case of the road wagon and storage tanks and other steel structures manufactured by the Steel Barrel Company, the percentage of Government business is stated to be very small indeed. The sales of Carrimore vehicles are almost entirely confined to business firms, and Government orders form only a negligible percentage of the volume of the output. G. Scammell and Nephew, we are informed, has in hand a large order for the Air Ministry for winches in connection with the scheme for a rope barrage defence for important towns; otherwise its trade continues in precisely the same manner as before the air armament programme was instituted. The reason for our inclusion of Steel Barrel Scammells in our list will be apparent in view of the particulars in the offer for sale. The facts which we are now able to publish with the company's authority will be of assistance, however, to investors who desire to assess the contribution which "armament" orders may make to the company's profits.

Motor Industry's Outlook.—The motor industry has been much in the news during the past month, which has included the Morris Motors ordinary share "placing," a major controversy of State over the relations between the largest British manufacturer and the Air Ministry, and, finally, an annual exhibition which is stated to have produced orders of £88 millions. Against such a background, the annual meetings of the Standard Motor Company and of Joseph Lucas have unusual interest. The Standard Motor Company, by general consent, has been one of the recent "winners" in the strenuous race for public favour. Its productive capacity is now in process of extension. Last year, in fact, some £156,000 was expended on new buildings and £188,000 on new plant and equipment. The company increased its turnover by 50 per cent., and even secured an increase of upwards of 35 per cent. in its export trade. To investors in motor shares generally, however,

the most significant part of the chairman's speech at last Tuesday's meeting was undoubtedly his clear statement of the relations between the company and the Government. The company is erecting a factory on its land, for the production of aero engine components, but the Government will bear the whole cost, and the company will merely manage the factory in return for a management fee. This, declared the chairman, "is not a scheme from which any large profits will accrue to the company." That is a clear statement, which leaves investors no room for optimistic misapprehension. The chairman of Joseph Lucas, at the meeting held on the same day, dwelt on the company's share, as the maker of electrical and other accessories, in the motor trade's prosperity. There were, however, he declared, three clouds on the horizon. The first was the international situation; the second, the rise in raw material prices; and the third increased labour costs. The company has been carrying out a comprehensive scheme of internal reorganisation, and the results of many years' effort have come at an opportune moment. Nevertheless, the tenor of the speech would seem to be that the company's ability to maintain its rising profits depends on two factors—the maintenance of the demand for motor vehicles at its present high level and the securing of further "economy through organisation"—which tends to become more difficult the further the company's schemes progress. On the "armament" aspect, the chairman was as specific as his colleague of the Standard Motor Company. Although all the resources of Joseph Lucas are available if the Government requires them, "we wish to be left to develop our civil business, and are not competing for armament work of any kind."

Third Quarter Earnings in America.—The financial results now reaching this country of American company earnings during the third quarter of the year, provide solid foundations for the recovery in share prices on Wall Street which has been apparent in recent weeks. It is not yet possible to make a very comprehensive survey, but an analysis of the earnings declared by some 50 companies show a combined increase of just over 60 per cent. compared with the third quarter of last year. This growth in earnings, combined with the new tax on undistributed surplus, has produced a number of dividend increases, or has enabled arrears to be paid off. Steel companies have naturally been prominent in this direction. In the third quarter of last year the United States Steel Corporation reported a net loss, before preferred dividends, of \$1,305,205; this year 84c. per common share were earned, after paying the usual quarterly preferred dividend of \$1.75 and \$2 toward preferred arrears, which now amount to \$16.25 per share. The preferred dividend was stepped up to \$1.00 in the second quarter of the year, after running at 50c. a quarter since 1933. Inland Steel report earnings of \$2.52 per share in the third quarter of 1936, against \$1.25 last year; and Youngstown Sheet and Tube show a net profit of \$2,360,000, against \$575,000. A robust improvement in September quarter profits is also reported by the General Motors Corporation. Net profit of 75c. per share this year compares with 66c. last year, on net sales of \$261,233,000 this year and \$236,642,000 last. The flow of company reports on such lines has naturally encouraged the Stock Exchange, and most prices were higher this week. The prospects appear to be bright, both on the present level of earnings, and on current forecasts for the future. The Chairman of U.S. Steel reported that new business in the fourth quarter was running at third quarter level, and *Iron Age* estimates that steel mill activity may run at its present level through the rest of the year, that prices may rise early next year, and that there will be a new wave of anticipatory buying orders.

Phillips' Lamps Setback.—The slump in Phillips' Lamps ordinary shares on the Amsterdam market (on which we commented in our issue of August 15th, page 317) correctly anticipated the very disturbing fall in profits which is revealed by the full accounts for the year to April last. The dividend has been reduced from 11 to 6 per cent.; net trading profits have fallen from 9,271,237 florins

to 4,063,910 florins; no special provisions against participations have been made; and no extra staff remuneration is payable. The effect of the fall in profits on the cumulative preference and ordinary shareholders is evident from the following table:—

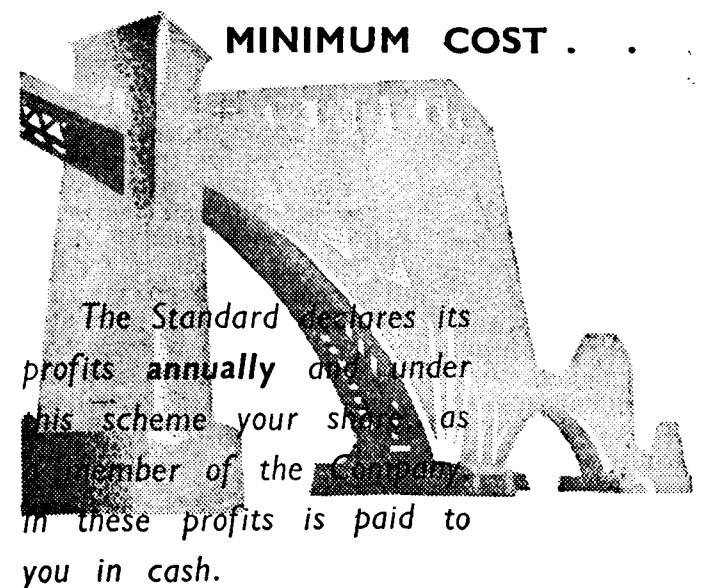
	(In thousands of Florins)		
	16 mos. to April, 1934	1935	Years to April 1936
Net profit	9,700	9,271	4,064
Depreciation, and items written off	1,100	1,300	Nil
Staff remuneration, etc.	914	1,476	Nil
Preference divs.	1,561	1,108	949
Earned for ordinary	6,125	5,387	3,115
Paid	5,744	5,744	3,133
Paid %	11*	11	6
Carried forward	381	24	6

* For 16 months.

The reasons for this disturbing fall in earnings are more than a twice-told tale. The company has been increasingly compelled to divert its manufacturing operations in other countries owing to tariffs, while currency disturbance has involved considerable expense in covering exchange risks and providing for blocked currency losses. Since, however, the report claims that total turnover slightly increased, the reduction in profit-margins on the company's chief manufactures—lamps and wireless receivers—must evidently have been very considerable. Average sales proceeds per article, indeed, have fallen further since the end of the financial year, and the increase in total cash turnover during the first four months of the current year is therefore anything but a conclusive indication of earnings prospects. The directors rightly insist upon the need for caution in making estimates of the course of the year's business at this stage, although they are broadly appreciative of the improved outlook which the devaluation of the guilder has produced—or may produce. The shares, which opened this year as high as 231½ in Amsterdam, and have been as low as 155, have recently recovered to 248½. They are clearly not undervalued if the directors' caution proves justified.

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Imperial Airways Profits.—The preliminary announcement issued by Imperial Airways this week gives the bare details of the results for the year to March last. After charging £199,328 for obsolescence, the net profit amounts to £140,705. The latter figure apparently compares with £133,769 for the previous year, when £192,960 was charged for obsolescence. The ordinary dividend has been raised by a further 1 per cent. to 8 per cent., including 2 per cent. as "bonus," and a slightly increased amount is carried forward. It is impossible to comment upon these figures in detail until the full report is published. Meanwhile, investors may consider two factors affecting Imperial Airways prospects—the continued dependence of dividends upon the Government subsidy, and the intention to raise new money. At 51s. 10½d. the £1 shares appear to be discounting both possibilities fairly liberally, for the current yield is no higher than £3 4s. per cent.

Sudan Plantations Progress.—The substantial increase in the profits of this Syndicate from £457,300 to £589,509 is the more satisfactory in view of the decline in the cotton crop from 166,325 to 157,668 bales. These profits include a dividend of £13,603 received from the Kassala Cotton subsidiary, which has paid a 10 per cent. dividend on its reorganised capital out of profits increased by £21,443 to £90,470. The area operated by the Kassala company yielded 3.8 kantars per feddan, compared with 5.5 for the previous period, while in the Gezira area the yield was 3.7 kantars against 4.3. The Sudan Plantations pays a 10 per cent. dividend, compared with 8 per cent., which is comfortably covered by earnings, as the following table shows:—

	Years ended June 30.		
	1934	1935	1936
Profits.....	355,697*	457,300	589,509
General expenses	180,014	189,436	191,538
Depreciation and Gezira reserve	38,099	60,190	72,018
Staff funds and taxes.....	...	...	40,681
Shares—			
<i>Earned</i>	137,584	207,674	285,272
<i>Paid</i>	135,000	198,000	247,500
<i>Earned %</i>	6.1	8.5	12.0
<i>Paid %</i>	6	8	10

Carry forward..... 220,471 223,851† 374,168‡
 * Includes £3,350 profit on sale of investments. † After placing £6,294 to general reserve, in addition to £13,706 share premiums transferred direct. ‡ After crediting £112,545 reserve against advances to tenants.

The Gezira reserve allocation has been raised to £60,000, accompanied by a small increase in depreciation allowance, while a substantial provision for tax has been made with £33,681. Although the margin between the amounts earned and paid on the shares is considerably wider than for the previous three years, increasing the balance forward by £37,772, the large sum of £112,545 has been released from the reserve against tenants and also credited to the carry-forward. The balance sheet reveals important changes in the financial position. Cotton stock stands at £2,934,997 against £2,487,580, and debtors of £91,519 and creditors of £1,362,940 compare with £22,139 and £790,347 respectively. The Kassala balance sheet also shows large changes, mainly arising from repayment of expenditure on the Gash Delta by the Sudan Government. The current prospects of the cotton market account for the relatively low yield of £4 8s. per cent. on Sudan Plantations £1 shares at 45s. 6d.

Copper Share Prospects.—Investors who have an equity in copper and rubber have been well served by the respective restriction authorities this week. As we show in Notes on page 205, the commodity markets interpreted the two quota announcements bullishly. Copper shareholders, of course, have become familiarised with the metal market's eager absorption of increasing supplies. Of the copper share position, there is no reason to depart from the encouraging view which has been taken here in recent weeks. It is, indeed, possible to obtain some quantitative indication of earnings of the leading Rhodesian producers. There are, of course, certain difficulties, particularly in computing the Rhokana estimates, owing to the Corporation's

cobalt production. Again, Mufulira, in which Rhodesian Selection Trust is interested to the extent of 64.07 per cent. and Rhokana to the extent of 32.303 per cent., is now well inside the zone of high earnings, although investors are perforce ignorant of the directors' probable distribution policy. Assuming that production quotas remain unchanged for the remainder of the year—an assumption which looks distinctly conservative at the moment—and making a reasonable assessment of working costs, it appears that Rhokana would earn some 52 per cent. on its ordinary capital, including its due share of Mufulira earnings, provided that copper averages £40 per ton during the current year, and that electrolytic prices maintain their present differential against blister. Each £1 increase in the average price represents approximately 3 per cent. for the ordinary shares. For Roan Antelope, the calculation can be put forward more confidently. Beginning with an average price of £40 per ton, prospective earnings amount to 65 per cent., and increase by about 4 per cent. for each £1 increase. Rhodesian Selection Trust, as participant in Mufulira, should earn about 11½ per cent. with copper at £40, and about 1 per cent. more for each £1 increase. These estimates, it should be emphasised, apply to the indicated production during the current year to June, 1937, and would be immediately changed if the 95 per cent. quota was altered. Taking a prospective average of £42 per ton for illustrative purposes, Rhokana £1 shares at 11½ would be on a potential earnings basis of about 5 per cent., Roan 5s. shares at 55s. 6d. might yield 6½ per cent. in earnings, while the estimated earnings return on R.S.T. 5s. shares at 21s. would be 3½ per cent. These calculations suggest that the market is steadfastly backing the long-term potentialities of Rhokana and Mufulira.

South African Manganese and the Investor.—Recently published official figures show that 26,240 tons of manganese ore were produced in the Union of South Africa last August, compared with only 9,710 tons in August, 1935. This sharp increase is the first tangible result of the reorganisation of the South African manganese industry during the second half of last year. By that reorganisation, which was fostered by Anglo-Transvaal Consolidated Investment Company of Johannesburg, the chief manganese properties of the Postmasburg and Kuruman districts were brought under the single control of Associated Manganese Mines of South Africa, Ltd. This company, which has now started production on a larger scale, has a capital of £450,000 divided into £350,000 in 5s. shares and £125,000 in 7 per cent. Cumulative 5s. Preference Shares. The shares have been quoted at Johannesburg since February, and it is expected that they will shortly be introduced to the London market. Apart from Anglo-Transvaal Consolidated Investment and Associated Manganese Mines of South Africa, Huelva Copper and Sulphur Mines also has a large equity in the South African manganese industry, since the Manganese Corporation (1929), Ltd., which is controlled by Huelva, receives from the Associated Manganese Mines a royalty on each ton of manganese ore sold as part consideration for its leases and plant. If the recent rise in South African manganese output is maintained, the Union will become one of the leading sources of manganese supplies within a few months. Although the South-African manganese ore is not of high grade, it is in keen demand for armament and construction purposes, and difficulties in marketing the rising production are not likely to arise. The known ore deposits are extensive, and will cover production for decades ahead.

North Broken Hill.—The cabled summary of results of this important base metal concern, writes our Mining correspondent, indicates that the increase in last year's profits arose mainly from the marked increase in metal prices. The quantity of material treated, however, was slightly higher than for the preceding year, and the contents showed a slight improvement at 15.26 per cent. lead, 11.89 per cent. zinc, and 9.80 ounces per ton silver. Last year's net profit amounted to £636,940, against £396,580, and dividends absorbed £490,000 compared with £280,000. Provision for taxes and royalties was naturally higher at £130,000, but depreciation reserve again received £30,000.

The balance of £549,280 carried forward shows an increase of £46,100 over the sum brought in. Surplus liquid assets on June 30th last, exclusive of shares in other companies, amounted to £1,006,300, compared with £935,080 twelve months previously. Ore reserves now total 4,750,000 tons, showing an expansion of 250,000 tons. The long-expected decision to split the shares from £1 to 5s. denomination will facilitate dealings. The current quotation is over £9—a high level for recent times. Transactions in lead and zinc are being well maintained at rising prices.

Other Company Results.—The results of 45 further companies are analysed on page 238. The net profits of *Gordon Selfridge Trust* are £73,419 against £43,721, owing to the receipt of a doubled dividend from the operating company. *Redpath Brown's* earnings amounting to £103,060 for a nine-month period, compared with £76,976 for a full year. The fall in *Henlys* profits from £42,916 to £38,297, with a halving of the dividend, is disappointing in view of the general expansion of motor sales. *S.S. Cars*, on the other hand, have earned £32,084 against £27,895. Among the week's best results are those of *O.K. Bazaars*; past records have been exceeded with profits of £201,462 (£58,669 more than for the previous year), the dividend being raised by 5 per cent., and the carry-forward by over £20,000. The *North British Rayon* report reveals further progress, with profits of £17,487 against £14,689. *Francois Cementation* have not maintained the improvement of the previous period, for the net profits are reduced to £25,567, against £34,036. *Herbert Morris* report an increase of 12½ per cent. in earnings, and have raised their dividend from 15 to 22½ per cent. tax free. Among four Trust results published, two show small declines in profits, but *Southern Stockholders*, in contrast, show an advance unusually high for investment trusts, for net revenue amounts to £41,143 against £30,376. The week's rubber company reports reveal rather irregular progress; the most important setback is that of *Tanjong Malim*, which, however, maintains the 3½ per cent. tax free dividend. *Killinghall*, on the other hand, have earned £18,064 against £11,722, while a more moderate recovery is shown by *Ledang Bahru*. *British Oxygen* maintains the interim dividend at 7 per cent., but the directors state that the results to date justify an increase.

Company Meetings of the Week.—On later pages of this issue will be found the reports of the following company meetings:—Buenos Ayres Great Southern Railway, Buenos Ayres and Pacific Railway, Assam Railways and Trading Company, El Oro Mining and Railway, New Modderfontein Gold Mining, Cam and Motor Gold Mining, Rhokana Corporation, Eaglehurst Rubber Estates, Genatosa, and Anglo-Continental Guano Works. At the Buenos Ayres Great Southern Railway meeting, Sir Follett Holt explained a large loss of direct revenue by the ruin of crops through drought, but considered that some progress had been made towards better results as the uncontrollable factors weighed less heavily. Mr Douglas Turner, at the Assam Railways and Trading meeting, discussed the competition by motor buses in the railway and by Bengal coal in the colliery businesses. The chairman, at the El Oro Mining and Railway meeting, pointed out the difficulty of making arrangements for the future owing to the impending labour law in Mexico. At the New Modderfontein Gold Mining meeting, Mr R. S. G. Stokes estimated that out of a fall of 15 per cent. in dividend declarations (after omitting non-recurrent allowances), 10 per cent. was due to the changed system of taxation and 5 per cent. to the lower grade of ore. Sir Archibald Mitchelson, at the Genatosa meeting, commented on the growing popularity of certain of the company's products. At the Anglo-Continental Guano Works meeting, he referred to a temporary solution of the problem arising from the conversion into superphosphate of large quantities of by-product sulphuric acid at the Avonmouth smelting works. At the B.A. and Pacific Railway meeting, Viscount St. Davids pointed out that interest arrears on the Pacific and Argentine Great Western companies had been paid off. Sir Auckland Geddes, at the Rhokana Corporation meeting, explained that the

greater operating profit was due to a higher price obtained for copper. At the Cam and Motor gold mining meeting, the chairman reported a decrease in working costs. Mr P. J. Burgess, at the Eaglehurst Rubber Estates meeting, ascribed the lower profits to the distribution of fixed charges over a smaller turnover.

THE WEEK IN THE MARKETS

THE STOCK EXCHANGE

TICKET	SETTLING DAYS	ACCOUNT
NOVEMBER 3		NOVEMBER 5

THE investment markets this week have abandoned their recent *bravura* for a more discretionary rôle. October, which opened in a condition of "near boom" has closed with a rather chastened appearance. The mid-monthly settlement was encountered fairly satisfactorily, but this week has witnessed a considerable wariness on the part of professional operators. What the carry-over will reveal must be left until the week-end has passed, but it is widely evident that the market's technical strength is much less solid, and the "Morris Settlement" does not promise to be entirely comfortable. And meanwhile there are considerable open profits whose holders may be awaiting the signal.

After a nervous opening, therefore, the markets never succeeded in regaining their stride. Even in the gilt-edged market, where the mid-week tone was rather better, the improvement was purely fractional. The market's hope of a corporation issue holiday was disappointed by the Leicester underwriting. Dominion issues were again firm.

The foreign bond market, however, lacked even the brief mid-week inspiration of gilt-edged. Argentine stocks were a little higher, anticipating success for the conversion issue, but Brazilian bonds remained heavy. Far-Eastern bonds have also been depressed, and the European group is still in the throes of political uncertainty, which the events of the week have done nothing to relieve.

Buying of home rail stocks was at first concentrated upon London Midland and Scottish and Great Western, but it was not maintained. In mid-week the whole market turned easier, discouraged by the traffics. London Transport "C" stock fell further in anticipation of the Board's accounts (analysed on page 221).

Argentine rail stocks (whose prospects are discussed at length on page 218) found no support. The B.A. Western accounts contained no surprises, nor did the moderately hopeful speeches at the B.A. Great Southern and B.A. and Pacific meetings, act as a stimulant, in the face of indifferent traffics.

The industrial market opened with a general display of irregularity, but in mid-week dealings conditions became brighter for a time. Steel shares were irregular at first, although particular features like Cammell Laird were to be found. In mid-week, Dorman Long were strongly supported, on trading estimates and reports of a new issue. B.S.A. fluctuated considerably after publication of the debenture scheme. Electrical equipment shares, led by Associated Electric, opened firmly, lost ground on Tuesday, and revived in mid-week. The recent dullness in the aircraft group was maintained until mid-week, when interest revived before the Secretary of State's announcement on Thursday. An easier tendency was also apparent among motor shares, owing to a considerable volume of profit-taking, but some of the shares worst affected—like Leyland and Standard—found renewed support at lower levels and recovered part of their losses.

Among breweries, Ansells were an outstanding feature, with repeated advances. The Mitchells and Butler dividend caused disappointment (the report is discussed on page 222), and Distillers weakened on profit-taking. Tobacco shares were mostly featureless, Carreras being more lively after early dullness. Store and catering shares made a mixed showing. Unilever were irregular, and Marks and Spencer slipped back slightly.

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Most rayon issues at first lacked support, until mid-week, when Courtaulds advanced strongly. Other sections of the textile market were mainly dull. Among miscellaneous issues, building materials were generally weak, though Associated Portland Cement and Alpha Cement made up some part of their losses. London Brick were among the weaker shares. Other miscellaneous shares were inclined to sag, engineering components being exceptional. Two of the best features were British Thermostat and Radiation. Shipping prices made steady if unspectacular progress.

The oil shares market has been rather unsettled this week, and after their recent rapid rise, prices have been rather sensitive. The market was disappointed with the interim dividends declared by Anglo-Iranian and by V.O.C., which merely maintained the previous level against expectations of an increase. In mid-week there was heavy selling of Mexican Eagle, as the labour troubles do not appear to have been settled. By way of contrast, Royal Dutch attracted a good demand both from New York and from the Continent, and Shell remained very steady. Otherwise the volume of transactions was relatively small. Rubber shares found some discriminating support in the early part of the week, which spread over the whole market after the increased quota was announced and the commodity price had risen to 8d. Tea shares were monotonously dull, and such interest as existed was directed toward tea-cum-rubber issues.

Kaffirs opened the week with a good turnover, but prices were slightly soft. Later, conditions improved, and the settlement of the labour troubles helped in developing a firmer tendency. In mid-week, interest from the Cape and the continent began to reappear and combined with the higher price at which the October output has been fixed to encourage prices. Finance descriptions were in demand, particularly Anglo-American, which has diversified interests. West Africans lost some of their previous attraction in the early part of the week, but revived later, and prices remained very firm. Rhodesian copper shares were again the centre of attraction, although a quieter period developed after the further increase in production quota to 95 per cent. Tin shares were weak at first, but turned firmer on the rise in the commodity price, and went ahead in mid-week.

In the early days of the week dull conditions prevailed on the Paris Bourse, but later the tone became much firmer on optimistic anticipations of the Budget terms. Business became active, and Renten particularly made good progress. Irregularity ruled on the Berlin Bourse, with banks higher and industrials mostly lower.

"FINANCIAL NEWS" DAILY BARGAIN INDEX

Approximate number of Bargains recorded in Stock Exchange Lists

	Week to Oct. 23	Oct. 22	Oct. 23	Oct. 26	Oct. 27	Oct. 28	Oct. 29
Govt. and Municipal	6,456	1,442	1,294	1,327	1,265	1,139	1,245
Transport, etc.	6,989	1,243	1,573	1,556	1,334	1,429	1,310
Comm. and Ind.	31,423	6,678	6,725	6,480	6,350	5,866	6,576
Banks and Ins.	3,984	782	733	783	790	764	784
Mines	10,865	1,989	2,287	2,515	1,737	1,988	2,334
Oils	1,843	416	345	470	341	275	376
Rubber and Tea	1,996	408	377	473	278	799	942
Total	63,565	12,958	13,334	13,604	12,095	12,260	13,567
Corres. day 1935	...	10,150	9,249	11,430	9,699	8,719	8,816

* Including Steels and Breweries.

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

Highest†	Lowest†	Oct. 22	Oct. 23	Oct. 26	Oct. 27	Oct. 28	Oct. 29
123.7	107.4	122.8	122.9	122.3	121.8	122.4	122.9

† October 7. ‡ January 2.

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

Highest†	Lowest†	Oct. 22	Oct. 23	Oct. 26	Oct. 27	Oct. 28	Oct. 29
138.8	136.2	138.5	138.5	138.5	138.4	138.5	138.4

† February 10. ‡ September 23.

NEW YORK STOCK EXCHANGE

MARKET conditions oscillated toward quiet repose at the end of last week, and Saturday's short session found prices little changed. But the new week opened hesitatingly, and a wave of selling left closing prices at the day's low. All the leading issues were affected, and the movement was attributed to closing of speculative positions as the day of election comes nearer. Government issues were easier, and most prices on the Bond market were lower. But the weight of third quarter company earnings and dividends came to the rescue, and lost ground was regained by mid-week. The General Motors and the United States Steel Corporation statements were very well received, and steel, motor, and copper shares were prominent in the recovery. The large number of increased dividends may have been one reason for the strength of Mail Order and Amusement shares, on the assumption that the increase would be largely diverted to consumption goods and services. Railroads were strong, partly on the sympathetic attitude expected from the Interstate Commerce Commission toward the railways' demands for revision of freight schedules to compensate for the emergency surcharges which expire at the end of the current year. Railroad equipment shares found a good market, and utility issues are regaining favour as the outlook for a successful compromise between private operators and the T.V.A. becomes brighter. On the Bond market Treasury issues remained easy this week, but industrial and railway bonds made good gains. Iron Age estimates steel mill activity for the week at 74 per cent. of capacity, around which level it is expected to remain for the rest of the quarter.

	Oct. 21, 1936 (Close)	Oct. 28, 1936 (Close)	Oct. 29, 1936 (Close)	Oct. 21, 1936 (Close)	Oct. 28, 1936 (Close)	Oct. 29, 1936 (Close)
1. Rails & Trans.						
Atchafalpa	81½	78½	80½	128½	126½	127½
Balt. and Ohio	24½	23	23½	44½	44½	44½
B.M.T.	56½	56	56½	72½	72½	72½
Can. Pacific	13	12½	13½	20½	20½	20½
Ches. and Ohio	76½	76	76½	21	20½	20½
Gen. Nthn. Ry. Pf.	45½	42½	42½	18½	17½	17½
Illinois Central	27½	26½	26½	12½	12½	12½
N.Y. Central	47½	45½	45½	81	28½	28½
Nor. Pac.	31½	29½	29½	28½	27½	27½
Pennsylvania R.R.	44½	42½	43½	73½	72½	72½
Southern Pac.	45½	44½	45½	24	23½	24
Southern Ry.	24	22½	22½	73½	72½	72½
Union Pac.	145	143	141½	228½	228½	228½
Greyhound Corp.	63	62½	62½	122½	120½	122½
2. Utilities and Communications						
Am. Waterworks	26½	26½	26½	168	169	169
Cons. Gas of N.Y.	4	4	4	99½	98½	100½
now Cons. Edison	46½	45½	46½	38½	39	40
Col. Gas & Electric	19½	19½	19½	149½	144½	144½
Elec. Bond & Share	22½	22½	22½	127½	125½	125½
Nat. Pwr. and Lt.	12	12	12	83½	82½	83½
North American	32½	32½	32½	75	73	73
Pac. Gas & Electric	37	37½	38	129	129	129
Pac. Lighting	52½	51½	51½	90½	89½	91½
Pub. Service N.J.	46	45½	46	125	127½	129½
Stan. Gas & Elec.	7½	7½	7½	23½	22½	22½
United Corp.	7½	7½	7½	72	71	70½
United Gas Imp.	15½	15½	15½	158½	158½	159
Am. Tel. & Tel.	180½	178½	178½	44½	43½	43½
Int. Tel. and Tel.	12½	12½	12½	63	62	63
Western Union	91½	90½	94½	29½	29	28
Radio	11	10½	11	26½	26½	27½
Radio B. Prod. New	74½	74½	74½	38½	38	38½
3. Extractive and Metal Industries						
Am. Rolling Mills	31½	30½	31	17½	17½	17½
Beth. Steel	73½	71	71½	15½	15½	16
Beth. Steel Pref.	124½	123½	124½	23½	22	22½
Republic Steel	24½	23½	24½	18½	18½	18½
U.S. Steel	78½	75½	76	56½	56	57½
U.S. Steel Pref.	145	149½	149½	31½	32	33
Alaska Juneau	15½	15½	15½	57½	57½	57½
ex Div.	15½	15½	15½	94½	96½	96½
American Metal	40½	46	47	93½	95½	96½
American Smelting	90½	90½	92	36	35½	36
Anaconda	46½	46½	47	61½	60½	61½
Boh. Aluminum	46½	44	44½	27½	27½	27½
Cerro de Pasco	58½	60	61	41½	40½	41½
Int. Nickel	62	61	61	22½	22½	22½
Kennecott	56½	56	56½	32½	32½	32½
Pathe Mines	13	13	13	25½	25½	25½
Texas Gulf Sulph.	36	37	38	17½	17½	17½
U.S. Smelt.	84½	84½	84½	101	99½	99½
Vanadium Corp.	23½	22½	24	103½	103½	103½
Atlantic Refining	31½	30½	30½	23½	22½	23
Phillips Petroleum	45½	45	45	58	57	57½
Shell Union	26	26	26½	28½	28	28
Shell Union Pref.	124½	125½	125½	50½	50½	50½
Secoy Vacuum	16½	16	17	70½	68½	70½
Stand. Oil Calif.	40	39	39½	15	15	15
Stand. Oil N.J.	67½	67	68	81½	81	82
Texas Corp.	44½	47	47			
4. Manufacturing						
Briggs	61	60	60½	128½	126½	127½
Chrysler	128½	126½	127½	44½	44½	44½
Electric Auto.	45½	44½	44½	72½	72½	72½
General Motors	74	72½	72½	20½	20½	20½
Hudson Motor Car	20½	20½	20½	18½	17½	17½
Murray Corp.	21	20½	20½	12½	12½	12½
Nash Motors	18½	17½	17½	81	28½	28½
Packard Motor Car	12½	12½	12½	28½	27½	27½
Bendix Aviation	81	28½	28½	73½	72½	72½
Boring Airplane	28½	27½	27½	24	23½	24
Douglas Aircraft	73½	72½	72½	73½	72½	72½
United Aircraft	24	23½	24	228½	228½	228½
Air Reduction	73½	72½	72½	122½	120½	122½
Allied Chemical	232	228½	228½	168	169	169
Col. Carbon	122½	120½	122½	99½	98½	100½
Comm. Solvents	16½	15½	16	38½	39	40
Dupont	168	169	169	149½	144½	144½
Union Carbide	99½	98½	100½	127½	125½	125½
U.S. Ind. Alcohol	38½	39	40	83½	82½	83½
Allis Chalmers	65½	64½	66½	75	73	73
General Electric	48½	47½	48	129	129	129
Westinghouse	149½	144½	144½	90½	89½	91½
American Can.	127½	125½	125½	125	127½	129½
Addressograph	34	34	34	23½	22½	22½
Caterpillar	83½	82½	83½	72	71	70½
Cont. Can.	75	73	73	158½	158½	159
Ingersoll Rand	129	129	129	44½	43½	43½
Intntl. Harvester	90½	89½	91½	63	62	63
Johns Manville	125	127½	129½	29½	29	28
Am. Radiator	23½	22½	22½	26½	26½	27½
Corn Products	72	71	70½	38½	38	38½
J. I. Case and Co.	167½	158½	159	17½	17½	17½
Glidden	44½	43½	43½	15½	15½	16
Gen. Am. Transp.	63	62	63	23½	22	22½
Allied Mills	29½	29	28	18½	18½	18½
Celanese of America	26	26	27	56½	56	57½
Ind. Rayon New	38½	38	38½	31½	32	33
Colgate Palmolive	17½	18	18			
Eastman Kodak	175	172½	172			
Gillette	15½	15½	16			
Kelvinator	23½	22	22½			
Lambert Co.	18½	18½	18½			
Loews	56½	56	57½			
20th Century Fox	31½	32	33			
5. Retail Trade and Food						
Montgomery Ward	57½	57½	57½			
J. C. Penney Co.	94½	96½	96½			
Sears Roebuck	93½	95½	96½			
United Drug	36	35½	36			
Walgreen	61½	60½	61½			
Woolworth	27½	27½	27½			
Borden	41½	40½	41½			
Gen. Foods	22½	22½	22½			
Kroger Grocery	32½	32½	32½			
Nat. Biscuit	25½	25½	25½			
Nat. Dairy	17½	17½	17½			
Standard Brands	101	99½	99½			
Am. Tobacco B.	103½	103½	103½			
Liggett Myers B.	23½	22½	23			
Lorillard	58	57	57½			
Reynolds Tob. B.	28½	28	28			
National Distillers	50½	50½	50½			
Schenley Distillers						
6. Finance						
Commercial Credit	70½	68½	70½			
Atlas Corp.	15	15	15			
Com. Invest. Trust	81½	81	82			

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	Oct. 14, 1936	Oct. 21, 1936	Oct. 28, 1936
	Lowest Mar. 20	Highest Dec. 31	Lowest Apr. 29	Highest Oct. 21				
347 Industrials ...	74.5 (f)	112.3	112.7	139.2	112.3	136.8	139.2	137.9
82 Rails	27.4	43.0 (u)	42.8	60.2 (b)	41.5	60.2	59.9	58.7
40 Utilities	52.2	93.6	91.2	110.2	93.6	109.3	110.2	109.4
Total, 419 Stocks	63.1	97.7	97.7	121.3	97.7	119.6	121.3	120.1
Average yield*	3.02%	4.06% (g)	3.60% (h)	2.95% (i)	3.22% (j)	3.38%	3.32%	3.36%

* 50 Industrial Common Stocks. (f) March 13th. (g) Oct. 14th. (h) April 29th. (i) April 8th. (j) November 13th. (k) December 4th.

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

Highest*	Lowest†	Oct. 21	Oct. 22	Oct. 23	Oct. 24	Oct. 26	Oct. 27	Oct. 28
163.0	126.2	163.0	161.4	161.8	162.1	157.5	160.4	160.6

* October 21st. † January 6th.

TOTAL DEALINGS IN NEW YORK

	Oct. 22	Oct. 23	Oct. 24*	Oct. 26	Oct. 27	Oct. 28
Stock Exchange— Shares (No. Thous.)	1,970	1,510	620	1,480	1,310	1,630
Bonds (Thous. \$)...	16,480	10,660	5,500	10,070	16,230	11,560
Curb— Shares (Thous.)	465	344	190	315	281	475

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 Oct. 28 inclusive				Last two Half-yearly Dividends				Name of Security				Prices, Oct. 21, 1936				Prices, Oct. 28, 1936				Rise or Fall				Yield Oct. 28, 1936			
High		Low		High		Low		High		Low		High		Low		High		Low		High		Low		High		Low		High		Low	
1935		1935		1936		1936		1936		1936		1936		1936		1936		1936		1936		1936		1936		1936		1936		1936	
1935		1935		1936		1936		1936		1936		1936		1936		1936		1936		1936		1936		1936		1936		1936		1936	
1935		1935		1936		1936		1936		1936		1936		1936		1936		1936		1936		1936		1936		1936		1936		1936	
1935		1935		1936		1936		1936		1936		1936		1936		1936		1936		1936		1936		1936		1936		1936		1936	
1935		1935		1936		1936		1936		1936		1936		1936		1936		1936		1936		1936		1936		1936		1936		1936	
1935		1935		1936		1936		1936		1936		1936		1936		1936		1936		1936		1936		1936		1936		1936		1936	
1935		1935		1936		1936		1936		1936		1936		1936		1936		1936		1936		1936		1936		1936		1936		1936	
1935		1935		1936		1936		1936		1936		1936		1936		1936		1936		1936		1936		1936		1936		1936		1936	
1935		1935		1936		1936		1936		1936		1936		1936		1936		1936		1936		1936		1936		1936		1936		1936	
1935		1935		1936		1936		1936		1936		1936		1936		1936		1936		1936		1936		1936		1936		1936		1936	
1935		1935		1936		1936		1936		1936		1936		1936		1936		1936		1936		1936		1936		1936		1936		1936	
1935		1935		1936		1936		1936		1936		1936		1936		1936		1936		1936		1936		1936		1936		1936		1936	
1935		1935		1936		1936		1936		1936		1936		1936		1936		1936		1936		1936		1936		1936		1936		1936	
1935		1935		1936		1936		1936		1936		1936		1936		1936		1936		1936		1936		1936		1936		1936		1936	
1935		1935		1936		1936		1936		1936		1936		1936		1936		1936		1936		1936		1936		1936		1936		1936	
1935		1935		1936		1936		1936		1936		1936		1936		1936		1936		1936		1936		1936		1936		1936		1936	
1935		1935		1936		1936		1936		1936		1936		1936		1936		1936		1936		1936		1936		1936		1936		1936	
1935		1935		1936		1936		1936		1936		1936		1936		1936		1936		1936		1936		1936		1936		1936		1936	
1935		1935		1936		1936		1936		1936		1936		1936		1936		1936		1936		1936		1936		1936		1936		1936	
1935		1935		1936		1936		1936		1936		1936		1936		1936		1936		1936		1936		1936		1936		1936		1936	
1935		1935		1936		1936		1936		1936		1936		1936		1936		1936		1936		1936		1936		1936		1936		1936	
1935		1935		1936		1936		1936		1936		1936		1936		1936		1936		1936		1936		1936		1936		1936		1936	
1935		1935		1936		1936		1936		1936		1936		1936		1936		1936		1936		1936		1936		1936		1936		1936	
1935		1935		1936		1936		1936		1936		1936		1936		1936		1936		1936		1936		1936		1936		1936		1936	
1935		1935		1936		1936		1936		1936		1936		1936		1936		1936		1936		1936		1936		1936		1936		1936	
1935		1935		1936		1936		1936		1936		1936		1936		1936		1936		1936		1936		1936		1936		1936		1936	
1935		1935		1936		1936		1936		1936		1936		1936		1936		1936		1936		1936		1936		1936		1936		1936	
1935		1935		1936		1936		1936		1936		1936		1936		1936		1936		1936		1936		1936		1936		1936		1936	
1935		1935		1936		1936		1936		1936		1936		1936		1936		1936		1936		1936		1936		1936		1936		1936	
1935		1935		1936		1936		1936		1936		1936		1936		1936		1936		1936		1936		1936		1936		1936		1936	
1935		1935		1936		1936		1936		1936		1936		1936		1936		1936		1936		1936		1936		1936		1936		1936	
1935		1935		1936		1936		1936		1936		1936		1936		1936		1936		1936		1936		1936		1936		1936		1936	
1935		1935		1936		1936		1936		1936		1936		1936		1936		1936		1936		1936		1936		1936		1936		1936	
1935		1935		1936		1936		1936		1936		1936		1936		1936		1936		1936		1936		1936		1936		1936		1936	
1935		1935		1936		1936		1936		1936		1936		1936		1936		1936		1936		1936		1936		1936		1936		1936	
1935		1935		1936		1936		1936		1936		1936		1936		1936		1936		1936		1936		1936		1936		1936		1936	
1935		1935		1936		1936		1936		1936		1936		1936		1936		1936		1936		1936		1936		1936		1936		1936	
1935		1935		1936		1936		1936		1936		1936		1936		1936		1936		1936		1936		1936		1936		1936		1936	
1935		1935		1936		1936		1936		1936		1936		1936		1936		1936		1936		1936		1936		1936		1936		1936	
1935		1935		1936		1936		1936		1936		1936		1936		1936		1936		1936		1936		1936		1936		1936		1936	
1935		1935		1936		1936		1936		1936		1936		1936		1936		1936		1936		1936		1936		1936		1936		1936	
1935		1935		1936		1936		1936		1936		1936		1936		1936		1936		1936		1936		1936		1936		1936		1936	
1935		1935		1936		1936		1936		1936		1936		1936		1936		1936		1936		1936		1936		1936		1936		1936	
1935		1935		1936		1936		1936		1936		1936		1936		1936		1936		1936		1936		1936		1936		1936		1936	
1935		1935		1936		1936		1936		1936		1936		1936		1936		1936		1936		1936		1936		1936		1936		1936	
1935		1935		1936		1936		1936		1936		1936		1936		1936		1936		1936		1936		1936		1936		1936		1936	
1935		1935		1936		1936		1936		1936		1936		1936		1936		1936		1936		1936		1936		1936		1936		1936	
1935		1935		1936		1936		1936		1936		1936		1936		1936		1936		1936		1936		1936		1936		1936		1936	
1935		1935		1936		1936		1936		1936		1936		1936		1936		1936		1936		1936		1936		1936		1936		1936	
1935		1935		1936		1936		1936		1936		1936		1936		1936		1936		1936		1936		1936		1936		1936		1936	
1935		1935		1936		1936		1936		1936		1936		1936		1936		1936		1936		1936		1936		1936		1936		1936	
1935		1935		1936		1936		1936		1936		1936		1936		1936		1936		1936		1936		1936		1936		1936		1936	
1935		1935		1936		1936																									

(Continued from page 227)

5s. ordinary shares. Profits, after depreciation, years to March 31, 1935, £19,689; 1936, £15,443. Five months to August 31, 1936, £12,920. Lists closed 9.1 a.m., October 27th.

J. & F. Stone Lighting and Radio, Ltd.—Offer for sale of 115,000 6 per cent. cumulative redeemable £1 preference shares at 21s., and 740,000 5s. ordinary shares (2s. 6d. paid) at 6s. 9d. each (equivalent to 9s. 3d. per share when fully paid); 2s. 6d. balance, callable by October 19, 1937. Ian Anderson and Nairn take preference shares at 20s. 6d. net and ordinary shares (2s. 6d. paid) at 5s. 9d. net. Owns 92 shops selling radio, lighting, etc., appliances. Proceeds to finance hire purchase sales and for new shops. Net assets, £260,205. Profits, after depreciation, six months to June 30, 1934, £8,004; years to June 30: 1935, £25,156; 1936, £50,682. Lists closed at 9.5 a.m., October 27th.

BY STOCK EXCHANGE INTRODUCTION

Chepping Wycombe Corporation (High Wycombe).—Particulars of issue of £250,000 3 per cent. stock purchased by Pember and Boyle at 99½ less one per cent. Repayable at par 1956, or from 1954 at three months' notice. Ranks *pari passu* with other loans. Estimated population, 33,000. Rateable value, £257,586. Net debt, £1,633,187, of which £1,163,885 housing. Proceeds for new capital purposes (chiefly housing and education).

Albion Drop Forgings Company, Ltd.—Issued capital, 480,000 5s. ordinary shares; introduced to Birmingham Stock Exchange. Makers of drop forgings; founded 1900. Net assets, £130,760. Profits, after depreciation, years to September 30th: 1934, £12,643; 1935, £14,978; 1936, £19,146.

W. H. Dean and Son, Ltd.—Issue to Charterhouse Investment Trust, Ltd., of 100,000 5½ per cent. preference shares at 19s. and 100,000 5s. ordinary shares at 15s. Engineers, sheet metal workers, etc., of Burnley; founded 1895. Profits, after depreciation, years to mid-December: 1934, £32,474; 1935, £29,580; seven months to July 14, 1936, £22,271. Net assets, £126,575, acquired for £175,000 (£48,425 goodwill) payable by £100 cash, 100,000 £1 preference and 299,600 5s. ordinary shares.

Third Guardian Trust, Ltd.—Particulars of issue of £50,000 3 per cent. debenture stock, purchased by Cazenove, Akroyds and Greenwood and Company at 90 per cent. net, with option on further £50,000 of stock at 90 per cent. Repayable at par, 1973 or from 1963 at six months' notice. Ranks *pari passu* with 3½ per cent. debenture stock.

TENDERS.

Barnet District Gas and Water.—Issue by tender of £25,000 4½ per cent. preference stock at a minimum price of £120 per £100. Yielding at that price £3 15s. per cent. Accumulated funds December 31, 1935, £109,329. Net revenue, 1935, £73,742.

BONUS ISSUE

Clan Line Steamers, Ltd.—£150,000 of the reserve is to be capitalised and applied in paying up in full 150,000 unissued shares to be distributed as capital bonus in fully paid £1 ordinary shares to holders of ordinary shares registered October 22nd in proportion of one new for every three ordinary shares held.

ISSUES TO SHAREHOLDERS ONLY

Booth's Distilleries, Ltd.—Issue of 100,000 £1 ordinary shares at 31s. 6d. each in proportion of one share for each £5 ordinary stock.

Cammell Laird and Company, Ltd.—Meeting called for November 11th to consider issue of 800,000 5s. shares at par in the proportion of one for each £2 of ordinary stock held on October 29th.

English Steel Corporation, Ltd.—Issue of 848,340 deferred £1 shares at par in proportion of three new for each share held.

Louis G. Ford.—Issue of 20,000 6 per cent. cumulative preference shares 10s. at 11s. 3d. in the proportion of one for every three preference held on October 20th. The new shares will be entitled to six months' dividend on January 1, 1937.

Owen Thomas and Company.—Issue of 675,000 1s. ordinary shares at 1s. 3d. each in proportion of four ordinary shares for each seventeen ordinary shares held.

Southern United Investment.—15,000 new £1 shares to shareholders on register October 16th at 25s. each in proportion of three new shares for each fourteen held.

Venterspost Gold Mining.—Issue of 700,000 of the reserve £1 shares at £2 each to shareholders registered November 5th in proportion one new for each four held.

CONVERSIONS AND REPAYMENTS

Birmingham Small Arms Company, Ltd.—Meetings called for November 4th at Birmingham to consider creation and issue of £2,000,000 debenture stock to bear interest at a rate not exceeding 4 per cent. per annum. The directors contemplate to issue sufficient new stock to redeem the £1,576,811 outstanding 6 per cent. debentures which are redeemable at 102 at one month's notice.

Ebbw Vale Steel Debenture Repayment.—Arrangements have been made for repayment in full in course of next three months of the outstanding nominal amount of the 6 per cent. Ebbw Vale Debentures together with interest thereon (at rate of 3 per cent. per annum) to date of repayment.

English Sewing Cotton Company, Ltd.—£957,694 4 per cent. debenture stock, with accrued interest, will be redeemed on

April 30, 1937. The company will be prepared to make earlier repayment at any time from now until February 27, 1937, with accrued interest to the date of payment, to any who may so desire.

Western Australia 3 per cent. Inscribed Stock 1916-36.—The whole amount outstanding will be repaid at par on December 1, 1936.

LONDON NEW ISSUE PRICES

Stock or Share	Issue price	Paid	Oct. 21, 1936	Oct. 28, 1936
Alvis New Ord. 5/-	9/3	2/8	3d.-6d. pm	4½d.-7½d. pm
Anti-Attrition Metal (2/- Ord.)	3/-	3/-	6/9-7/-	7/11-7/4½
C.T.C. Bazaars (5/-)	15/-	5/-	—	4½d.-7½d. pm
Do. 6% Pref. £1	21/-	10/-	—	3d. dis-3d. pm
Dumfries 3% Stock	99½	24	—	1½-1½ dis
Everard Brewery 4% Debts.	102	20	—	1½-1½ pm
Hale and Hale Ord. 5/-	11/-	11/-	—	12/11-12/7½
Do. 5½% Pref. 10/-	10/6	10/6	—	9/10-12/4½
London County Council 3% 1956-61	99	29	—	1-1½ pm
Manchester 3%	99½	24½	1½-1½ pm	1½-1½ pm
Morris Motors (5/- Ord.)	—	—	1½ dis-par	40/9-41/3
New London Properties 6% Pref. £1	20/-	10/-	par-6d. pm	par-6d. pm
Phillip Hill Ord. 5/-	15/-	7/8	—	6/4-6/10-10/4
Do. 5% Pref. 20/-	21/-	10/-	—	par-6d. pm
Stanley Motors Ord. 4/-	4/6	2/8	9d.-1/3 pm	9d.-1/3 pm
Do. 5½ Pref. 20/-	20/6	10/6	1/6-1/- dis	2/3-1/9 dis
Stone (J. & F.) Ord. 5/-	9/3	6/9	—	9d.-3d. dis
Do. 6% Pref. £1	21/-	10/-	—	par-6d. pm
Wallpapers (Cons.) 2/-	2/6	2/6	2/3-2/6	2/11-2/4½

REPORTS AND NOTICES

BANKS

BANK OF IRELAND.—On page 22 of our Banking Supplement of October 17, 1936, it was inadvertently stated that the liability of stockholders in the Bank of Ireland for debts of the Bank had not been decided. We regret that we were in error on this point, since the liability of stockholders was declared by the Bank of Ireland Act of 1935 to be limited, except in the matter of Note issues, for which members remain rateably liable. The Bank, further, has no office in London.

BARCLAYS BANK LTD.—Mr W. Favill Tuke has decided to retire from the office of chairman of the Board of Directors of Barclays Bank Ltd., and the directors have accepted his resignation with great regret. They have elected Mr Edwin Fisher (a deputy-chairman) to succeed him. Mr Tuke has been elected deputy-chairman. Mr Tuke will continue as a director of the bank.

ENGLISH, SCOTTISH AND AUSTRALIAN BANK, LTD.—Mr H. L. Balding has been appointed sub-manager in London in place of Mr J. Jamie who has retired on pension. Mr C. N. Harrison has been appointed to succeed Mr Balding as assistant secretary.

WESTMINSTER BANK LTD.—The Most Hon. the Marquess of Willington, G.C.S.I., G.C.M.G., G.C.I.E., G.B.E., has been appointed a director of Westminster Bank Ltd.

INSURANCE

TRADE INDEMNITY COMPANY, LTD.—Mr Herbert Lewis, chairman of the Commercial Union Assurance Company, Ltd., has accepted the chairmanship of the Trade Indemnity Company, Ltd., in succession to Mr C. E. Heath, O.B.E., who had intimated his desire to be relieved of the position. Mr Heath will, however, remain a director of the company. Of the London and Lancashire Insurance Company, Ltd., has resigned his seat on the board of the Trade Indemnity Company, Ltd., and his London and Lancashire Insurance Company, Ltd., has resigned the managing director of the Excess Insurance Company, Ltd., Mr E. Merrick Tylor, elected to a seat on the board of the Trade Indemnity Company, Ltd.

GUARDIAN ASSURANCE COMPANY, LTD.—Following the appointment of Mr W. A. Osborne, F.I.A., formerly actuary and secretary, as Company, Ltd., have appointed, as from November 1st, Mr F. R. Norton, F.I.A., F.C.I.L., secretary, and Mr E. E. Hawes, F.I.A., F.F.A., actuary of the company.

MISCELLANEOUS

"INDUSTRIAL EARNING POWER."—In column two of page 152 of last week's *Economist*, under this heading, it was stated that the companies whose figures were analysed had paid £3,046,000 in debenture interest, in their latest year, before striking the profits shown in a subsequent table. The true figure (as was evident from the context) was £3,946,000, the mistake being the result of a typographical error.

MANCHESTER LINERS, LTD.—Manchester Liners, Ltd., reports a profit of £44,352 for the year ended June 30, 1936, and the balance available less tax, which leaves £27,946 to be carried forward, compared with £23,452 brought in. In 1934-35 profits (including income from investments) after providing for depreciation, directors' fees and all charges, amounted to £46,230.

S.S. CARS, LTD.—Trading profits for the year to July 31, 1936, amounted to £35,825, or £3,691 more than in the previous year. After providing for depreciation, tax, etc., the net profit is £27,367 against £24,209. The ordinary share dividend is repeated at 10 per cent. General reserve and capital increase expenses—eliminating that item. The carry-forward is increased from £1,183 to £4,150.

NATIONAL SHIPBUILDERS SECURITY, LTD.—The report for year to March 31, 1936, states that the purchase of the following establishments of Workman Clark (1928), Ltd., at Belfast, and of David and William Henderson and Company (in liquidation) at Glasgow, and of William Caird and Company, Ltd., at Greenock and J. Crichton and Company, Ltd., at Connaught Quay and Saltney.

COMPANIA HISPANO-AMERICANA DE ELECTRICIDAD, S.A. (CHADE).—Permission to deal in certain numbers in series "D" and series "E" is withdrawn until further notice.

COMPANY MEETINGS, &c.

NEW MODDERFONTEIN GOLD MINING COMPANY, LIMITED

(Incorporated in the Union of South Africa)

BURDEN OF TAXATION

Mr R. S. G. Stokes, the chairman, presiding at the annual meeting of New Modderfontein Gold Mining Company, Limited, held in Johannesburg on October 23rd, said that there had been a further substantial increase in the treatment capacity and declines in the yield per ton in working profit and in ore reserve value.

The accounts showed a net profit of £2,046,963. The dividend of 42½ per cent. declared for the second half of the financial year showed the heavy shrinkage of 12½ in the percentage rate as compared with the previous dividend, but even at 42½ per cent. the declaration did not fully reveal the harmful effect of the more onerous taxation imposed upon the company under the new Act.

Both periods were affected by credit adjustments in respect of previous taxation. Omitting these non-recurrent allowances the declaration would have been 52½ per cent. and 37½ per cent. for the two half years respectively, representing a fall of 15 in percentage, of which about 10 per cent. would have been attributable to the change in the system of taxation and 5 per cent. to the decline in the grade of ore. During the current half-year, ending December 31st, there would be no such relief and the full weight of the current tax burden would be felt. Subsequently, the decline in the rate of annual dividends should, with the maintenance of present industrial conditions, be comparatively small in conformity with the gradual decline in working profits.

Increases in capacity due to minor additions to plant and to metallurgical improvements had minimised the adverse influence of the declining grade which had been in evidence since 1928.

FUTURE ORE PROSPECTS

Under the present active policy of exploration and development, there were good prospects of disclosing several million tons of additional profitable ore. The fall in the yield per ton milled would become gradually slower as the average value of ore reserves more closely approximates to that of the new payable ore developed in the upper leaders and South reef. Ore mined during 1935-36 totalled 2,586,119 tons, of which approximately one-half—1,283,000 tons—was drawn from ore reserves.

The balance, of lower but highly profitable average grade, was obtained from undeveloped areas, and from other stoping sources outside payable reserves and from development faces.

The available ore reserve as re-estimated at June 30, 1936, amounted to 7,736,500 tons at 4.5 dwts. over an estimated stoping width of 46.2 ins., in addition to which there were 1,460,300 tons at 5.9 dwts. in shaft and safety pillars, the great bulk of which should, ultimately, be extracted.

For the first quarter of the current financial year the total working profit has fallen from £469,683 for the previous quarter to £437,652, due to a drop in yield from 4.32 to 4.205 dwts. per ton, and to the lower price of gold. Subsequent improvement in the price of gold combined with the prospects of greater stability was a circumstance of exceptionally favourable significance to New Modderfontein, which was now within the category of low-grade mines, after a brilliant record of achievement among the richest in the world.

INEQUITABLE TAXATION

Provision for taxation during the quarter had called for £180,586. The method of calculation of the new taxation represented a desirable simplification. But the results of its application had proved inequitably severe and the change for the worse has been disturbingly abrupt. This company was penalised heavily under a formula because of the low level of its working costs, due in large measure to the economy of past and current managements and to the heavy expenditures incurred by shareholders in the remarkably efficient equipment and layout of the mine.

In the first six months of 1932, when the working revenue per ton was 33s. 3d. and the working profit per ton was 18s., taxation amounted to 3s. 6d. per ton, or 19.3 per cent. of the working profit, whereas in the first six months of 1936, when the working revenue per ton was 30s. 6d., taxation amounted to 7s. 1d. per ton, or 43.1 per cent. of the working profit.

The consistent aim of the company was to ensure the payment of maximum total dividends during the remaining years of production. The extension of profitable life was a closely related objective. Additional time for systematic exploration

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:

strengthened the hope that no important quantities of payable ore capable of contributing to the final aggregate of dividends would be lost through any avoidable failure to disclose and develop the full resources of the mine.

The report and accounts were adopted.

CAM AND MOTOR GOLD MINING COMPANY (1919), LIMITED

LARGER NET PROFIT

The ordinary general meeting of the Cam and Motor Gold Mining Company (1919), Limited, was held, on the 29th instant, in London, E.C.

Mr L. E. B. Homan (the chairman) said that the profit and loss account showed that they had made a profit at the mine of £169,654, compared with £148,271 in the previous year, due to an increase in the bullion recovered of £15,000 odd and to a decrease in total costs of £6,000 odd, thus accounting for the increased working profit of about £21,000. The net premium on gold, £217,235, was approximately £14,000 less, so that they came out with an increased net profit of approximately £8,500 after allowing for a slightly lower charge for income tax. The available total was £378,423, of which £300,000—an increase of 1s. per share—had been distributed among the shareholders.

Their cash position showed an improvement of approximately £40,000. Their working costs were satisfactory at 18s. 5d., compared with 18s. 10d. in the previous year. With gold at £7 they should do better in the current year than in the period under review.

The year's development footage was reduced by 4,273 feet, but nevertheless, ore reserve tonnage had been more than maintained, and the value was only slightly lower. The tonnage given indicated a life of at least five years ahead, apart from the ore to be developed below the present bottom levels. It was worth noting that the broken ore in stopes amounted to well over two months' requirements for the mill. The development details showed that the Cam, Cam Spur and Motor lodes still maintained satisfactory values at the bottom of the mine—especially the Motor lode—while the values on the less important Petrol lode were somewhat poor.

Reclamation in the upper levels of the mine would continue for two or three years yet, but the gradual exhaustion of the ore available from that source and the steadily increasing depth at which mining operations were being carried out would tend towards an increase in cost per ton milled, which would, however, be more than offset by the increased price of gold. Extraction at 83.5 per cent. showed little variation from the previous year, the percentage of output obtained from amalgamation being as high as ever at 71.2 per cent. Power costs were very satisfactory. Results since the end of the financial year had been very satisfactory, as shown by the published monthly figures. Shareholders would have noted that the premium taxation was slightly heavier than it used to be.

He was sure that shareholders who listened to, or perused, these remarks would be thoroughly satisfied with the position at June 30th. He felt justified in saying that after considering the financial position and results for the current six months they would be able to declare an increased dividend in December.

The report was unanimously adopted.

BUENOS AYRES GREAT SOUTHERN RAILWAY COMPANY, LIMITED

UNFAVOURABLE CONDITIONS

The ordinary general meeting of the Buenos Ayres Great Southern Railway Company, Limited, was held, on the 28th instant, at River Plate House, London, E.C., Sir Follett Holt, K.B.E. (the chairman), presiding.

The Chairman, in moving the adoption of the report and accounts, said that, in addition to exchange and the many other difficulties, they had been the victims during the past year of the effects of a spell of drought, which to all intents and purposes had ruined the wheat, oat, barley, rye and linseed crops, and had thrown upon the railway not only a direct loss in revenue of over £1,000,000, but, as a result of the decreased purchasing power in their zone, a further large sum in other traffics. Fortunately, part of the heavy loss had been made up by traffic improvements connected with other industries and also both exchange losses and working expenses were less, but, after charging the renewal expenditure of the year to the renewal fund, they still found, after meeting fixed charges, that the disposable balance in their revenue account was lower by £487,000, which was the reason why they had been obliged to cut down the sum allocated to preference dividends to an almost negligible figure.

The past year had been no easy one for those who carried the weight of responsibility for these immense British interests. There were many factors unfortunately which remained outside of their control. Climate, legislation, exchange, and even to some extent conditions of labour, were among them, but for their part, on looking back over the past 12 months, he thought it could be said that, through domestic arrangements within the industry, progress and even substantial progress had been made towards securing better results as the uncontrollable factors became less unfavourable than they had been in recent years.

He could not say much on the subject of the details of the Trade Agreement between Argentina and the United Kingdom, for it was still under negotiation.

The past of the Great Southern had been good, and the immediate future was more promising than it was a year ago.

The report was unanimously adopted.

BUENOS AYRES AND PACIFIC RAILWAY COMPANY, LIMITED

IMPROVED RESULTS

The ordinary general meeting of the Buenos Ayres and Pacific Railway Company, Limited, was held, on the 29th instant, in London.

The Viscount St. Davids (the chairman) said that their gross receipts for the year under review had increased by £300,000 and the working expenses by £508,000. On the face of it that did not look like a good result, but the working expenses included £168,000 increased wages in accordance with the President's Award, and they also included £326,000 for special renewals. Those two items came to £494,000, so that the whole of the real extra expenses incurred in earning £300,000 was £14,000—not a bad result. They had cleared off all the arrears of interest on the second debentures of the Pacific and Argentine Great Western companies and had paid the holders 5 per cent. interest on those arrears, so that they were clear of them. The stocks ranking next for interest under the scheme were the Pacific 4½ per cent. consolidated debentures and the Argentine Great Western 5 per cent. debenture stock; one-half a year's arrears on both would be paid on December 1st.

As to exchange, they had had a more favourable rate during the past calendar year as a result of negotiations carried on in Argentina by two of their directors. The special rates made for them were an indication of the goodwill of the Government towards the railways, and as partial compensation the railways had made a special rate for maize.

It was very satisfactory to report that after much negotiation an agreement as to the scope of the competition by Government lines had been arrived at, and they hoped that that agreement would secure that competition would be on regulated lines with fair conditions to both parties and for the benefit of the public.

This year the estimated area to be put under wheat and linseed was 1,101,000 hectares, as against 738,000 in the previous year. Up to now the wheat and linseed were looking well. If they got a good wheat crop on the increased area now sown, the results of this company a year hence should be at least as good as those submitted on the present occasion.

The report and accounts were unanimously adopted.

ASSAM RAILWAYS AND TRADING COMPANY, LIMITED

DIFFICULT OPERATING CONDITIONS

The fifty-sixth ordinary general meeting of this company was held, on the 28th instant, in London.

Mr Douglas W. Turner presided in the absence through indisposition of the chairman of the company, Mr E. A. A. Joseph, whose prepared speech he read, and which stated that in the railway account profit was less by £3,000 while the balance of the trading account was less by nearly £11,000, of which the collieries were responsible for £6,000. More coal had been sold, but at lower average prices. Interest and dividends were a little better than last year and they were left with a balance of £78,881, which was about £9,000 less than a year ago.

The two main branches of the company's business—railway and colliery—in the recent world-wide depression were the two industries which had suffered at least as much as, if not more than, many others. As to the railway, first-class traffic was now to all intents and purposes non-existent, while third-class traffic—their mainstay—had been very hardly dealt with by motor-bus competition. The board were doing everything they could to meet their difficulties, and had instituted a number of shuttle services as a direct answer to bus competition with encouraging results.

As to the collieries, their business was being affected by the most intense competition from Bengal coal, which was now being marketed almost at their door. The company's other departments were not doing too badly at the present time, but everybody was cutting expenditure to the lowest possible level.

With regard to their investments in tea, both did well last year. The matter of a reconstruction scheme for the company had engaged the minds of the board for some time, and should things reach a definite stage shareholders would immediately be consulted.

The report was unanimously adopted.

EAGLEHURST RUBBER ESTATES, LIMITED

ECONOMICAL ESTATE WORKING

The tenth annual general meeting of the Eaglehurst Rubber Estates, Limited, was held, on the 29th instant, at 411-419 Salisbury House, London Wall, London.

Mr P. J. Burgess, who presided, said:—If you will look at the profit and loss account you will see that the net result is a small profit of £641 to be carried to the balance sheet. Estate expenditure in comparison with last year is £1,000 less, and at £5,433 shows that the estate has been worked economically in every way, receipts from sales of rubber is less by £2,000, and this is due to the amount of rubber brought into account being more than proportionately reduced, namely, from 397,119 lbs. in the previous year to 290,575 lbs. in this year, and of this reduced amount 22,726 lbs. were not covered by coupons and as scrap rubber fetched very low prices.

The reduced crop makes the costs of the rubber appear high owing to the distribution of the fixed charges such as rent and general establishment over a smaller turnover of the commodity, and is responsible for the falling off in the profit, which at £641 your directors recommend be added to the amount of £811 brought in from the previous accounts and carried forward to next year.

I would draw your attention to the financial position, which is a reasonable one, but also one which we should like to see somewhat further strengthened when profits are big enough to do so without unduly trenching upon dividends. As our stock position has been built up and carried forward at cost we are now able to take advantage to the full of the coupon releases allowed us. The figure of release of 65 per cent. under which we are now working is higher than last year's and increases by a further 5 per cent. to 70 per cent. in January, 1936, and this, with the higher price for our commodity, should enable the company to make a satisfactory return to the shareholders in 1937.

The remaining point on which I should like to say a few words concerns the policy of replanting some of the older areas and thereby substituting in their place a much more highly productive plant either as budded rubber or selected seed rubber. We have already some considerable representation of budded rubber, of which about 100 acres will become mature next year, and we propose to add a further 57 acres in 1937 on the Eaglehurst Division. Under the Rubber Regulation Control we are permitted to replant 20 per cent. of our planted acreage during the five years ending May, 1939; this allows us to replant in all 237 acres. The extent to which we shall be able to take advantage of this regulation must depend upon several factors, of which

the chief is financial and the next in importance the degree of obsolescence, shown by the existing areas. The special inducement to replant while restriction continues lies in the continuation of an assessment allowance for the areas cut out and replanted.

The report was unanimously adopted.

EL ORO MINING AND RAILWAY COMPANY, LIMITED

SATISFACTORY YEAR

The thirty-seventh annual general meeting of the El Oro Mining and Railway Company, Limited, was held, on the 28th instant, in London.

Mr J. H. M. Shaw (the chairman) said that in the circumstances of the past year the result was a satisfactory one. At El Oro the receipts were £30,732, against expenses of £27,545. The Inversiones Company had given them £51,097, interest received was £1,350, and £5,000 previously reserved for income-tax was not now required. For the first six months of the year they worked under fairly satisfactory conditions, but in December last the American Treasury gave up their free purchases of silver and there was a heavy fall in price, from which there had been practically no recovery.

The impending labour law would make conditions very difficult indeed, and there seemed little doubt that labour would endeavour to obtain another increase in wages after the turn of the year. Coming at a time when the grade of ore had fallen very close to the profit limit the scale might easily be turned against them. Again, should any profits be left at all, the new mining law would, it was thought certain, contain a clause that 25 per cent. of such profits would have to be reinvested in Mexico. The directors were faced with a difficult task in trying to foresee and make the best arrangements for the future. In the meantime, after providing for the dividend, there was rather more than £100,000 in cash with which to embark on new business, and he asked shareholders' sanction for extending their operations outside Mexico.

The report and accounts and the payment of the dividend of 1s. per stock unit of 5s. were carried unanimously.

On a show of hands the shareholders gave the directors authority to extend the operations of the company outside Mexico.

RHOKANA CORPORATION, LIMITED

INCREASED PROFIT

The fourteenth ordinary general meeting of the Rhokana Corporation, Limited, was held, on the 29th instant, at Southern House, London.

The Right Hon. Sir Auckland C. Geddes, P.C., G.C.M.G., K.C.B. (the chairman), said that they were still carrying in the balance sheet their share in Mufulira Copper Mines, Limited, at the same valuation as last year. There was no Stock Exchange quotation for those shares, but a fair indication could be obtained by taking a line through Rhodesian Selection Trust shares, which company owned 5,471,200 Mufulira shares. At the present market value of Trust shares this company's holding in Mufulira would be worth over £4,800,000.

The operating profit had risen from £575,870 to £826,744, due to the higher price obtained for their copper. The average cash price for standard copper on the London Metal Exchange for the month of February, 1935, was £27 4s. 1d. The corresponding figure for the month of June, 1935, was £30 16s. 8d., and for the month of July, 1936, was £37 5s. Towards the end of July, 1936, the Committee appointed under the Curtailment Agreement had decided to increase production of the co-operating companies from August 1, 1936, and in September had decided to make a further increase in production as from October 1, 1936. Further increases of production had since been authorised, and provided there was no further change, the Corporation's production quota for the year July 1, 1936, to June 30, 1937, instead of being 55,580 long tons, would be 62,790 long tons.

It was the policy of the directors to encourage the extension of the uses to which copper could be put and the market in copper. They therefore wished to see a stable price of copper at such a figure that would carry out that policy and at the same time give them satisfactory financial results. It was satisfactory to note that the stocks of refined copper throughout the world, including the United States, had gradually fallen from 854,133 short tons in 1932 to 379,727 short tons in September, 1936. In 1932 the year's consumption was only 804,974 short tons of refined copper. In 1936 it was running at a rate which led them to expect a consumption of over one and three-quarters million short tons.

The report was unanimously adopted.

GENATOSAN, LIMITED

GRATIFYING RESULTS

The nineteenth ordinary general meeting of Genatosan, Limited, was held, on the 27th instant, in London.

Sir Archibald Mitchelson, Bt. (the chairman) said:—Ladies and gentlemen, the net profit for the year of £65,357, after providing for all trade charges, depreciation, directors' fees, taxation and doubtful debts, is a very satisfactory one. Adding £13,441 brought in, we show a total available of £78,798. Deducting from this the full year's dividend on the pre-preference and preference shares and the interim distribution of 15 per cent. on the ordinary shares, there remains £50,478.

We propose allocating £5,000 to general reserve—raising that fund to £30,000.—£10,000 to writing down establishment expenditure on dental and other preparations, £20,000 to the payment of a final dividend of 20 per cent. on the ordinary shares, making 35 per cent. for the year, and carrying forward £15,478.

Your directors—and I think you will agree with them—can only regard a result which enables us to maintain an ordinary dividend of 35 per cent. and to strengthen the financial position further to the extent of £20,000 in the allocations referred to, as very gratifying. This rate of dividend on the ordinary shares has now been paid for ten years in succession, in some cases free of tax, while a share bonus of approximately one in three was given in 1931. We by no means, however, would wish to regard such results as the ultimate goal of our aims.

Our very valuable product, Sanatogen, continues in increasing demand, and its reputation and popularity appear to be more firmly established than ever. Genasprin, the Safe Brand of Aspirin, commands a widening circle of customers, and the smaller packs of this preparation are bringing its great medicinal merits within the reach of a much larger public. The dentifrice Genozo and also Cystopurin, Stabilised Calcium Aspirin, Fissan and other valuable products of our laboratories are steadily working their way into the knowledge and, we hope, experience of the public, and, we expect, should prove in time valuable assets of your company.

We have a great asset in the goodwill and support of the medical and pharmaceutical professions.

The report and accounts were unanimously adopted.

ANGLO-CONTINENTAL GUANO WORKS, LIMITED

PROFITS MORE THAN MAINTAINED

The nineteenth ordinary general meeting of this company was held, on the 27th instant, in London, Sir Archibald Mitchelson, Bart., chairman of the company, presiding.

The Chairman, in the course of his speech, said: The net profit for the year at £73,448 1s. 3d. has been more than maintained as compared with that of the previous year. It is proposed to pay a dividend of 7½ per cent., less tax, on the ordinary shares in issue, requiring £11,437 10s., to transfer £5,000 to depreciation reserve and £15,000 to general reserve, raising this fund to £75,000, and to carry forward the balance of £42,707 9s. 9d.

With regard to the year's trading, the fertiliser trade for the year has been a somewhat difficult one. Generally speaking, the agricultural season has not been good. It is therefore gratifying that we have been able to maintain our position. Hard work and good salesmanship are largely to be credited with this result.

As the result of an increased production of spelter at the large Avonmouth smelting works, considerable quantities of by-product sulphuric acid are now being converted into superphosphate there. This new factor has presented a problem for superphosphate manufacturers generally, but a temporary solution has been found which it is hoped may lead to a permanent settlement satisfactory to all concerned.

Shipments of high-grade guano from Peru are still held up by an increase in home consumption in that country. Fortunately, other sources of supply have been found, by which we have been enabled, with stocks carried over, to keep our regular guano buyers furnished with an acceptable grade of pure bird guano.

Our investment in the pharmaceutical business of Genatosan, Limited, has made an excellent return for the year under review, and is still "going strong." The cash value of our holding, at the present market quotations, exceeds many times the figure at which it stands in our books to-day.

I feel that you will agree with your board that, in all the circumstances, we have had a successful and satisfactory year, and I trust that, when we meet again, we shall have at least as good, if not still better, results to put before you.

The report and accounts were unanimously adopted.

GOVERNMENT RETURNS, &c.

NATIONAL ACCOUNTS

The total ordinary revenue for the week ended October 24, 1936, amounted to £13,960,500, against ordinary expenditure of £7,780,000. After allowing for an increase in Exchequer Balances of £149,357, the operations for the week, as shown below, decreased the gross National Debt by £6,031,000 to approximately £7,994 millions.†

(000's omitted)	
Public Department Advances.....	+ 1,100
National Savings Certificates.....	+ 50
Treasury Bills	- 7,075
Road Fund.....	- 25
British Shipping (Assistance)	- 81
	+ 1,150
	- 7,181

† 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 September 30, 1936, appeared in the *Economist* of October 3, 1936.

REVENUE		Total Receipts into the Exchequer			
	Estimate for the year 1936-37	April 1, 1935, to Oct. 26, 1935	April 1, 1936, to Oct. 24, 1936	Week ended Oct. 25, 1935	Week ended Oct. 24, 1936
ORDINARY REVENUE					
Inland Revenue—					
Income Tax	259,000,000	62,261,000	57,811,000	945,000	1,510,000
Sur-tax	58,500,000	6,580,000	6,380,000	140,000	...
Estate, etc., Duties	89,000,000	51,410,000	47,970,000	1,150,000	2,100,000
Stamps	22,000,000	10,830,000	11,970,000	320,000	480,000
Excess Profits Duty and Corporation Profits Tax	750,000	...	...	...	...
Land Tax and Mineral Rights Duty	750,000	140,000	130,000	10,000	...
Total Inland Revenue	433,000,000	131,221,000	124,261,000	2,565,000	4,090,000
Customs and Excise—					
Customs	207,525,000	113,985,000	119,908,000	4,535,000	5,255,000
Excise	110,000,000	61,965,000	62,000,000	1,465,000	2,800,000
Total Customs and Excise	317,525,000	175,950,000	181,908,000	6,000,000	8,055,000
Motor Vehicle Duties (Exchequer Share)	5,000,000	1,341,000	1,355,000	Dr 173,000	Dr 425,000
Post Office (Net Receipt)	11,258,000	8,650,000	8,400,000	750,000	1,500,000
Crown Lands	1,850,000	890,000	910,000	250,000	280,000
Receipts from Sundry Loans	5,000,000	3,058,037	3,063,247	94,102	...
Miscellaneous Receipts	25,250,000	15,170,430	13,851,248	74,938	366,398
Total Ordinary Revenue	798,381,000	336,280,467	333,748,495	9,466,938	13,960,500
SELF-BALANCING REVENUE					
Post Office	69,344,000	34,700,000	36,550,000	1,600,000	850,000
Motor Vehicle Duties apportioned to Road Fund	26,500,000	7,317,000	7,828,000	325,000	425,000
Total Self-balancing Revenue	95,844,000	42,017,000	44,378,000	1,925,000	1,275,000
Total	...	378,297,467	378,126,495	11,391,938	15,235,500

EXPENDITURE		Total Issues out of the Exchequer to meet Payments			
	Estimate for the year 1936-37	April 1, 1935, to Oct. 26, 1935	April 1, 1936, to Oct. 24, 1936	Week ended Oct. 25, 1935	Week ended Oct. 24, 1936
ORDINARY EXPENDITURE					
Interest and Management of National Debt	224,000,000	127,830,785	127,674,083	377,374	268,694
Payments to Northern Ireland	7,500,000	2,995,107	3,593,698	230,393	361,464
Other Consolidated Fund Services	3,200,000	1,727,150	1,349,460	...	...
Post Office Fund	600,000	...	...	...	...
Total	235,300,000	132,553,042	132,617,241	607,767	630,158
Total Supply Services (excluding Post Office)	570,969,000	269,131,599	288,778,679	7,351,500	7,150,000
Total Ordinary Expenditure	806,269,000	401,684,641	421,395,920	7,959,267	7,780,158
SELF-BALANCING EXPENDITURE					
Post Office	69,344,000	34,700,000	36,550,000	1,600,000	850,000
Road Fund	26,500,000	7,317,000	7,828,000	325,000	425,000
Total Self-Balancing Expenditure	95,844,000	42,017,000	44,378,000	1,925,000	1,275,000
Total	...	443,701,641	465,773,920	9,884,267	9,055,158

† 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
8,872,000
806,269,000

The aggregate revenue from April 1 to October 24, 1936, is shown below:—

(000's omitted)	
Expenditure	421,396
Increase in Balances	153
Revenue	333,749
Gross borrowing	£93,134
Less: New Sinking Fund*	5,334
Net borrowing	87,800
	421,549
	421,549

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

POSITION OF THE FLOATING DEBT

	Oct. 26, '35	Mar. 31, '36	Oct. 24, '36	Oct. 24, '36
Ways and Means Advances Outstanding: £	£	£	£	£
Advances by Bank of England	22,140,000	19,055,000	19,750,000	+1,100,000
Advances by Public Departments	897,195,000	763,115,000	831,495,000	-7,075,000
Treasury Bills outstanding	919,335,000	782,170,000	851,245,000	-5,975,000
Total Floating Debt	...	...	...	...

* 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 October 23, 1936. The amount applied for was £70,835,000. Tenders were accepted for Treasury bills at three months dated Monday to Friday, at £99 17s. 1d., about 64 per cent. and above in full; Saturday at £99 17s. 2d. and above in full. The average rate per cent. was 11s. 5.44d. 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	32,500,000	0 10 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 10 6.07
October 2, 1936	50,000,000	77,880,000	50,000,000	0 10 9.40
October 16, 1936	45,000,000	74,320,000	43,000,000	0 11 5.44
October 23, 1936	45,000,000	70,835,000	45,000,000	...

NATIONAL SAVINGS CERTIFICATES

Total Sales of Savings Certificates	No. of Certificates	Value
Week ended October 3, 1936	662,087	£496,585
Week ended October 10, 1936	639,622	£479,716
February, 1916, to October 10, 1936	1,273,030,021	£1,001,210,354

At the end of August, 1936, the amount remaining to the credit of investors in Savings Certificates, excluding interest, was £390,435,277.

THE BANKERS' GAZETTE

BANK OF ENGLAND

Return for Week ended Wednesday, October 28, 1936

ISSUE DEPARTMENT

Notes Issued:—		Government Debt		Other Securities	
In Circulation	442,741,194	11,015,100	245,938,394	3,011,000	35,500
In Banking Department	65,919,152	...	...	...	...
Total	508,660,346	...	...	...	...

BANKING DEPARTMENT

Proprietors' Capital		Government Securities		Other Securities	
Reserves	14,553,000	80,183,337	...	...	...
Public Deposits	3,137,723	...	...	...	...
Other Deposits:—	27,607,859	...	...	...	...
Bankers	£86,533,230	...	...	...	...
Other Accounts	41,369,120	...	...	...	...
Total	127,902,350	...	...	...	...
Notes	173,200,932	...	...	...	...
Gold and Silver Coin	995,062	...	...	...	...
Total	173,200,932	...	...	...	...

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

Both Departments		Amount, Oct. 28, 1936		Inc. or Dec. on Last Week		Inc. or Dec. on Last Year	
Note circulation		442,741,194	+	2,641,001	+	42,852,319	...
Public deposits		27,607,859	—	9,983,561	+	1,381,948	...
Bankers' deposits		86,533,230	—	5,108,179	+	4,008,817	...
Other deposits		41,369,120	—	256,760	+	2,816,968	...
Total outside liabilities		598,251,403	—	1,883,721	+	51,060,952	...
Capital and res.		17,690,723	—	9,429	—	10,628	...
Government debt and securities		337,136,831	—	53,148	—	5,925,570	...
Discounts and advances		6,600,787	—	143,338	—	4,609,583	...
Other securities		22,513,600	—	1,657,231	—	8,958,052	...
Silver coin in issue department		35,500	—	98,531	—	1,506,917	...
Coin and bullion (bank's reserves)		249,655,408	—	21,844	—	54,133,442	...
Proportion of reserve to outside liabilities		66,914,214	—	2,662,814	—	11,281,123	...
(a) Banking Department only ("proportion")		43.0%	—	0.4%	—	5.3%	...
(b) Gold stocks to deposits and notes ("reserve ratio")		41.7%	—	0.1%	—	6.0%	...

Issue Department		Banking Department			Gold in or out of Bank	
Date	Notes Issued	Circulation	Public Deposits	Bankers' Deposits	Other Deposits	Bank Rate
1936						
Oct. 7	508,660	450,842	24,752	84,192	40,942	2%
" 14	508,660	446,367	31,616	82,156	41,231	2%
" 21	508,660	440,100	37,597	81,425	41,112	2%
" 28	508,660	442,741	27,608	86,533	41,369	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	Dis-counts & Advances	Other Securities	Reserve and the "Proportion"	
1936									
Oct. 7	259,403	332	249,751	41%	79,753	9,291	19,589	58,909	39%
" 14	258,158	1,617	249,732	41%	80,368	9,553	19,377	61,366	40%
" 21	257,247	2,619	249,677	41%	79,943	6,744	21,552	69,577	43%
" 28	256,953	3,011	249,655	41%	80,183	6,601	19,503	69,914	43%

BANKERS' CLEARING RETURNS

LONDON

(000's omitted)

	Town	Metropolitan	Country	Total
1936				
January 1 to October 14	26,768,670	1,588,402	2,757,274	31,114,346
Week ended October 21	765,596	39,771	70,059	875,426
Week ended October 28	746,714	40,252	65,426	852,392
Total to date, 1936	28,280,980	1,668,425	2,892,759	32,842,164
Total to date, 1935	26,798,689	1,560,031	2,667,360	31,026,080
Increase or decrease in 1936	+1,482,291	+108,394	+225,399	+1,816,084
	= 5.5%	= 7.0%	= 8.4%	= 5.9%
Total for year 1935	32,443,575	1,887,112	3,229,064	37,559,751
Total for year 1936	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 October 24		Month of September			Aggregate Totals January 1 to October 24	
	1935	1936	1935	1936	Inc. or Dec.	1935	1936
	£	£	25	26	%	£	£
BIRMINGHAM	1,677	2,188	8,333	10,426	+25.1	98,925	108,926
BRADFORD	949	925	3,734	3,890	+4.1	37,544	40,689
BRISTOL	1,152	1,229	4,689	5,498	+17.2	50,186	53,674
DUBLIN	5,035	5,088				226,418	238,349
HULL	697	831	3,007	3,452	+14.7	31,282	34,737
LEEDS	752	806	3,631	3,648	+0.4	38,530	39,117
LIVERPOOL	620	654	2,549	2,975	+16.7	28,027	30,669
MANCHESTER	4,817	6,442	21,014	25,795	+22.7	241,645	258,489
NEWCASTLE	8,337	10,044	38,233	42,473	+11.0	410,516	427,051
NOTTINGHAM	1,082	1,355	4,798	5,422	+13.0	55,675	55,131
SHEFFIELD	390	462	1,737	1,943	+11.8	19,936	21,309
	576	803	3,549	4,042	+13.8	35,882	42,131
	26,084	30,823	95,274	109,564	+14.9	1,274,566	1,350,333

BANK OF SWEDEN.—In kronor (000's omitted).						
	Oct. 23, 1935	Sept. 30, 1935	Oct. 7, 1935	Oct. 15, 1935	Oct. 23, 1935	Oct. 23, 1935
Assets						
Gold reserve	384,034	435,496	435,445	435,799	436,384	436,384
Government securities—Swedish	78,639	28,500	28,500	28,500	28,500	28,500
Government securities—Foreign	69,806	71,973	70,163	70,163	70,163	70,163
Gold abroad not included in the gold reserve	90,120	90,120	90,120	90,120	89,988	89,988
Bills payable in Sweden	372,618	201,709	219,709	228,764	237,746	237,746
Bills payable abroad	191,797	282,584	291,100	288,249	278,302	278,302
Balance abroad	28,693	29,418	29,353	29,256	29,198	29,198
Advances						
Notes in circulation	670,110	853,380	798,589	785,346	783,260	783,260
Government deposits	126,740	118,259	106,806	120,025	136,880	136,880
Private deposits	371,555	322,541	413,829	417,483	415,309	415,309

BANK OF NORWAY.—In kroner (000's omitted).						
	Oct. 22, 1935	Sept. 30, 1935	Oct. 7, 1935	Oct. 15, 1935	Oct. 22, 1935	Oct. 22, 1935
Assets						
Coin and bullion (gold reserve)	118,839	118,865	118,865	118,865	118,862	118,862
Balance abroad and foreign bills	33,288	63,253	63,273	63,982	69,200	69,200
Funds provisionally placed in gold, not included in the gold reserve	66,288	96,211	96,211	96,211	96,211	96,211
Norwegian and foreign governments securities	36,176	45,402	42,830	42,882	42,884	42,884
Discounts and loans	190,886	214,339	207,147	210,982	222,188	222,188
LIABILITIES						
Notes in circulation	321,522	390,164	390,342	395,563	401,927	401,927
Deposits at sight	78,610	104,561	94,439	91,814	99,190	99,190

BANK OF PORTUGAL.—In escudos (000's omitted).						
	Sept. 25, 1935	Aug. 26, 1935	Sept. 2, 1935	Sept. 9, 1935	Sept. 16, 1935	Sept. 23, 1935
Assets						
Gold	909,349	910,439	910,442	910,443	910,443	910,449
Balance abroad	464,740	514,333	514,334	512,805	513,988	508,108
Discounts	319,686	333,215	328,144	327,815	325,374	319,570
Securities	71,765	121,271	121,367	121,363	121,363	121,362
Government loans	1,047,483	1,044,860	1,044,860	1,044,860	1,044,860	1,044,860
LIABILITIES						
Notes in circulation	2,086,892	2,071,625	2,139,290	2,130,812	2,115,160	2,095,586
Government deposits	531,095	435,230	417,778	386,307	439,328	468,759
Bankers' deposits	267,280	474,884	450,803	450,236	426,780	412,778
Other deposits	407,707	32,383	53,684	89,930	73,921	65,093
Foreign commitments	21,430	37,263	37,263	37,436	37,483	37,421

NATIONAL BANK OF JUGOSLAVIA.—In dinar (000's omitted).						
	Oct. 22, 1935	Oct. 8, 1935	Oct. 15, 1935	Oct. 22, 1935	Oct. 22, 1935	Oct. 22, 1935
Assets						
Cash reserve	1,376,835	1,577,258	1,585,085	1,589,570	1,589,570	1,589,570
Gold at home and abroad	274,679	563,199	577,540	572,536	572,536	572,536
Foreign exchange	1,821,110	1,698,217	1,699,080	1,706,268	1,706,268	1,706,268
Other foreign exchange	1,679,714	1,681,750	1,681,750	1,662,198	1,662,198	1,662,198
LIABILITIES						
Notes in circulation	4,813,186	5,259,415	5,224,014	5,154,020	5,154,020	5,154,020
Sight deposits	1,349,834	1,526,514	1,580,732	1,663,881	1,663,881	1,663,881
Time deposits	188,250	50,000	50,000	50,000	50,000	50,000

NATIONAL BANK OF ROUMANIA.—In lei (000's omitted).						
	Sept. 28, 1935	Sept. 5, 1935	Sept. 12, 1935	Sept. 19, 1935	Sept. 26, 1935	Sept. 26, 1935
Assets						
Gold and gold exchange	10,779,357	11,362,945	11,422,969	11,517,968	11,541,107	11,541,107
Commercial bills	5,146,934	5,989,450	6,054,305	6,113,535	6,138,592	6,138,592
Agric. and urban advances	2,739,011	2,447,572	2,444,291	2,445,974	2,445,985	2,445,985
Treasury bills issued against losses on credits	4,708,183	5,718,335	5,719,058	5,739,945	5,740,107	5,740,107
State debt advances to Treasury	5,644,552	5,633,095	5,633,095	5,633,095	5,633,095	5,633,095
LIABILITIES						
Notes in circulation	21,993,211	24,030,867	24,064,564	24,108,748	24,269,375	24,269,375
Other sight liabilities	5,582,958	8,401,533	8,517,738	8,743,275	8,697,199	8,697,199
Long-term liabilities	4,013,328	5,275,655	5,357,023	5,422,849	5,570,598	5,570,598

NATIONAL BANK OF BULGARIA.—In leva (000's omitted).						
	Oct. 15, 1935	Sept. 23, 1935	Sept. 30, 1935	Oct. 7, 1935	Oct. 15, 1935	Oct. 15, 1935
Assets						
Gold and silver holdings	1,582,875	1,615,855	1,615,855	1,615,855	1,615,855	1,615,855
Balance abroad and foreign currencies	208,878	491,069	490,259	481,581	513,269	513,269
Discounts and advances	1,260,945	1,829,217	1,883,696	1,819,151	1,820,912	1,820,912
Advances to the Treasury	2,671,279	2,671,279	2,671,279	2,671,279	2,671,279	2,671,279
LIABILITIES						
Reserves	1,253,518	1,242,081	1,242,081	1,242,081	1,241,940	1,241,940
Bank notes in circulation	2,442,825	2,749,053	2,790,261	2,777,305	2,679,809	2,679,809
Sight liabilities	1,834,730	2,084,127	2,054,988	2,002,475	2,122,450	2,122,450
Deposits	128,203	121,293	121,293	121,293	120,982	120,982

BANK OF POLAND.—In zloty (000's omitted).						
	Oct. 20, 1935	Sept. 20, 1935	Sept. 30, 1935	Oct. 10, 1935	Oct. 20, 1935	Oct. 20, 1935
Assets						
Gold	466,837	369,244	372,907	373,010	373,179	373,179
Foreign exchange and balances	13,903	16,496	16,493	16,850	16,106	16,106
Bills discounted	685,341	640,611	661,853	659,586	655,751	655,751
Loans against securities	70,558	110,602	119,737	123,584	113,887	113,887
Treasury bonds discounted	64,119	42,834	46,879	51,303	50,018	50,018
Securities	50,817	133,490	133,641	133,886	134,221	134,221
LIABILITIES						
Notes in circulation	969,753	991,014	1,047,785	1,047,908	1,028,301	1,028,301
Sight liabilities	172,380	213,228	196,105	204,108	214,015	214,015

MONEY AND EXCHANGE RATES						
LONDON MONEY RATES						
	Oct. 22, 1935	Oct. 23, 1935	Oct. 24, 1935	Oct. 26, 1935	Oct. 27, 1935	Oct. 28, 1935
Bank rate (changed from 2½% June 30, 1932)	2½	2½	2½	2½	2½	2½
Market rates of discount—						
60 days' bankers' drafts	1½	1½	1½	1½	1½	1½
3 months' do.	1½	1½	1½	1½	1½	1½
4 months' do.	1½	1½	1½	1½	1½	1½
6 months' do.	1½	1½	1½	1½	1½	1½
Discount Treasury Bills—						
2 months'	1½	1½	1½	1½	1½	1½
3 months'	1½	1½	1½	1½	1½	1½
Loans—Day-to-day	1½	1½	1½	1½	1½	1½
Short time advances: Bank	1½	1½	1½	1½	1½	1½
Deposit advances: Bank	1½	1½	1½	1½	1½	1½
Discount houses at call	1½	1½	1½	1½	1½	1½
At notice	1½	1½	1½	1½	1½	1½

Comparison with previous weeks—						
Short	Bank Bills	Trade Bills	3 Months	4 Months	6 Months	6 Months
1936	%	%	%	%	%	%
Oct. 1	1	1	1	1	1	1
" 15	1	1	1	1	1	1
" 22	1	1	1	1	1	1
" 29	1	1	1	1	1	1

LONDON RATES OF EXCHANGE						
I.—Spot Rates (Range of the day's business)						
London on	Par of Exch. per £	Oct. 23, 1935	Oct. 24, 1935	Oct. 26, 1935	Oct. 27, 1935	Oct. 28, 1935
New York, \$	14.864	4.881-891	4.881-891	4.881-891	4.881-891	4.881-891
Montreal, \$	4.863	4.881-891	4.881-891	4.881-891	4.881-891	4.881-891
Paris, Fr.	124.21	105.4-1	104.1-1	105.4-1	105.4-1	105.4-1
Brussels, Bel.	35.00-01	29.01-05	29.01-05	29.01-05	29.01-05	29.01-05
Milan, L.	92.46	92.4-1	92.4-1	92.4-1	92.4-1	92.4-1
Zurich, Fr.	25.22	21.26-30	21.26-30	21.26-30	21.26-30	21.26-30
Talens, Sw.	375	540-560	540-560	540-560	540-560	540-560
Hels. Forc., M.	193.23	226.1-227.1	226.1-227.1	226.1-227.1	226.1-227.1	226.1-227.1
Madrid, Pt.	25.22	54.50	54.50	54.50	54.50	54.50
Lisbon, Esc.	110	110-110	110-110	110-110	110-110	110-110
Amst. d'm, Fl.	12.107	9.05-07	9.06-08	9.05-07	9.04-06	9.02-05
Berlin, Mk.	20.43	12.13-17	12.14-18	12.14-17	12.14-17	12.14-17

Registered Marks						
London on	Par of Exch. per £	Oct. 23, 1935	Oct. 24, 1935	Oct. 26, 1935	Oct. 27, 1935	Oct. 28, 1935
Vienna, Sch.	(s) 47-52	47-52	47-52	46 1/2-51 1/2	46-51	45 1/2-50 1/2
Bu'pest, Pen.	27-82	25 1/2-27 1/2	25 1/2-27 1/2	25 1/2-27 1/2	25 1/2-27 1/2	25 1/2-27 1/2
Prague, Kc.	164 1/2	137 1/2-138 1/2	137 1/2-138 1/2	137 1/2-138 1/2	138-138 1/2	137 1/2-138 1/2
Danzig, Gul.	25-00	25 1/2-26 1/2	25 1/2-26 1/2	25 1/2-26 1/2	25 1/2-26 1/2	25 1/2-26 1/2
Warsaw, Zl.	43-38	25 1/2-26 1/2	25 1/2-26 1/2	25 1/2-26 1/2	25 1/2-26 1/2	25 1/2-26 1/2
Riga, Lat.	22-22 1/2	24 1/2-25 1/2	24 1/2-25 1/2	24 1/2-25 1/2	24 1/2-25 1/2	24 1/2-25 1/2
Duchar's, Lei	813-8	660-680	660-680	660-680	660-680	660-680
Const'ple, Pat	110	611 1/2	611 1/2	612	613 1/2	611 1/2
Belgrade, Din.	276-32	209-219	209-219	209-219	209-219	209-219
Kovno, Lit.	48-66	281-291	281-291	281-291	281-291	281-291
Sofia, Lev.	673-66	390-420	390-420	390-420	390-420	390-420
Tallinn, E. Kr.	18-159	172-182	172-182	172-182	172-182	172-182
Oslo, Kr.	18-159	18-85-95	18-85-95	18-85-95	18-85-95	18-85-95
St'h'olm, Kr.	18-159	19-35-45	19-35-45	19-35-45	19-35-45	19-35-45
Cop'h'gen, Kr.	18-159	22-35-45	22-35-45	22-35-45	22-35-45	22-35-45
Alex'ndria, P.T.	97-1	97 1/2	97 1/2	97 1/2	97 1/2	97 1/2
Br. India Rup.	18d.	18d.	18d.	18d.	18d.	18d.
Hong Kong, \$	14-14 1/2	14-14 1/2	14-14 1/2	14-14 1/2	14-14 1/2	14-14 1/2
Kobe, Yen.	24-58d.	14-14 1/2	14-14 1/2	14-14 1/2	14-14 1/2	14-14 1/2
Shanghai, \$	28d.	14-14 1/2	14-14 1/2	14-14 1/2	14-14 1/2	14-14 1/2
Singapore, \$	12-11	9-01-05	9-01-05	9-01-05	9-01-05	9-01-05
Batavia, \$	15-89d.	24-1	24-1	24-1	24-1	24-1
Rio, Mil.	11-45	17-50-60g	17-50-60g	17-50-60g	17-50-60g	17-50-60g
B. Aires, \$	11-45	17-00h	17-00h	17-00h	17-00h	17-00h
Valparaiso, \$	40	131 1/2-141	131 1/2-141	131 1/2-141	131 1/2-141	131 1/2-141
M'video, \$	51d.	25 1/2-39 1/2b	25 1/2-39 1/2b	25 1/2-39 1/2b	25 1/2-39 1/2b	25 1/2-39 1/2b
Lima, Sol.	17-38	20-00	20-00	20-00	20-00	20-00
Mexico, Pes.	9-76	17-50	17-50	17-50	17-50	17-50
Manila, Pes.	24-66d.	18-50	18-50	18-50	18-50	18-50
Moscow, Rbls	21-82d	24 1/2-24 1/2	24 1/2-24 1/2	24 1/2-24 1/2	24 1/2-24 1/2	24 1/2-24 1/2
B'ngkok, Bhat	21-82d	22-22 1/2	22-22 1/2	22-22 1/2	22-22 1/2	22-22 1/2

OTHER COMPANIES—cont.					
Hovis, Ltd.	7½%	Dec. 1	Same	%	%
Imperial Airways	4%	Nov. 14	...	8	7
Imperial Continental Gas	1½%	Nov. 2	...	...	...
Lancashire Steel	4%	Nov. 30	First interim	...	...
Lincolnshire and Central Electric	4%	Nov. 30	Nil*	...	...
Maden and Ireland	...	...	...	12½	8½
Madras Electric	2½%	Nov. 20	Same	...	...
Metropolitan Housing	3%	Nov. 11	Same	...	...
Metropolitan Industrial Dwellings	3½%	Nov. 10	3½%	8½	6½
Mexican Eagle Oil (7% 1st Pref.)	2½-6d.	Oct. 31	Same	...	...
Mitchells and Butlers	11½%	Nov. 24	11½%	17½	17½
Montague Burton	3½%	...	Same	...	...
Northampton Brewery	10½%	...	7½%	15	12½
Second Scottish Investment	...	Nov. 11	...	5	3½
Securities Trust of Scotland	4%	...	Same	6	6
Shawinigan Water and Power	15c. p.s.*	Nov. 16	Same	...	...
Stanton Ironworks	4%	...	...	...	...
Stream-Line Filters	7½%	...	First	...	...
Sudan Plantations	...	...	...	10	8
Third Caledonian Trust	...	...	...	2	2
Titania	7½%	...	First	...	...
United Premier Oil and Cake	4%	...	Same	...	...
Venezuelan Oil Concessions	7½%	Nov. 26	Same	...	...

(n) For each 10 shares of 4 pesos. (m) For each 10 shares of 3 Canadian dollars.

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
Breweries												
Brown (Matthew) and Co.	Sept. 30	£ 25,058	£ 90,980	£ 116,038	£ 72,250	£ ...	% ...	£ 4,000	£ 39,788	£ 72,782	% Nil	
Highland Distilleries	Aug. 31	46,370	36,222	82,592	...	23,186	15	17,750	41,656	22,820	12½	
Longmore (William) and Co.	Sept. 30	5,299	6,244	11,543	...	4,670	17½	...	6,873	4,243	15	
Mitchells and Butlers.....	Sept. 30	553,366	687,373	1,240,739	45,750	{ 28,728	7 (p)	{ 65,000	583,209	642,571	{ 7(p)	
Financial, Land, etc.												
Delagoa Bay Development	June 30	19,370	27,196	46,566	2,394	6,630	3†	16,892	20,650	29,114	3†	
Gordon Selfridge Trust	Sept. 30	3,256	73,419	76,675	60,000	15,250	2	...	1,425	43,721	Nil	
Realisation, etc., Corp. of Scotland	Aug. 31	47,272	60,761	108,033	23,250	26,325	8½	10,000	48,458	52,671	7	
Sudan Plantations Syndicate	June 30	223,851	352,052	575,903	...	247,500	10	Dr. 45,765	374,168	267,864	8	
Hotels, Restaurants, etc.												
Carlton Hotel	Aug. 31	32,543	13,956	46,499	...	...	...	9,363	37,136	16,537	Nil	
Iron, Coal and Steel												
Redpath, Brown and Co.	July 31	46,557	(d) 103,060	149,617	6,005	40,031	15†	7,351	96,231	76,976	10	
Motor Cycle and Aviation												
Henlys, Ltd.	Aug. 31	9,194	38,297	47,491	14,063	7,500	25	13,500	12,428	42,916	50	
S.S. Cars	July 31	1,183	32,084	33,267	6,500	12,000	10	10,617	4,150	27,895	10	
Rubber												
Aberfoyle.....	Mar. 31	401	246	647	...	...	...	64	583	(a)	(a)	
Batu Matang	June 30	1,328	2,745	4,073	...	2,245	3½	...	1,828	3,457	5	
Cairo (Malay)	Mar. 31	264	1,444	1,708	...	1,411	5	...	297	157	Nil	
Eaglehurst	Mar. 31	811	641	1,452	...	...	...	...	1,452	2,124	2	
Gadjah.....	Mar. 31	292	2,293	2,585	...	1,206	2½	...	1,379	4,535	5	
Jong-Landor	June 30	3,893	2,768	6,661	...	3,133	3½	...	3,528	3,124	3	
Killinghall	June 30	5,909	18,064	23,973	...	15,750	30	1,500	6,723	11,722	20	
Kuala Pergau	Mar. 31	520	1,054	1,574	...	...	...	...	1,574	1,546	Nil	
Ledang Bahru	July 31	4,374	17,967	22,341	...	15,500	4½	...	4,841	14,265	4105	
Mambau (F.M.S.)	June 30	1,387	3,674	5,061	3,200	...	...	...	1,861	3,780	Nil	
Monerakelle.....	June 30	990	668	1,658	...	...	...	1,000	658	2,132	Nil	
New Hayoep	June 30	915	2,790	3,705	...	3,125	2½	...	580	1,221	Nil	
Rassak (F.M.S.)	June 30	Dr. 3,696	372	Dr. 3,324	...	...	...	...	Dr. 3,324	62	Nil	
Singapore United	June 30	2,828	4,011	6,839	...	5,146	3	275	1,418	2,791	2	
South Malay	June 30	Dr. 151	1,298	1,147	...	...	...	596	551	253	Nil	
Tanjong Malim	June 30	22,503	17,901	40,404	...	18,750	3½†	8,099	13,555	26,814	3½†	
Shipping												
Liverpool and North Wales Steamship	Sept. 26	8,644	13,994	22,638	...	4,857	10	8,908	8,873	15,402	10	
Shops and Stores												
O.K. Bazaars	June 30	63,491	201,462	264,953	14,400	165,000	55	...	85,553	142,793	50	
Tea												
Central Province, Ceylon ...	June 30	5,101	12,003	17,104	3,000	4,200	6	5,000	4,904	11,823	6	
Textiles												
Clutson and Kemp.....	Aug. 31	3,950	10,577	14,527	2,306	5,433	7½	...	6,788	10,987	6½	
North British Rayon.....	June 30	28,490	17,487	45,977	143	11,550	6	14,092	20,192	14,689	Nil	
Trusts												
Second Edinburgh Investm't	Sept. 30	68,079	42,583	110,662	21,094	18,600	8	...	70,968	37,749	7	
Second Investors' Mortgage Security	Sept. 30	18,917	74,635	93,552	28,906	34,688	9	10,000	19,958	79,396	9	
Second Scottish Mortgage and Trust	Sept. 30	8,061	29,947	38,008	15,287	7,722	5	5,000	9,999	30,476	4½	
Southern Stockholders Investment	Sept. 30	8,309	41,143	49,452	...	30,000	3	11,053	8,399	30,376	2½	
Other Companies												
Birrell, Limited	July 18	15,831	27,108	42,939	18,834	...	...	...	6,500	17,605	Nil	
Brett's Stamping	July 31	1,392	9,830	11,222	915	4,000	10†	...	2,000	4,307	10,484	
Callender (George M.) and Co.	June 30	1,396	5,392	6,788	2,875	2,000	40	...	1,913	4,505	25	
Fillerys Toffees	Aug. 1	2,704	9,319	12,023	...	6,150	8	...	5,873	10,731	8	
François Cementation	Mar. 31	21,470	25,567	47,037	...	...	...	...	10,732	36,305	34,036	
Gaumont-British Pictures....	Mar. 31	150,265	467,087	617,352	178,750	...	...	291,581	147,021	491,832	7	
Kassala Cotton	June 30	32,132	37,415	69,547	...	30,000	10	5,859	33,688	(s) 19,773	37½	
Majestic Theatres Corpn. ...	Mar. 31	...	(f) 12,365	12,365	5,370	4,000	4	2,710	285	(a)	(a)	
Morris (Herbert)	July 31	27,507	87,588	115,095	10,000	33,750	22½†	32,032	39,313	69,766	15	
Murray (D. and W.)	July 19	Dr. 27,459	33,496	Dr. 24,693	...	...	...	...	3,873	Nil	Nil	
Wade Potteries	July 31	...	(n) 4,493	4,493	757	2,823	10	...	913	...	...	

(f) Nine months.

† Free of income tax.

(a) No comparable figure.

(b) Paid on maximum ordinary shares.

(s) Absorbed £18,750.

WEEKLY TRAFFIC RETURNS
RAILWAYS OF GREAT BRITAIN AND IRELAND

(b) Week ended Oct. 23, 1936, (c) Week ended Oct. 24, 1936.	Miles Open	Gross Receipts, week ended Oct. 25, 1936 ('000)						Aggregate Gross Receipts 1936 compared with 1935 (43 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 9,748	192	209	108	317	509	9,197	8,173	4,290	12,463	21,660		
(c) L. & N.	1936 3,748	179	204	108	312	491	9,040	7,842	4,209	12,051	21,091		
Eastern	1936 6,332	286	368	246	614	900	14,154	13,872	9,913	23,785	37,938		
L. M. & D.	1936 6,336	276	368	247	615	891	13,868	13,381	9,463	22,844	36,712		
Scottish	1936 6,917	438	525	242	767	1,205	21,802	20,470	10,225	30,695	52,497		
Southern	1935 6,925	417	487	253	740	1,157	21,293	19,318	9,789	29,107	50,400		
	1936 2,154	277	69	32	101	378	13,455	2,697	1,316	4,013	17,468		
	1935 2,171	259	65	32	97	356	13,213	2,656	1,264	3,920	17,133		
Total	1936 19,149	1,193	1,171	628	1,798	2,992	58,608	45,212	25,744	70,566	129,564		
	1935 19,181	1,131	1,124	640	1,764	2,895	57,414	43,197	24,725	67,922	125,336		
(b) Belfast	1936 80	1-7	...	...	0-5	2-2	113-9	...	...	23-0	136-3		
& Co. Down	1935 80	1-9	...	...	0-5	2-4	112-3	...	...	21-6	133-9		
(b) Great	1936 543	8-9	...	...	10-6	19-5	470-9	...	...	404-0	874-8		
Northern	1935 543	8-7	...	...	10-6	19-3	450-5	...	...	400-5	851-0		
(b) Great	1936 2,078	30-0	...	...	48-9	78-9	1559-9	...	...	1753-3	3313-3		
Southern	1935 2,124	27-9	...	...	45-2	78-9	1559-9	...	...	1637-8	3149-4		

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:				
17 weeks to October 25, 1936...	+ 306	+ 1,160	+ 693	+ 250
Weekly average second half 1936	+ 18	+ 68½	+ 40½	+ 14½
Latest week 1936 compared with 1935	+ 18	+ 48	+ 9	+ 22

LONDON TRANSPORT

	Compared with corresponding period of last year			
	Great Western	L.M.S.	L.N.E.R.	Southern
Week ending October 24, 1936 (before pooling)	£578,200	£578,200	£578,200	£578,200
Aggregate 17 weeks to October 24, 1936	£9,512,500	£9,512,500	£9,512,500	£9,512,500

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

OVERSEAS RAILWAY RECEIPTS

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	25	Sept. 20	1,330	\$4,40,200	+ 3,454	76,19,488	+ 2,75,813
Barsi Lt. Ry.	26	Oct. 30	292	28,300	- 18,500	8,02,000	- 1,58,300
Bengal & N. Western	2	Oct. 10	2,112	18,98,118	+ 1,10,862		
Bengal-Nagpur ..	28	Oct. 10	3,268	120,95,000	- 2,43,801	4,18,37,814	- 25,66,134
Bombay, Bar. & C.I.	29		2,507	127,34,000	- 3,64,000	5,95,09,000	+ 24,76,000
Madras & S. Mahr.	26	Sept. 30	3,229	117,28,000	- 87,191	3,65,74,032	+ 6,46,936
Robikik'd & Kumaon	2	Oct. 16	546	11,44,268	+ 9,156		
				\$4,48,222	- 40,766	2,85,63,877	- 85,671

COAL

SHEFFIELD.—All grades of industrial fuel are in strong demand and full contract deliveries are being made. Fuel consumption is increasing with the extension of works now in progress. The export market continues quiet, but there is a steady inquiry for smalls and nuts for shipment. Coke works are taking a larger share of washed smalls and all grades of smalls are in greater demand for electricity generating stations than for some time. There is little coke to be had outside contract and output goes almost immediately into consumption. Demand for household coal has lessened somewhat during the last week.

WORKINGTON.—The seasonal improvement in the coal trade is already marked. Lacking the output of the Whitehaven pits, production will be inadequate to satisfy needs by the end of next month. Even now Welsh coal is being imported to supplement local supplies for the coking plants. The Irish market will feel most the shortage of coal during the winter. Prices are steady.

NEWCASTLE-ON-TYNE.—The market in Northumberland steam coals continues very firm. Shipments to home coasting ports are brisk and there is also a steady trade with Scandinavian countries. Durham steam coal is also a firm market, while coking coal is showing much greater strength under home requirements and a better demand from the Continent. Owing to an increasing home demand, patent oven coke is difficult to obtain for export.

GLASGOW.—Shipping business has been handicapped by the stormy weather, and as a result of the delays in getting boats away there are large wagon loads of coal awaiting clearance. Apart from prompt business, collieries are quite well placed for some time ahead, and in the case of best steams and certain sizes of nuts, there is now little material available for new business this year. Continental demand has shown some improvement, and London is again active in the market for nuts. Prices show little change on the week, but are generally firm.

CARDIFF.—Conditions on the Cardiff coal market have not undergone any material change during the past week. In the foreign and coastwise trades coal shipments last week totalled 366,400 tons, compared with 399,400 tons in the previous week and 359,956 tons in the corresponding week last year. In view of the reduced shipping tonnage available during the past few days there seems little prospect of any expansion in volume for the current week. The raising of the French quota by 10 per cent. has not yet been reflected in the shipments to France, and trade with Spain remains practically at a standstill. A delegation has been appointed to go to Italy to discuss conditions of a resumption of exports to that country as soon as the negotiations between the British and Italian Governments for a new commercial agreement are concluded. The Algerian Railways are inquiring for 120,000 tons of large coals and 30,000 tons of patent fuel, and an order for 4,000 tons has been placed by Tunis Tramways. The approved prices of the Control Board continue on the basis of the old minimum schedule for all classes of large coal, but slightly above the schedule for washed and sized smalls. South Wales coke producers have approved in principle the terms of the proposed International Coke Convention under which imports of Continental coke into the United Kingdom will be limited to a quota, variously estimated at from 36,000 to 45,000 tons per annum, and British coke exports to about 21 per cent.—nearly 2.4 millions tons—of the new Cartel's total provisional basic export tonnage of 11,374,000 tons.

IRON AND STEEL

LONDON.—The weekly report of the London Iron and Steel Exchange indicates that activity in the iron and steel markets has been well maintained. Although new business is rather quieter than for some time past it is chiefly because of the reluctance of producers to add to their already heavy commitments. Many consumers have covered their requirements until the end of the year and in some cases for the greater part of the first quarter of 1937. A considerable volume of business is offering, however, in the form of supplementary parcels, which are not easy to place for the dates on which the material is required as producers are already hard pressed to maintain their deliveries on contracts already in hand.

In the pig iron market demand appears to be gradually expanding and in most districts is well in advance of production. Schemes for the equitable distribution of the available pig iron amongst users have been put into operation, but the uncertainty with regard to supplies of raw materials operates against the starting of additional furnaces.

Business in semi-finished steel continues heavy, and, although British works are producing at capacity, they are still unable to keep pace with demand. The position of consumers, however, has been relieved by imports of Continental material.

There has been no diminution in activity in the finished steel section of the market. Demand for structural steel is on an almost unprecedented scale, and it is not surprising that some consumers complain of delays in deliveries.

MIDDLESBROUGH.—There is an increasing scarcity of pig iron. At present only one blast furnace is producing foundry pig iron and supplies are being rationed in order to keep consumers supplied with sufficient iron for day-to-day use, but foundries are unable to accumulate any stocks. There are ten blast furnaces at present producing hematite pig iron on the North-East Coast, and, as iron ore imports are being fairly well maintained, it is not anticipated that there will be any reduction in the output of hematite pig iron. Actually, an increase in production is required to meet the increasing demand, but there is no indication of any further furnaces being put into blast in the immediate future. Pig iron prices are unchanged. There are 17 blast furnaces producing basic pig iron and two on other kinds. This is hardly sufficient for the requirements of the steelworks, which are trying to meet the large requirements of re-rollers for semi-finished steel and of the shipbuilding and constructional steel trades for finished steel.

Further shipbuilding orders have been placed on the Tyne, and the construction of one of the new battleships there, announced recently, will create further demands for steel.

Foreign ore is arriving fairly regularly; the quantity imported into the Tees during the first 27 days of October amounted to 132,466 tons, against 138,379 tons during the same period in September. Although the output of good Durham blast furnace coke is increasing, makers have no difficulty in disposing of their output and the price is based on 24s. 6d. per ton delivered at the furnaces. Heavy melting steel scrap is freely taken at 60s. per ton delivered.

SHEFFIELD.—Business in the iron and steel market remains at the high level of past months. Makers of pig iron hesitate to add further to their heavy commitments, and many have to ration their customers. Recent expansion of output has had little effect. Consumers find it difficult to place new business for foundry and basic iron. Business in forge iron is brisk. Demand for hematite continues to outpace supply, but East Coast material is less scarce than West Coast iron. Business in finished iron shows considerable improvement compared with six months ago, except

in the case of crown bars. Acid steel billets are in heavy request, and the whole output of basic billets is being taken up. Business continues good in stainless steel sheets, and wire rods, strip and bars are heavily sought. Prices all round are firm, with a general upward tendency. Iron and steel scrap is in good demand. The slowing down of imports from America and the Continent is bringing home-produced steel furnace scrap into more active request, merchants demanding 60s. per ton, delivered in substantial parcels.

WORKINGTON.—A shortage of foreign ore and technical difficulties are responsible for the early blowing out of a furnace in West Cumberland and the same causes are likely to bring about a similar result later on in the Furness district. Thus, production diminishes at the very time it should expand. Demand is heavy, and the imposition of a premium of 10s. per ton, in the event of Government permission being granted, will not retard the flow of orders when forward business can be entertained again. The greater part of the output will, of course, be reserved for the steelworks at Workington and Barrow. The rolling mills there are working at capacity and likely so to do for another year. Users in the Midlands, South Wales and Scotland will bear the brunt of the reduction in supplies, and in a few days' time there will be 3,000 tons of iron less for distribution among them. In these circumstances makers can accept no further orders until the time comes for renewing contracts. Casual business has ceased altogether. Prices are firm. Bessemer mixed numbers stand at £4 5s. 6d. per ton at Glasgow; at £4 11s. at Sheffield; at £4 13s. 6d. at Manchester, and at £4 17s. at Birmingham, with from 2s. 6d. to 8s. per ton for special qualities. Malleable iron, at £6 5s. delivered at Birmingham, refined iron, ferro-manganese, at £11 15s. home, and spiegel, at £6 15s., are all in keen request. The steel trade is active and prospects are excellent. Native ore is in heavy request. Production is a little larger, but no ore is being sold outside the district; it is quoted at 16s. to 17s. 6d. per ton.

GLASGOW.—Business in iron and steel continues to expand, heavy tonnages of material being required by many local manufacturing industries. Steel makers and others are already working at capacity and are assured of constant employment till the end of the present year at least, for there is still much work on hand and new business is plentiful. There is a particularly heavy demand at present for sheets and plates and rolling mills are fully employed. During the week a large amount of new business in several lines has been placed in the West of Scotland, and there is much important work under consideration.

CARDIFF.—The heavy branches of the iron and steel industry in South Wales continue exceptionally active; there is a steady demand also for tinplates; but the export market for galvanised sheets is still very limited. No information has been disclosed concerning the decisions reached at last week's meeting of the management committee of the International Tinplate Cartel, but it is understood that the recently revised arrangements have been prolonged for a period of twelve months, subject to such price adjustments as were necessary in consequence of the devaluation of the French franc and other Continental currencies. On the Swansea Metal Exchange on Tuesday it was stated that there had been no change in the current prices for tinplates, sheets, and steel bars.

OTHER METALS

COPPER.—Prices continued their upward trend till the end of last week, the standard cash quotation exceeding the £42 mark on Friday, for the first time since 1932. The increase in the production quotas to 95 per cent. of the standard tonnages (effective from November 1st) caused a setback, but on Wednesday there was a sharp rally to £42 8s. 9d. per ton. A further increase in the quotas is expected if the upward movement of prices continues. Meanwhile, in the United States the long-expected increase in the domestic price from 9.75 to 10 cents per lb. took place on Monday. Sales at the old price to certain special consumers amounted to an aggregate of approximately 100,000 tons on Monday and Tuesday last, so that a period of quietude is possible on the American market in the immediate future. The copper position is further discussed in a Note of the Week.

Sales on the London Metal Exchange: 2,800 tons on Monday, 4,350 tons last week; 3,800 tons on Tuesday, against 1,100 tons last week; 4,450 tons on Wednesday against 5,550 tons last week. Domestic spot was quoted at 9.97½ cents per lb. in New York on Wednesday, against 9.87½ cents a week ago and 9.55 cents a month ago. Wednesday's official closing price for standard cash in London was £42 8s. 9d. to £42 11s. 3d., compared with £41 17s. 6d. to £41 18s. 9d. a week ago. Stocks of refined show a decrease of 360 tons, while stocks of rough copper, at 1,390 tons, show a decrease of 450 tons on the week.

LEAD AND SELLER.—After considerable fluctuations, both metals closed on Wednesday showing little change on the week. Trade buying has been substantial and some speculative demand for spelter has also been apparent. World lead production, according to the American Bureau of Metal Statistics, fell from 120,700 short tons in August to 118,300 short tons in September—practically the whole of the reduction being in the despite the recent arrival of a substantial consignment from Mexico.

Sales of lead on the London Metal Exchange: 850 tons on Monday, against 1,300 tons last week; 1,750 tons on Tuesday, against 1,700 tons last week; 2,500 tons on Wednesday, against 1,950 tons last week. The New York quotation on Wednesday was 4.70 cents per lb., against 4.65 cents in London for soft foreign for shipment during the current month was £18 13s. 9d. per ton, compared with £18 11s. 3d. a week ago.

Sales of spelter on the London Metal Exchange: 1,100 tons on Monday, against 2,050 tons last week; 1,550 tons on Tuesday, against 1,750 tons last week; 1,000 tons on Wednesday, against 1,550 tons last week. Wednesday's quotation in East St. Louis was 4.85 cents per lb., against 4.85 cents the week before and 4.85 cents a month earlier. Wednesday's official closing quotation in London for "good ordinary brands" for shipment during the current month was £15 1s. 3d. per ton, against £15 3s. 9d. last week.

TIN.—Despite the continuance of uncertainty concerning the future of the restriction scheme, prices rallied this week, the cash price on to American buying, which seems likely to continue in view of the shortness of American supplies and forward purchasing by the automobile industry. Rumours that the Dutch East Indies are asking for a higher standard tonnage and that Siam is likely to insist on her recent demands for a higher quota have been circulating this week; altogether, the outlook for on Thursday next is accordingly awaited with keen interest. On the London Metal Exchange, however, there is no anxiety concerning the condition of the market, the statistical position of tin and the technical for, even if next week's meeting should prove abortive.

Sales of tin on the London Metal Exchange: 150 tons on Monday, against 550 tons last week; 400 tons on Tuesday, against 250 tons last week; 600 tons on Wednesday, against 495 tons last week. The New York quotation on Wednesday was 45.52½ cents per lb., against 44.10 cents a week ago and 46.10 cents a month ago. Wednesday's official closing quotation in London for standard cash was £205 10s. to £206 per ton, compared with £200 10s. to £201 a week ago. Stocks of tin in London and Liverpool at the end of last week totalled 1,132 tons, an increase of 168 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 £14 2s. to £14 2s. 6d. per flask of 76 lbs., the same as last week. Chinese antimony was quoted at £56 per ton ex warehouse, the same as last week. Chinese wolfram for "October-November" shipment was quoted at 28s. 6d. to 29s. 6d. per unit, c.i.f. as against 28s. to 29s. per unit last week. Refined platinum was quoted at £9 15s. per ounce, as against £10 15s. last week.

TEXTILES

COTTON.—Manchester.—The cotton industry has continued active. There has been a larger inquiry for yarn and cloth and turnover has increased. The feature has been the increased business for India, chiefly in light fabrics. Some transactions have been larger than for many months back. Buyers reached the conclusion that lower prices were improbable and decided to place orders further ahead. World consumption of American cotton continues on a large scale, but this bullish factor has been offset by favourable weather conditions in the American cotton belt and also by the ginning report, which showed that 8,568,000 bales had already been dealt with this season. This led to the view that the final crop will be larger than expected. There has also been persistent hedge-selling, but the peak movement has now been reached and this influence should be less felt in succeeding weeks. The undertone remains strong, but fresh factors will have to present themselves if a sustained upward movement is to be recorded. There is now more confidence, however, in current rates being maintained.

There has been a larger inquiry for cloth for abroad and more business has been done. Many leading shippers and merchants with connections in India have purchased speculatively. Most of the contracts have been in light goods, such as mulls. Fancies have been sold for Rangoon and the Straits Settlements. There has been a little more price-testing for Egypt, with a fair turnover for West Africa. A mixed business has been done for South America. Steady support has been given by Empire markets. There has been a useful turnover for the home trade.

The yarn market has presented a firmer appearance. Sales of American descriptions have been in excess of production during the past three weeks. Producers' margins are improving. There has also been a larger turnover in Egyptian yarns. Taking the market as a whole producers have extended their order lists and big efforts are now being made to obtain better prices. General trade prospects are considered to be brighter, but the outlook is somewhat overshadowed by the possibility of labour trouble in the spinning section, discussed in a Note of the Week.

COTTON PRICES

	1936						Corresponding Date	
	Oct. 7	Oct. 14	Oct. 21	Oct. 28	1934	1935	1934	1935
Raw Cotton—Mid. American..... per lb.	6-8	6-9	7-0	6-9	7-0	6-5		
Sakellaridis Fully Good Fair.....	10-57	10-94	11-03	11-55	9-24	9-26		
Yarns—32's twist..... per lb.	11	11½	11½	11½	10½	10½		
" 40's twist..... per lb.	11	11½	11½	11½	10½	10½		
" 60's twist (Egyptian)..... per lb.	16½	16½	16½	17	16½	16		
32-in. Printers, 116 yds., 16 by 16, 32's and 50's.....	s. d. 18 3	s. d. 18 6	s. d. 18 6	s. d. 18 6	s. d. 18 8	s. d. 17 7½		
36-in. Shirtings, 75 yds., 19 by 19, 32's and 40's.....	25 6	25 10½	25 10½	25 10½	24 0	24 9		
38-in. ditto, 38 yds., 18 by 16, 10 lb.....	10 8	10 4	10 4	10 4	10 10	10 4½		
39-in. ditto, 37½ yds., 16 by 15, 8½ lb.....	9 2	9 4	9 4	9 4	9 9	9 4½		

WOOL.—Bradford.—Wool markets continue to make good progress, and everywhere the raw material is gaining strength and realising higher prices under increasing competition. Increased competition indicates an expansion of trade at home and on the Continent. Since the devaluation of her currency, France has greatly improved her home and export trade, and Germany, too, is a much larger buyer in Australia than last season. The latest cables are to the effect that America is buying steadily, while a Tokyo cable states that an agreement has now been reached between Japan and Australia, whereby the former country has agreed to purchase 300,000 bales of wool in Australia. It is very doubtful if Japan has gained anything by refusing to buy in Australia, for she has paid much higher prices for wool in South Africa.

Trade continues good in the West Riding of Yorkshire. Mills are generally busy, with the woollen section in many cases running overtime, and consumption is heavy. The entire wool textile industry is enjoying a further period of prosperity. The wool position appears sound, and the outlook encouraging.

GRAIN MARKETS

WHEAT.—The reactionary tendency continued till the end of last week and, despite an improvement after the weekend, prices on Wednesday showed a net decline compared with those ruling seven days earlier. The firmer tone noted during the past few days is attributed in the *Corn Trade News* to the disturbed political situation, further purchases by Italy, and an official forecast of 129½ million bushels for the Australian wheat crop. This indicates a smaller crop than in any recent year, but, on the other hand, prospects in Argentina have been steadily improving in recent weeks.

On Wednesday last, "December" futures were quoted in Chicago at 11½ cents per bushel, against 11¼ cents the week before and 11½ cents a month ago. Quotations in London, Wednesday: No. 1 Northern Manitoba, ex ship, 44s. per 496 lbs., against 45s. 6d. a week ago; No. 2 Northern Manitoba, ex ship, 43s. 6d., against 44s. 9d. a week ago. According to the *Corn Trade News*, total shipments of wheat and flour last week totalled 1,555,000 quarters, against 1,302,000 in the previous week and 1,253,000 quarters in the corresponding week a year ago.

FLOUR.—Wednesday's London quotations (excluding quota payments) were: Straight run, delivered Home Counties, 37s. per 280 lbs., against 37s. 6d. a week ago; delivered inner London, 36s. 6d., as compared with

37s. a week ago. Manitoba patents, ex store, 34s. 9d. to 36s. 3d., against 35s. to 36s. 6d. a week ago. Australian, ex store, 32s. to 32s. 6d., against 30s. 6d. to 31s. a week ago.

BARLEY.—"October" futures were quoted at 6½ cents per bushel in Winnipeg on Wednesday, against 58½ cents a week ago. Quotations per 448 lbs. in London on Wednesday were: "English feed" (new), at farm, 29s. to 30s., against 30s. a week ago; "English malting" (new), at farm, 34s. to 50s., against 32s. to 50s. last week; Californian (new), ex ship, 47s. to 58s., against 47s. to 58s. last week; Chilean, brewing, ex ship, 36s. 6d. to 42s., against 36s. 6d. to 42s. a week ago.

OATS.—On Wednesday, "December" futures were quoted at 4½ cents a bushel in Chicago, against 40½ cents a week ago and 41½ cents last month. Quotations in London, Wednesday: "English Black" (new), at farm, 20s. per 336 lbs., against 20s. a week ago; "English White" (new), at farm, 20s., against 20s. a week earlier; mixed Canadian feed (Vancouver), landed, 21s. 3d. per 320 lbs., compared with 21s. last week.

MAIZE.—The tone of the market has again been quiet and prices are lower on the week. "December" futures were quoted on Wednesday at 9½ cents per bushel in Chicago, against 93½ cents a week ago and 93½ cents last month. Quotations in London, Wednesday: "Plate," landed, 23s. 9d. per 480 lbs., compared with 24s. 3d. a week ago; "Plate," ex ship, 22s. 9d., as against 23s. 3d. a week ago; "Plate," October, 22s. 9d., as against 23s. 3d. a week ago; yellow maize meal, ex wharf, was quoted at £6 5s. to £6 7s. 6d. per ton, as against £6 7s. 6d. to £6 10s. 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	Oct. 30, 1935	Dec. 31, 1935	Oct. 21, 1936	Oct. 28, 1936
Winnipeg (No. 1, Manitoba) —Cents per 60 lb.	65½	82½	85½	84½	111½	111½
Chicago (No. 2 Winter) —Cents per 60 lb.	84½	98½	97½	75½	114½	115½

The visible supply of wheat in Canada amounts to 86,736,000 bushels, against 87,684,000 bushels last week, and 147,928,000 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 October 24	296,803	368,019	461,621	433,293
8 weeks to October 24	3,066,712	4,027,766	3,838,800	2,496,053
Average price of English wheat per cwt.	s. d. 4 10	s. d. 5 0	s. d. 6 2	s. d. 8 8

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
	Cwts.	Cwts.	Cwts.	s. d.	s. d.	s. d.
October 22, 1932	357,285	384,157	67,487	5 7	7 9	6 3
October 21, 1933	296,803	476,392	43,097	4 10	10 2	5 5
October 27, 1934	368,019	428,997	46,273	5 0	9 2	6 7
October 26, 1935	461,621	527,992	52,880	6 2	9 2	6 3
October 17, 1936	388,877	474,279	69,620	8 6	10 1	6 10
October 24, 1936	433,293	549,676	72,161	8 8	10 3	6 9

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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 ended	Northern India	Southern India	Ceylon	Java	Sumatra	Africa	Total
Oct. 24, 1935	d. 75	d. 68	d. 59	d. 56	d. 41	d. 33	d. 75
Sept. 17, 1936	14-29	12-13	13-32	11-03	9-96	11-53	13-56
Sept. 24, "	13-88	12-04	13-29	10-75	9-85	11-46	13-29
Oct. 1, "	13-39	11-85	13-41	10-91	9-90	11-55	13-9
Oct. 8, "	13-22	11-92	13-62	10-81	9-95	11-63	13-03
Oct. 15, "	13-18	12-00	13-87	11-06	10-11	11-30	13-12
Oct. 22, "	13-24	12-08	13-96	11-32	10-07	11-59	13-22

The qualities catalogued for the public auctions in Mincing Lane this week comprised 54,162 packages of Indian and 21,645 packages of Ceylon tea. Competition was again good and the rising trend of quotations continued.

VEGETABLES.—According to *The Fruitgrower's* Covent Garden report tomatoes are easier, but cucumbers firmer on limited supplies. All forms of greenstuff are in abundant supply and sell at low rates. Celery sells well, while carrots, turnips, parsnips and onions are inclined firmer.

The Potato Marketing Board announced this week that, as from November 1st, registered producers on making application to the Board will be granted permission to sell "seconds" for human consumption. "Seconds" are defined as sound, marketable potatoes which have passed through a riddle of 1½ inches and will stand on a riddle of 1¼ inches. "Seconds" may, however, be marketed unless special labels, to be supplied by the Board, are attached to the containers used. Meanwhile, the potato trade at the various London markets has been moderate this week, with prices steady. At the Borough on Tuesday, best siltland King Edward again made 8s. to 9s. per cwt.

MISCELLANEOUS COMMODITIES

VEGETABLE OILS AND OILSEEDS.—Markets are steady but not very active. In the case of linseed, crushers here and on the Continent are buying only sufficient to cover immediate requirements, and are anticipating more favourable terms as a consequence of the improved outlook for supplies. The official report of the condition of the new crop in Argentina confirms private advices, and, unless weather conditions become unfavourable between now and December, a yield of at least two million tons is predicted. In these circumstances the question is asked whether the Argentine Government will maintain the present price guaranteed to the growers. Until that is known forward business will hang fire. The balance of the old Plate crop is being steadily reduced, and now only 200,000 tons of last year India is expected over 300,000 tons shipped in the remainder ago. The quantity of seed aboard ship about the same quantity as a year ago, and that for the United States to 104,000 tons. After a slight upward movement, linseed oil is again easier and quoted at £24 5s. per ton for October–December, ex Hull mill. Foreign oil is competing actively, despite the duty of £5 per ton.

Rather more interest is shown in Egyptian cottonseed, but trade in oil remains quiet and Hull quotations were reduced by 10s. Demand for oilcakes is improving and prices are steady.

FURS.—The autumn series of London fur sales closed on Friday of last week, the tendency of prices showing no further change. The following table compares the chief fur prices paid at the Hudson's Bay Company's October sales with those realised at the sales last April, all quotations being in shillings and pence per skin (raw):—

	Spring Sale, 1936	Autumn Sale, 1936
<i>Beaver</i> , Mackenzie River (Canada)— Ex ex large.....	73/- to 74/-	70/-
<i>Ermine</i> , (York Fort (Canada)— Ex ex large.....	5/7 to 6/1 4/8 to 5/-	5/10 to 6/1 5/10
Scandinavian ex ex large		
<i>Fisher</i> , York Fort, etc.— 1 and No. 2 dark	170/- to 370/-	165/- to 350/-
<i>Fox Bastard</i> — York Fort 1 and 2	41/- to 56/-	45/- to 50/-
<i>Fox Blue Arctic</i> — Dark	110/- to 135/-	135/- to 150/-
<i>Fox Cross</i> , York Fort— Medium colour No. 1	165/- to 195/-	157/6 to 225/-
<i>Fox Red</i> , York Fort— Medium No. 1	72/- to 79/- 38/- to 46/-	75/- 43/- to 53/-
Lapland 1 and No. 2 pale		
<i>Fox White</i> , Western Arctic— 1 No. 1	200/- to 202/-	unsold
<i>Lynx</i> , York Fort, etc.— 1 ex. large	280/-	unsold
<i>Marten</i> , Mackenzie River— 1 pale	110/-	126/- to 129/-
<i>Mink</i> , York Fort— Ex large 1 and 2 dark	69/- to 71/-	67/-
<i>Musquash</i> , black U.S.A.	7/-	unsold
<i>Otter</i> , Canada, etc.— 1 and No. 2 ex dark	166/-	unsold
Skunk, York Fort 1	7/1 to 8/-	5/10 to 8/2
<i>Squirrel</i> , Lapland.....	1/- to 1/2	unsold
<i>Wolf</i> , York Fort— Ex large 1	40/- to 65/-	51/-
The next Hudson's Bay Co.		

The next Hudson's Bay Company's silver fox sale will take place on November 17. The general London winter fur sales will commence on February 1, 1937.

TIMBER.—Imports of building and joinery softwoods in September were far in advance of those for the corresponding month of the past two September, bringing the January–September receipts close to those for January–September, 1934, the record year for imports in these descriptions. Two with a much larger consumption, they are insufficient to pace down. This year, firm on a high level, with little unsold stocks left in European shippers' hands. There are, however, still large quantities, already purchased, or would therefore be shipped. A late closing of ports in northern Europe would into the country as possible. British Columbia, however, open to this coming winter and spring will help to keep the spot market from rising too high.

As stated in the *Economist* dated October 10th (p. 58), the members of the European Timber Exporters Convention, have agreed to leave their export quotas for planed and sawn timber practically unchanged in 1937. As the U.K. (the principal buyer) is expected to use quite as much wood in 1937 as in 1936, while Continental countries should easily increase their

all, restriction of output is likely to keep prices high. There is, however, a likelihood that Canada, with plenty of time for planning, will ship even more than her record quantities to this country two years ago.

The forward and hardwood markets rule very firm on the whole, with large receipts going steadily into consumption. The dearer dollar means an extra cost of about 6d. in the pound on purchases by U.K. operators—unless it can be recovered from American shippers. Prices rule generally firm for American woods, but here and there are to be found weak shippers. Teak has been arriving in good volume in recent weeks, and shippers are still well booked up ahead. Demand here is principally for wagon building, although the demand for good grades is also showing improvement. Mahogany is of good character and size are firm in price, with stocks light on the hands. Plywood has arrived in immense quantities, this week, seems to go into consumption almost as quickly.

RUBBER.—At its meeting on Tuesday, the International Rubber Regulation Committee decided to increase the export quotas for the first half of 1936 by 5 per cent, to 70 per cent of the available supplies. Some increase in the price had already been discerned in the market, prices at the level, and the publication of the Committee's statement resulted in an all-round firming up of quotations, which show a rise of about 3d. on the week. The spot price in New York in 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 8½d. per lb., as against 7½d. on the corresponding day last week. In forward positions, business has been done at 8½d. to 8½d. for "December" shipment, as against 7½d. a week ago. Stocks in London and Liverpool at the end of last week totalled 97,730 tons, against 99,208 tons a week earlier. A year ago stocks amounted to 170,630 tons.

WHOLESALE COMMODITY PRICES

UNITED KINGDOM

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

LONDON, October 28th

CEREALS AND MEAT

GRAIN, Etc.—

Wheat—

No. 2, 1st Man. 490 lb.

Eng. Gaz. av., per cwt.

Barley, Eng. Gaz. av.,

Oats,

Maize, La Plata, landed

480 lb.

Flour, Lon. stan. ex mill,

280 lb.

Rice, No. 2 Burma, per cwt.

MEAT—

Beef, per 8 lbs.—

English long sides

Argentine chilled hinds

Mutton, per 8 lbs.—

English wethers

N.Z. frozen

Lamb, per 8 lbs.—

N.Z. frozen

Pork, English, per 8 lbs.—

OTHER FOODS

BACON—

English

Irish

Danish

Dutch

HAMS—

Canadian

United States

BUTTER—

Australian

New Zealand

Danish

CHEESE—

Canadian

New Zealand

English Cheddars

Dutch

COCO—

(Duty, British grown,

11/8; foreign, 14/- cwt.)

Acacia, f.f., per cwt.

Trinidad

59 0 64 0

COFFEE—

(Duty British grown

4/8; foreign, 14/- cwt.)

Santos supr. c. & f. cwt.

Colombian, good

Costa Rica, med. to good

East Indian

Kaya, medium

EGGS—

English

Danish

FRUIT—Oranges—

South African ... boxes

Brazilian ... boxes

Lemons, Malaga ... boxes

Sicilian ... boxes

Apples: Amer. (var.) bris.

(var.) boxes

Australian

Onions—

Valencia, case

Egyptian, bags

Grapes, Almeria, barrels

Grapefruit, S African ...

Amer. ...

LARD—

Irish bladders

U.S. ... per cwt.

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

POTATOES—

English King Edward

per cwt.

8 0 9 0

SPICES—

Pepper, per lb.—

Black Lampong

White Mumtong

Cinnamon—1st sort, per lb.

Ginger—Zanzibar per lb.

Ginger—per cwt.

African

Jamaica, ord. to good

Mace

Nutmegs, 85's

SUGAR—

(Duty, 11/8 per cwt.)

Centrifugal, 96's, ppt.

shipm. c.i.f. U.K./Cont.

B.W.I., crystallised

Java, white, c. & d. India

Oct.-Dec.

Refined—London—

Yellow Crystals

Cubex

Crushed

Granulated

Home Grown

TEA—

Indian—per lb.—

Pekoe

Broken Pekoe

Orange Pekoe

Broken Orange Pekoe

Ceylon—per lb.—

Pekoe

Broken Pekoe

Orange Pekoe

Broken Orange

TOBACCO—

(Duty, 9/6-10/8 per lb.)

Eclipse growth, 7/5½

8/3½ per lb.)

Virginia leaf—

Common to fine

Rhodesian leaf

Nyasaland leaf

" stripes

East Indian leaf

" stripes

TEXTILES

COTTON—

d.

Mid-American ... per lb.

Sakellaridis, f.g.f.

Yarns, 80's twist

80's twist

FLAX—

Livonian ZK ... per ton

Pernau HD

Siletan Medium 1st sort

H.P. ...

Italian P.C. ... per ton

Manilla, Oct.-Dec. "J2"

Sisal, African ...

JUTE—

Native 1st mks. ... per ton

c.i.f. H.A.R.B.

Oct.-Nov. ...

Danish 18 c.i.f. Dundee

Oct.-Nov. ...

SILK—

Canton ... per lb.

Tussah

Japan

Italian—raw, fr. Milan

WOOL—

English Southdown, greasy, per lb.

Lincoln hgs, washed

Queensland, s.d., super combg.

N.S.W. greasy, super combg.

N.Z., grey, half-bred 50-58

Topa

Merinos 70's Average

64's

Crossbred 48's

48's

MINERALS

Welsh, best Ad'ly ... s. d.

Durham, best gas, t.o.b.

Tyne

Sheffield, best house, at

pits

IRON AND STEEL—

Pig, Cleveland No. 3, d/d.

ton 75 0

Bars, M'bhrough

Steel rails, heavy

Tin plates

METALS—

Copper, Electrolytic, ton

46/10/0

47/0/0

Sheets (strong)

Standard

42 8/9

42/11/3

Lead, Eng. pig ... per ton

20/10/0

Soft foreign

18/12/6

18/13/9

Spelter G.O.B. ...

15 6/3

Tin—English ingots

205/10/0

206/0/0

Standard cash

205/10/0

206/0/0

MISCELLANEOUS

Acid, citric, per lb., less 5%

1 0 1 0

Nitric

0 2 1/2 0 3 1/2

Oxalic, net

0 5 0 6

Tartaric, English, less 5%

1 0 1 0

Alcohol, Plain Ethyl

12 0

Alum, lump ... per ton

8 10 8 15

Ammonia, carb. ... ton

27 0 28 0

Sulphate

6/17/8

Arsenic, lump ... per ton

35 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 8 10 0

Soda, Bicarb. ... per cwt.

10 11 0

Crystals

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 (first, non-returnable)

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

15/17/6

DRUGS—

Camphor

Japan, refined per lb.

2 3 9

Jpecacuanha per lb.

5 6

HIDES—

Wet salted—Australian

per lb.

0 5 1/2 0 5 1/2

West Indian

0 3 1/2 0 4

Cape

Dry and Drysalted Cape...

Marker Hides, Manch'tr.

Best heavy ox and heifer

Best cow

Best calf

INDIGO—

Bengal, gd. red.-vio. to

fine

per lb.

5 6 6 0

LEATHER—

Sole Bends 8/14 lb.—

per lb.

1 2 2 3

Bark Tanned Sole

2 3 3 3

Shoulers for D.S. Hides

0 6 10 10

Do. Eng. or WS do.

1 7 7

Bellies from DS do.

0 4 0 8

Do. Eng. or WS do.

0 5 10 9

Dressing Hides

1 6 2 0

Ro. Eng. Calf, 20/30 lb.

3 6 4 6

Aust. Bends

1 1 1/2 1 1/2

VEGETABLE OILS—

Linseed, naked, p. ton net

24/10/0

Shoulers for D.S. Hides

34/10/0

Cotton-seed, crude

26/10/0

Coconut, crude

24/10/0

Palm

20/12/6

Oil Cakes, Linseed, Eng.,

per ton

8/5/0

Oil Seeds—Linseed—

La Plata, p. ton, Oct. ...

11 6/3

Calcutta—per ton

13 5/0

Turpentine, per cwt.

38 9

PETROLEUM PRODUCTS—

Motor Spirit, No. 1, Lon-

don

1 5

Petroleum, Amer. rid.

for London, per gal.

0 8 1/2

Fuel oil, in bulk, for

contracts, ex instal.,

Thames—

Furnace ... per gall.

0 3 1/2

Diesel ... per gall.

0 4 1/2

RUBBER—

American ... per ton

18/0/0

17/15/0

St. ribbed smoked sheet

per lb.

0 8 1/2

Fine Hard Para per lb.

0 10 1/2

SHELLAC—

TN Orange ... per cwt.

50 0 55 0

SHELLS—

W. Aust. M.O.-P. ...

2 10 10 6

TALLOW—

London town per cwt.

23 6

TIMBER—

Swedish 3 x 8 ... per std.

19 15 10

" 2 1/2 x 8 ...

19 5 0

" 2 x 4 ...

17 15 0

Can'du Spruce, Dis. ...

22 0 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 0

Amer. Oak Boards

" 0 6 0

" Ash

" 0 6 0

English Oak Planks

" 0 6 0

" Ash

" 0 7 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)

	Oct. 30, 1935 Cents	Sept. 30, 1936 Cents	Oct. 21, 1936 Cents	Oct. 28, 1936 Cents		Oct. 30, 1935 Cents	Sept. 30, 1936 Cents	Oct. 21, 1936 Cents	Oct. 28, 1936 Cents
Wheat, No. 2, Winter, nearest future, Chicago, per bushel ...	97½	112½	114½	115½	Sugar, Cuban Centrifugals, 96 deg., spot, per lb.	3-60	3-40	3-35	3-39
Maize, nearest future, Chicago, per bushel	58½	93½	93½	95½	Cotton, middling, spot, per lb.	11-35	12-63	12-25	12-12
Oats, nearest future, Chicago, per bushel	26½	41½	40½	41½	Rubber, smoked sheet, spot, per lb.	13½	16 7/16	16½	16½
Rye, nearest future, Chicago, per bushel	49½	80½	82½	83½	Petroleum, Mid-Continent crude 33 deg., to 33-90, at well, per barrel	94	104	104	104
Barley, nearest future, Chicago, per bushel	43	79	78½	80½	Copper, "Electrolytic," Domestic, spot, per lb.	8-50	9-55	9-87½	9-97½
Coffee, Rio No. 7, cash, per lb....	6½	7½	8	8½	Copper, "Electrolytic," Export prompt, per lb.	8-72½	9-77½	10-10	10-20
" Santos No. 4, cash, per lb.	8½	9½	9½	10	Spelter, East St. Louis, spot, per lb.	4-85	4-85	4-85	4-85
Cocoa, Accra, nearest future, per lb.	4-71	7-24	8-38	8-12	Lead, spot, per lb.	4-50	4-60	4-65	4-70
					Tin, " Straits," spot, per lb.	50-75	46-00	44-10	45-57½

The following are Extracts from articles which have appeared in the columns of

THE FINANCIAL NEWS

during the past week.

CORPORATION ISSUES

The behaviour of the Gilt-edged market during the past week is somewhat difficult to interpret. Whatever its cause may be, however, the present *malaise* and uncertainty certainly comes at an inauspicious moment for the authorities. If the Treasury had been contemplating the issue of a new funding (or defence) loan in the fairly near future, the present temper of the Corporation issue market must necessarily give it cause for pause. The reception of the last batch of issues does not encourage the hope that the market will soon be ready for a major funding and borrowing operation. What would rather be more in order, indeed, would be a relaxation of the pressure of new issues for a fortnight or so, in order to allow the market to absorb the stock which has been forced upon it during the last month. The evidence suggests, indeed, that the effort which was required to subscribe £6,200,000 of entirely new money for the London County Council—albeit on the most attractive terms—has proved itself to be a greater test of the market's absorptive capacity than we had expected at the time. For the more recent issues there has been relatively little demand. Dumfries, Bristol and Manchester stand at fractional discounts. The Aberdeen issue, which was offered at 99½, had a minimum life of only seventeen years, and represented only £625,000 of new money, was only barely subscribed, and dealings began and continued at a discount. This is a discouraging position, in the middle of an autumn in which markets have on the whole been good. It suggests that loans have come a trifle too fast, and even that the stepping-up of the price was a little over-precipitate.

How far this congestion of the Corporation loan market is just one part of the general slight lapse of confidence in the Gilt-edged market as a whole is not quite clear. Certainly Gilt-edged prices have been a little unsteady during the last week or so. Positive reasons for this are not easy to find. There appears to be no essential factor in the short money market, nor in the Budget position, nor in the banking position as a whole, which would warrant any decline at this particular moment. After a four-month rise, of course, a certain amount of profit-taking is inevitable, although it should not normally be of sufficiently great dimensions to make the market as dull as it was at the beginning of this week. The more probable influence is the growing feeling that the Three-Power monetary agreement may sooner or later necessitate a hardening of interest rates here. In the long run, of course, this is true, although the extent to which the Government is prepared to sacrifice the known advantages of cheap money for the potential advantages of stable exchange rates is not yet known. And, in any case, the possibility is a possibility only in the long run. The first sign of it would be a movement of capital back to Paris and Amsterdam (and that movement could be quite substantial without harming interest rates). But so far there has been little sign of such a movement: both Paris and Amsterdam are still too uncertain depositories for funds. The possible dangers of dearer money, therefore, are still a long way ahead.

If the market is beginning to think that the cheap money period is drawing to a close, however, the authorities will have considerable difficulty in maintaining their present policy in the Corporation issue market. The terms of the next batch of Corporation issues will assuredly have to be more attractive—either in price or in redemption date—than those of the October group. Even if Gilt-edged prices as a whole are well maintained for the next few months (the most probable hypothesis), a considerable period may elapse before the market is again willing to take new 3 per cent. loans at par. The experience of the last couple of years suggests that when once the price has been reduced, it is usually a long time before the ground is regained. In January of this year, for example, the price was stepped down from 101 to 100½ and then to 100, and in April it was

stepped down again to 99, but it was not until the beginning of October that the conditions were ripe for an advance to 99½, and events since have shown that even that advance was perhaps a little premature. The conclusion which we may draw from this experience is that the new issue market will not be in a suitable state of mind to receive a big Government funding loan for some months to come. If the loan, of course, like its predecessor at the end of last year, were issued on highly favourable terms, then its success would no doubt be assured. But if the authorities intend to make the terms competitive, then they will have to wait until the present *malaise* has passed.

B.A. WESTERN ACCOUNTS

The general feeling when the B.A. Western dividend was announced was a good deal better than B.A.G.S., but not very good all the same. Last year the holders of the Second Preference got 2½ per cent.—this year they get only 1 per cent. The full accounts are interesting, but not exciting. Once again, they are better than B.A.G.S.'s, but that is about all one says about them.

Receipts are up by £13,383 11s. 9d.—a matter of 0.38 per cent. Passenger traffic (like the B.A.G.S.) has fallen. Fewer people went by train, and they paid less. Road competition is the point here, and the company's enterprising excursion policy could not offset it. When we come on to goods, the position again is much the same as that of B.A.G.S., but the emphasis, of course, is somewhat different, for Western carries less grain and more maize, and so has fared the better of the two.

The company's real activity, however, is centred in the live-stock traffic. Live-stock, in fact, accounts for more than one-third of the total non-passenger traffics. And this has done quite well. The increase has actually offset the goods loss. How far this can be repeated, however, is a question which no Western stockholder can discover for himself. It all depends upon Mr Elliot.

If this levy goes through, and the British people are prevented from buying Argentine beef, then beef sales and Western traffics will decline. That is a matter of arithmetical certainty. If, of course, the same volume of beef still comes in, the matter is different. Either the consumer will pay the levy—which is not what Mr Elliot intends—or the producer will pay, in which case he will want lower freights from the B.A. Western. It is exceedingly difficult to see how the Western can come well out of such a business. And in Western, as in the others, there are maintenance arrears, and labour problems—and traffics so far this year are lower than they were last.

THE FINANCIAL NEWS is now recognised as by far the most informative financial daily paper. It is noted for its independent and penetrating criticism of company reports, new issues, and financial matters generally, written by experts in their particular field of investment. Its share market reports and extensive lists of prices are essential for the investor who really follows the markets, and its columnists "Midas," "Lex" and "Viadux" should be read daily by the alert investor.

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A MODERATE PROGRAMME

THE King's Speech on Tuesday outlined a programme of legislation which, in contrast to the November gloom of the morning on which the Speech was made, must be accounted encouraging in more than one respect. In the first place, it contains a high proportion of domestic reforms, unconnected with precautions against war; and this at the present time is certainly something to be thankful for. Secondly, it includes a number of measures which are in substance non-contentious and hold out the promise of constructive co-operation between Government and Opposition.

At the moment, naturally, the public is most interested in the measures proposed to curb the dangers inherent in Sir Oswald Mosley's anti-Jewish campaign. The intentions of the Government on this matter were expressed in the King's Speech as follows:—

My Ministers have come to the conclusion that the existing law requires amendment in order to deal more effectively with persons or organisations who provoke or cause disturbances of the public peace. A Bill for strengthening the law without interfering with legitimate speech or assembly will be submitted to you.

In the subsequent debate, Mr Baldwin, without revealing the details of the proposed Bill, said that he regarded it as of "great importance and urgency," and added that it would be introduced before Christmas.

If, as has been reported, the Bill contains provisions for the prohibition or at least limitation of quasi-political uniforms, it will be very widely approved. For the public, while anxious to avoid panic measures and preserve genuine liberties, would certainly regard as intolerable the continuance of the present situation in the East End of London. It may consequently be hoped that, if the Bill comes up to expectations, both sections of the Opposition will as far as possible co-operate to make it a non-party measure. Nothing could do so much to strengthen the

prestige of democratic institutions both in this country and abroad at the present time.

A number of other measures have a fair chance of all-party support. The need for a new Factory Act has long been apparent; and both Mr Baldwin and Mr Attlee emphasised the importance of it in their speeches on Tuesday. Few again are likely to oppose the lowering of the health insurance age to 15, or the extension of unemployment insurance to "black-coated" workers, or the implementing of the recent official committee's report on unit trusts, or the standardisation of Ministers' salaries, or the transfer of national roads to the jurisdiction of the Ministry of Transport. The proposed measures for improving "physical education" may be more contentious. Much will depend on how far "education" turns out to mean better nutrition and recreational facilities and how far to mean mere physical drill. The association of this subject at the Conservative Conference with recruiting difficulties has naturally aroused some suspicions. This week's debate on the Address, however, left no doubt how great is the interest taken by the public in nutrition and health, and how general is the demand that some positive advance should now be made.

The Bills for the reorganisation of the coal and meat trades are bound to provoke more dissension. "Unification" of mining royalties will not be contested by the Opposition, so long as the terms of compensation are not over-generous to the holders; but it seems now too much to hope that the Government will again introduce the effective provisions for compulsory amalgamation of mines that were abandoned last summer under pressure from the Mining Association. If they do have the courage to do so, however, they can be assured of support from many Conservatives as well as both sections of the Opposition. On meat policy, on the other hand, there seems little chance of agreement; for the Government is apparently bent on

imposing a levy on foreign imports in order to finance a permanent subsidy. A levy is certainly better than a quota. But if the levy is introduced, the quota ought to be abandoned, and the levy ought to be adjusted to price levels so as to be self-liquidating in the event of rising prices, like the existing wheat levy. It may be that the need to preserve home supplies of meat in case of war will be urged in support of protectionism for the home beef producers. In fact, however, this argument cuts precisely the other way. For the amount of imported feeding-stuffs necessary to raise a given amount of beef requires more shipping space than the imported beef itself.

Perhaps the most disappointing feature of the King's Speech was its failure to indicate any new plan for the reconstruction of the Distressed Areas. The present programme is merely to be continued; but this programme, as the two special articles printed in our columns last week and this week have shown, has proved, and must prove, quite inadequate. Mr Baldwin, after a most bracing affirmation of his faith in freedom and tolerance, relapsed into something like complacency in discussing the state of trade and employment. He did not appear to recognise the necessity for positive measures to assist the Distressed Areas, to revive international trade, or to avert the danger of a business recession eighteen months or two years hence. The same complacency—to use no sharper word—was apparent in the satisfaction implied in the King's Speech with the present situation of the League and the re-armament race now distracting the world.

Unfortunately the threatened storm that hangs over Europe cannot fail to overshadow and, one must fear, to embitter, many of the debates of the new Parliament. All that we can now perhaps dare to hope is that at least some time will be given to domestic reform, and that at least some sign of inter-party collaboration will be on occasions apparent. If the Government would return to the liberal phase displayed just before the General Election, it would be surprised by the response it would evoke, both within the House of Commons and without.

MR ROOSEVELT'S TRIUMPH

NOT even the most optimistic prophet in President Roosevelt's entourage can have foreseen such an overwhelming victory as the American people accorded to him on Tuesday. There were some people who thought that Governor Landon would have a narrow majority. Perhaps the majority of forecasters expected a victory for Mr Roosevelt, but with a very much reduced majority and with the possibility of a Congress so nearly balanced between the two parties that further progress with the New Deal would be difficult. The official managers of the Democratic campaign predicted a victory "nearly" as sweeping as in 1932, but their statements were considered to be little more than the compulsory eve-of-the-fight optimism common to politicians and pugilists the world over. If any seers thought that Mr Roosevelt would actually improve on the vote which put him into office in 1932, or that he would be supported by a Congress even more unprecedentedly one-sided than that which was elected in 1934, they were unable to induce a newspaper to print their speculations.

Yet that is precisely what has happened. In 1932, Mr Hoover could find only six States to support him, and only one of these, Pennsylvania, was of major importance. His vote in the Electoral College was only 59 out of 531. At the time this was considered, and with some justification, to be such a humiliating defeat that poor Mr Hoover has ever since been a liability to any cause to which he has attached himself. With a Republican Party rejuvenated under more vigorous and more "liberal" leadership, it was not thought that Governor Landon could possibly do any less well than Mr Hoover. But he has carried only two States, both of them of negligible importance, and the Electoral College vote will be 523 for Roosevelt and 8 for Landon. The peculiar American system of voting (which was described in an article in last week's *Economist*) has, of course, exaggerated the difference between the majority and the minority. But there is no alibi for the Repub-

licans in the electoral system. In 1932 Mr Roosevelt received about 57½ per cent., and Mr Hoover about 39½ per cent., of the total popular vote. The full figures of this week's vote are not available as these lines are written, but it is already obvious that Mr Roosevelt has increased his proportion of the total. Judging by the provisional figures, he has out-voted all his rivals in combination in the proportion of 3 to 2. The Congressional elections have followed the same trend. Though final results are missing again here, it seems that the Democrats have increased their majority both in the Senate and in the House of Representatives.

After Tuesday's vote it is no more than a recognition of simple fact to say that Mr Roosevelt is the most popular President that America has known, certainly since the Civil War, and probably since the Revolution. What are the reasons for this abounding popularity? The policies of the New Deal were surveyed in some detail in a Supplement to the *Economist* of October 3rd, and though the final judgment then pronounced was more favourable than adverse, nobody could claim that the policies of the New Deal have been either uniformly successful or uniformly popular. Why, then, has the American electorate so enthusiastically endorsed the President who conceived and executed these policies?

One reason can be found in the contrast between the condition of the country in March, 1933, and its state of rapidly-returning prosperity to-day. *Post hoc ergo propter hoc* is a logical fallacy; but perhaps for that precise reason it is a sound political principle.

A second reason can be found in the personality of the President himself. He is all that a successful politician should be. His campaign smile, his radio technique, his phrase-making gift, his surpassing abilities as a charmer, his rarely-failing instinct for what will appeal to the plain man, even his choice of enemies—all have helped him.

Another powerful factor in his favour has been the fact that many millions of voters have been directly assisted by his policies, even apart from the indirect benefit to them of the general revival in trade, which he may or may not have promoted. The Democratic Party organisation has not failed to remind the beneficiaries of relief and of "agricultural adjustment" that they owe their cash receipts to the policies of a Democratic President and a Democratic Congress. In some districts this steady flow of cash has been used for more than the cultivation of gratitude and has served to irrigate the parched coffers of the Democratic "machine" itself.

Neither particular benefit nor general recovery nor personal charm, however, is sufficient—nor are all three in combination—to explain such an overwhelming victory. There is obviously something about the New Deal which has fired the imagination of the country. One does not need to search very far to find this inner element of Mr Roosevelt's strength. On the day of his inauguration he promised "Action, and Action now," and ever since he has contrived to give the impression that he was leading a democracy on the march. The march has, it is true, led into more than one *cul-de-sac*, from which direct retreat has been necessary. But always the American democracy, under Mr Roosevelt's leadership, has been on the move, always the voter could consider himself one of an army continually striving to combat privilege, to relieve misery and to establish "the abundant life." Mr Roosevelt has caught a little of the spirit which in other countries has been distorted and debased into Fascism.

The moral of his triumphant re-election—and it is a moral that all democratic countries, Great Britain not least, should take to heart—is that the people will forgive the bold experimentalist his occasional errors in gratitude for his strenuous good intentions. They will never tolerate the cautious pedant who waits before moving to be sure that every last detail of his plan is approved by the orthodox, and consequently seems never to move at all. Mr Hoover may or may not be the better economist, but in any case it is not he who can rally the multitude and organise the democracy. And since politics is the art of the possible, not the science of the ideal, it is the Roosevelts who, with all their faults and inconsistencies, become, and deserve to become, the great statesmen.

The full consequences that will flow from this week's

vote cannot yet be predicted. They depend in very large measure on the conclusions which Mr Roosevelt himself will draw from the unprecedented vote of confidence he has been given. The victory is so complete that he would be justified in proceeding even with those parts of his programme which have been thought to be unpopular. A continuance of relief in its present form, of agricultural adjustment, of social security, of public utility regulation can all be confidently predicted. A revival of experiments such as the N.R.A. is not improbable. Mr Roosevelt may even feel himself strong enough to tackle the problem of the Constitution itself in order to break out of the sterile dilemma in which recent decisions of the Supreme Court have placed the Federal Government. Proceeding to still bolder flights of imagination, it is even conceivable that he may venture to act upon the belief that a great nation such as the United States should have a foreign policy.

Equally interesting, and equally speculative, are the probable effects of the election, not upon policy, but upon politics. When one party has had a majority in American elections in the past, it has always been because it has been able to build up a larger coalition of States than its rival. Other Presidents in the past have received as large a proportion of the popular vote as Mr Roosevelt (Harding in 1920, for instance, received over 60 per cent.), but they have always had to face large geographical minorities. Mr Roosevelt, however, gets his majority in 46 States and almost sweeps the board of the Electoral College. This can only mean one thing—that the old geographical basis of the parties is breaking down and being replaced by a division of policies or interests. The Democrats are becoming, under Mr Roosevelt's lead, the party of the Left; the Republicans, in spite of Mr Landon's "Liberalism," the party of the Right. Where this new alignment of parties will lead American politics we can as yet only dimly foresee.

A TALE OF TWO CITIES

AT Milan last Sunday Signor Mussolini delivered another of those orations to the Fascist faithful and the infidel world which we are rapidly being schooled to expect—from the Duce himself or from his opposite number in Berlin—almost every week-end. This time the Duce reverted to an habitual theme in his grandest "olive branch on 8,000,000 bayonets" manner. An organisation for perpetual peace, we were told, was both futile and otiose. Men must fight; the League of Nations and its principle of collective security might now be allowed to die quietly; "indivisible peace" meant indivisible war; and so forth. This part of his speech was doubtless mainly intended for home consumption. Many other speeches of a like nature were so intended before the Duce began his war of aggression against Abyssinia.

But just as such speeches by the Italian dictator in the recent past have had epoch-making effects on European political alignments, so it would be rash to-day to dismiss these words of the Duce as insignificant. They must now be read in a European context; and that context, which the hesitations and fumbblings of British and French Governments have done so much to provide, was summarised by the Italian dictator himself last week-end when he said: "This vertical line between Berlin and Rome . . . is an axis round which all European States animated by the will to peace and collaboration can co-operate." This is, then, the new tale of two cities—Rome and Berlin; not henceforth, as in the story of Dickens, London and Paris. Yet the rest of the world wonders whether Europe as a whole can, in fact, support anything approaching equilibrium round the new Rome-Berlin axis.

The thinking Englishman or Frenchman notes the long train of wanton breaches of plighted engagements, the cynically accomplished facts, the invocations by the twin dictators of Italy and Germany of blood and iron as the agents of *raison d'Etat*. He recalls the hopes of a new



7, CHANCERY LANE, LONDON

world order based on respect for the rule of law which the post-war world nourished, and asks whether these hopes now offer precisely nothing. And the people of the other countries bordering on Italy or Germany are all asking the same questions. Is there any reality in this much-advertised association between Rome and Berlin? Even if it is hoped to regroup Europe about the new axis, can it really become effective against the constellation of forces which, though alarmingly weakened in the last twelve months, still centres round the London-Paris line, prolonged to Geneva? Finally, will not the attempt to shift Europe's centre of gravity—if it comes—be inevitably accompanied, if not achieved, by war?

The answer to such questions is lost in a maze of doubt and uncertainty. The contrast between the public utterances of irresponsible dictators and the more responsible diplomatic conduct of their foreign relations is not the least of the difficulties which totalitarianism has bequeathed to Europe. The two remaining democratic Great Powers of Europe, France and Britain, have to decide where speaks the authentic dictator and what is his real policy: the unexpurgated and unrepudiated *Mein Kampf* or the dulcet utterances of Herr von Ribbentrop; the olive branch which Signor Mussolini offers to England or the 8,000,000 bayonets on which it was presented; the militant fulminations against Russia by Herr Hitler and his adjutants at Nuremberg, and the invective against the League and collaboration with "Communists" on the one hand, or on the other, the fervent official desires of March 7th last for a general European settlement and a return of Germany to a reformed League; the Duce's minatory demands for the cessation of British naval measures in the Mediterranean, or his request for an "understanding" with this country. Both Signor Mussolini and Herr Hitler have so repeatedly belied their plighted word in the last three years that to-day no Government in Europe dare trust implicitly to any of their pronouncements. The result is a breakneck race in armaments among all their immediate neighbours, even the so-called "neutrals." The word has gone round with a grim twist to it: *inter fascies silent leges*.

Since the Italo-German agreement over Austria of July 11th last the two Fascist dictatorships have officially presented to the world something which looks like a united front. A fortnight ago that front was apparently cemented by Count Ciano's return visit to Berlin; and last Sunday Signor Mussolini explicitly confirmed it. Rome and Berlin seem now to have agreed to make a sudden, joint diplomatic offensive aimed at London and Paris. It is clearly directed at the complete segregation of Eastern and Western Europe; the separation of Russia from France and Czechoslovakia; and the driving of a wedge between France and England. Moreover, the Duce was at pains—as we note on page 252—to try and blind Roumanian and Jugoslavia to the danger which a German sally against Czechoslovakia would ultimately mean for them, and thus to break up the defensive solidarity of the Little Entente.

Then, with France isolated and preoccupied by the fear of a new Fascist Power upon her remaining land frontier, the Duce and Führer could together bluff, or, in the last resort, threaten England with two alternatives: either a strictly limited West European "settlement" which lay under the control of Germany and Italy, or else a ruthless united front of Italy and Germany in every European question, as over Spain. Naturally, if the British Government accepted this Italo-German programme, it would enable the Nazi Party to attain the next objective of its own independent foreign policy: that free hand in the south-east of Europe which is the condition precedent of a militant "forward policy" destined to consolidate all Central and South-Eastern Europe under rigid political and economic German rule.

But at this point of the story we begin to suspect Signor Mussolini of "hedging" with his Northern colleague. The Duce may conceivably be prepared to throw part—or all—of Czechoslovakia to the wolves, but he cannot blink the fact that once Moravia goes to Germany, neither Vienna, nor Austria, nor Yugoslavia, nor Fiume, nor Trieste, nor even Venice herself and the Adriatic, can be defended by Italy against Germany on any conceivable strategic front. The Duce would only contemplate giving Germany the supremacy in these vital zones of Italian interest if he were convinced that the French and British Governments have finally abdicated their world position and are too weak or too unwilling to face a steadfast Italo-German combination; or, alternatively, that the situation in Central Europe is capable of being turned to Italo-German advantage by German military action against Czechoslovakia. Italy might then stand aloof and threaten England and France with that same threat of general European war which has done such yeoman service in the crises over Abyssinia, Spain, and the militarisation of the Rhineland.

It is difficult to believe that so shrewd a diplomat as Signor Mussolini can imagine that German penetration to the south-east can possibly be to Italy's advantage. If, on the other hand, he is counting on the former possibility above, both he and the Führer, and any of their European sympathisers, will be rudely and catastrophically disillusioned. Unfortunately, as before 1914, it is always impossible to say in advance upon precisely what point democratic British—and to-day, French—opinion will take a sudden stand. But that such a stand will one day be taken, we have no doubt. Mr Eden, in the Commons on Thursday, told the Duce that Britain had no aggressive designs in the Mediterranean; and that the British route through that sea was "not a short cut, but a main arterial route." At the same time Mr Eden reciprocated German desires for friendship with this country, but attached the two important conditions that "such friendship cannot be exclusive," nor can it be "directed against anyone else." If perchance the Duce really thinks that he can keep England and France quite quiet, while he profits at their expense in various parts of the world, we would beg him, with all the earnestness of which we are capable, to temper his natural optimism after Abyssinia and Spain with a greater admixture of realistic caution. After last Sunday's ebullition, we have the uncomfortable suspicion that the Duce's glee over the discomfiture of Britain and France may impel him to become even less cautious than the German military authorities. They at least realise their unpreparedness for a truly general European war of attrition, and are by no means sure that an external adventure south-eastwards could be begun without leading to war all over the Continent. But if Berlin actually started such a move, the Duce might find himself compelled suddenly to "swap horses."

Try as we can to feel our flesh creeping at these threats of a firm and immutable Italo-German front in Europe, we confess we can only discern something that looks extraordinarily like bluff—a bluff which has its uses for the conclusion of a "Western Locarno" favourable only to Germany, but none the less a bluff which seems to us peculiarly dangerous to the Italy of Signor Mussolini. After all, if Duce and Führer have, for the moment, wrested the European initiative from the British and French Governments, they have wrested with it the responsibility for whatever befalls on the Continent.

CORN IN BRITAIN

THE cultivation of the principal corn crops—wheat, barley and oats—accounts for about three-sevenths of the total arable area of Great Britain, and some 5 per cent. of the value of agricultural and horticultural produce sold off British farms. Four years ago the Government secured the passage of a Wheat Act which completely transformed the outlook for home growers of wheat and upset the traditional balance between wheat and other cereals. What has been the subsequent course of events?

The Act guaranteed to domestic growers of millable wheat a subsidy in the form of "deficiency payments" equal to the difference between the ascertained average price of home-grown millable wheat and a statutory standard price of ros. per cwt. The subsidy was financed by a levy on the flour millers, which has been, of course, passed on to the final consumer. Fortunately for him, however, the full subsidy was limited to 27,000,000 cwt. of millable wheat. The Act provided that if—as quickly occurred—production were to exceed this figure, the deficiency payments were to be scaled down proportionately. Thus wheat production was made much more profitable, but indefinite expansion was capable of being checked by declining prices. Some effects of this measure may be traced in the following table:—

WHEAT—PRODUCTION, IMPORTS AND PRICES

	1913	1929	1932	1934	1935	1936
Acreage ('000 acres)—						
England and Wales	1,702	1,330	1,288	1,759	1,772	1,703
Scotland	54	51	52	98	101	94
Great Britain	1,756	1,381	1,340	1,857	1,873	1,797
Production ('000 tons)—						
England and Wales	1,494	1,271	1,105	1,748	1,623	1,337
Scotland	47	58	60	111	120	(a)
Great Britain	1,541	1,329	1,165	1,859	1,743	(a)
Imports ('000 tons)—						
United Kingdom	5,294	5,588	5,282	5,133	5,061	5,150(b)
Prices (per cwt.)—						
Gazette average	7/5	9/10	5/11	4/10	5/2	6/10

(a) Not available.

(b) Estimated on the basis of nine months' figures.

The inducement to wheat farmers to expand their acreage, coupled with favourable weather conditions, produced large crops in 1933 and 1934. A deficiency of rainfall caused a setback last year and a further contraction—due, paradoxically, to superabundance of rain—occurred this season. It remains true to say, however, that the Wheat Act has offered a powerful incentive to the wheat farmer to expand his production; and that the resulting expansion has been accompanied by a decline in imports and (until the present season) by a reduction in prices. More recently the factors discussed in an article on the world wheat position in the *Economist* of October 10th have raised the world price and consequently reduced the deficiency payments to British growers.

Undoubtedly the subsidy has benefited the Eastern counties, where, incidentally, farmers have also profited from the sugar beet subsidy. It is in this area that the bulk of Great Britain's wheat is produced. Part of the extension of the wheat acreage has doubtless been at the expense of barley, whose recent experience is summarised in our next table:—

BARLEY—PRODUCTION, IMPORTS AND PRICES

	1913	1929	1932	1934	1935	1936
Acreage ('000 acres)—						
England and Wales	1,559	1,120	961	861	792	819
Scotland	198	101	68	96	76	74
Great Britain	1,757	1,221	1,029	957	868	893
Production ('000 tons)—						
England and Wales	(a)	998	767	727	656	647
Scotland	(a)	101	66	90	76	(a)
Great Britain	1,408	1,099	833	817	732	(a)
Imports ('000 tons)—						
United Kingdom	1,122	599	509	778	855	1,082(b)
Prices (per cwt.)—						
Gazette average	7/7	9/11	7/7	8/8	7/11	8/2

(a) Not available.

(b) Estimated on the basis of nine months' figures.

Barley is cultivated over a rather wider area than wheat; but while the demand for wheat is almost exclusively for human consumption, the demand for barley comes from two distinct sources. The better qualities are used by the brewing industry, and the remainder is consumed for feed-

ing purposes by the livestock and poultry industries. Owing to the long-term decline of both those demands, the area under barley in Great Britain has shrunk to little more than one-third of its dimensions in the quinquennium 1876-80. The acreage reached a record low level in 1935, with a slight recovery this year. The decline has been least evident in counties like Norfolk, Suffolk, Lincoln, the East Riding of Yorkshire, and Cambridge, where soil and climate are best suited to the crop. Since 1929 imports have shown a rising trend and prices have been acutely depressed.

In the Eastern Counties barley and wheat may both be grown on the same farm, but certain other barley-growing areas are not suitable for wheat production. From these districts, inevitably, there have come appeals for State assistance to put the barley grower on a more equal footing with the subsidised wheat producer. The problem is complicated by the difficulty of drawing a clear line of demarcation between malting and feeding barley. A tariff on all imported barley would seriously affect the livestock industry, which is already, in its turn, depressed. Barley in grain still enters the country duty-free, while foreign imports of wheat pay 2s. per 480 lbs. under the Ottawa Agreements Act. Growers, however, benefit in two ways. First, pearled barley and other barley products from foreign sources bear a duty of 3s. 6d. per cwt. or 20 per cent. *ad valorem*, whichever is the greater. Secondly, there is a "gentlemen's agreement" between the brewers and the Import Duties Advisory Committee, under which the former purchase a minimum of 7,500,000 cwt. of home-grown barley annually. According to the *Brewing Trade Review*, brewers' purchases in the year ended June 30th last actually totalled 7,729,000 cwt., against 7,458,000 cwt. in the preceding season.

Oats, finally, can be grown in more exposed positions than wheat and barley; and are raised not only in England, but also over wide areas of Wales and Scotland. The progressive decline in the number of horses, in a motoring age, is mainly responsible for the heavy falling off in the post-war consumption of oats, which is disclosed by the following table:—

OATS—PRODUCTION, IMPORTS AND PRICES

	1913	1929	1932	1934	1935	1936
Acreage ('000 acres)—						
England and Wales	1,975	1,854	1,580	1,402	1,418	1,417
Scotland	938	889	868	817	827	828
Great Britain	2,913	2,743	2,448	2,219	2,245	2,245
Production ('000 tons)—						
England and Wales	(a)	1,522	1,251	1,116	1,138	1,034
Scotland	(a)	755	746	645	681	(a)
Great Britain	1,988	2,277	1,997	1,761	1,819	(a)
Imports ('000 tons)—						
United Kingdom	908	346	324	161	178	110(b)
Prices (per cwt.)—						
Gazette average	6/10	8/10	7/-	6/3	6/8	6/4

(a) Not available.

(b) Estimated on the basis of nine months' figures.

The decline in consumption has been less at the expense of home production than of imports, which have been subject, since 1932, under the Import Duties Act, to a duty of 3s. per cwt. on foreign imports. Oatmeal and certain other products of this grain pay no less than 7s. 6d. per cwt. Though the decline in the domestic price since 1929 has been similar to that of barley, the fall is not so serious from the growers' point of view, since oats are much less a "cash crop" than either wheat or barley.

In post-war years, therefore, cereal production in Great Britain has been carried on in face of a long-term price decline, which occurred at a time when costs of production were showing a relative increase. As the labour bill represents some 36 per cent. of gross farm costs,* the burden of the minimum wage provisions, first imposed under the Corn Production Act of 1917, may readily be appreciated. The vexed question of tithe has also an important bearing on total costs. The rise in expenditure has been to some extent counteracted by the use of labour-saving machinery and by the concentration of production on those crops which need least human labour. But from the viewpoint of many farmers, all other considerations have been subordinate to

* See "The Labour Bill and the Output on Arable Farms." By R. McG. Carslaw and P. E. Graves. *Journal of the Royal Statistical Society*, Part IV., 1935.

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the effect of the passage of the Wheat Act. Wheat production in certain areas has undoubtedly been rendered highly profitable. But the extension of wheat acreage has been by no means a net gain, even from the purely quantitative aspect. Expansion in the Eastern Counties, for example, has been partly at the expense of barley and possibly also at the expense of oats. The process of readjustment is not yet complete. Unless the Government intervenes yet again, the transfer to wheat from other cereals will continue until "marginal production" is equally profitable in all three instances—which is not the case as yet.

THE DEPRESSED AREAS—II

(BY A SPECIAL CORRESPONDENT)

AN article in last week's *Economist* examined the condition of the Special Areas, discussed some of the reasons for the comparatively meagre results achieved by the Commissioners, and stressed the need for a more active policy for stimulating industrial development. The present article suggests some of the practical forms which such a policy might take.

The most urgent matter is that of the Commissioners' powers. The King's Speech, this week, promised merely "to extend the period of operation of the Special Areas (Development and Improvement) Act, 1934," and Mr Baldwin subsequently made it clear that the Government's intention is to include the measure in the Expiring Laws Bill before Christmas. Parliament will thus be denied an opportunity of criticising the Act in detail, or modifying its terms. It may be sincerely hoped, however, that before the Debate on the Address ends, early next week, an opportunity will have been taken to press for proper reconsideration of the hampering restrictions and anomalies mentioned in Mr Malcolm Stewart's reports. In particular wider powers to make grants, even though these were "payable" by Government Departments, would not only free the Commissioners from the most paralysing effects of the "general standards" of the bureaucracy; they would greatly increase the influence of the Commissioners over the local government and other bodies through which they have to work.

The most serious limitation of the Commissioners' powers, however, is not easy to remove. It is impossible to allow them to be faced with innumerable demands for pecuniary assistance to private profit-making concerns. But it is quite another question whether a definite financial incentive on a clearly limited basis should be given to enterprises ready to take the risk of launching out in the areas. Sir Harry McGowan has suggested that this incentive might take the form of a percentage grant towards capital expenditure on fixed assets. After all, we are subsidising agriculture to the tune of £33,000,000 annually and giving £2,000,000 to tramp shipping. To grant a non-recurring subsidy to new enterprise would intrinsically

be far less objectionable than to allow a vested interest like the beet sugar industry to profit perpetually at the tax-payers' expense.

Apart from transfer, with all its disadvantages, the only possible solution of the Special Area problem is the stimulation of industry, and above all of new industries. Since, as Mr Malcolm Stewart has repeatedly explained, the recovery of the old industries will be quite insufficient, and there is not enough local talent and enterprise in most of the Areas to start new trades, it is essential to attract industrialists from outside. And although the growing shortage of labour in the prosperous districts is giving manufacturers some anxiety, it will hardly of itself prove a sufficient incentive to induce them to launch out in completely new areas.

It is, above all, this problem of incentive which has to be faced. Here the real difficulty seems to lie with the Board of Trade. The Board feels that to give an inducement to Mr A to start his factory in one district rather than in another is the first step on the slippery slope towards dictating the location of industry. Thus in spite of the obvious national advantages of inducing manufacturers, so far as is economically possible, to start new undertakings in areas where labour is available instead of increasing the congestion, say, on the Great West Road, very little can be done. This attitude probably explains why none of the help given to the Special Areas really constitutes a differential incentive to manufacturers. Trading estates (though they may prove valuable assets to the areas) can be found elsewhere and the terms which the Special Areas Reconstruction Association is able to grant, even with the partial Government guarantee against loss, are not so different from those obtainable elsewhere as to have very much effect in attracting industry.

Subsidies are by no means the only way of providing an incentive. The writer has before him a letter from an experienced manufacturer who is anxious to develop an experimental toy-making industry in West Cumberland on a considerable scale. He admits that the costs would probably be slightly higher than elsewhere, but this disadvantage would be more than outweighed if he could be helped to obtain a market for his novelty products, at any rate while he was establishing himself. And he strongly urges that an attempt should be made to capitalise the good will universally felt towards the areas from a marketing point of view. A Special Areas Marketing Board running a campaign to popularise Special Area goods would probably have a very great effect towards attracting the secondary consumption industries which are so badly needed.

A similar inducement can be given by preferential treatment to the Special Areas in Government orders. This is, in fact, the Government's declared policy, and, according to the Prime Minister, the necessary instructions have been issued to the Departments. But what a manufacturer contemplating the establishment of a factory in a Special Area wants to know is whether, if he turns out goods up to standard, he will really obtain definite orders which would not otherwise have gone to him. While here and there preferential treatment may have been given, neither the principle nor the mechanism has been sufficiently developed for the policy to exercise a real "pull" on industrialists.

For such help as is available, even in obtaining orders, manufacturers depend on the Development Councils. These bodies are clearly anxious to do all they can; but with their very limited resources and tiny paid staffs they are expected to cope with practically all the manifold tasks involved in securing the recovery of their Areas. This question was dealt with most emphatically by Sir Harry McGowan in a speech last November, when he declared that both the resources and the personnel of the Councils were inadequate and that the grants made to them out of the Commissioners' funds needed to be largely increased. In particular, the vitally important research into the suitability of various areas for different manufacturers took a great deal of time and cost a lot of money. He suggested that, provided the funds were available, many industrial firms or associations would be able and willing to lend qualified men to explore specific possibilities of manufacture.

Once the research is done, the problem of setting up the industry arises. It has hitherto been practically useless to

approach established industrialists in other districts. A possible way out of this dilemma may be to approach the younger men in the industries concerned—men of more elastic habit of mind than their elders—who may be dissatisfied with their position and prospects. Such men might be more likely to see opportunities and more ready to make a move in order to seize them than any established industrialist. In this connection an interesting suggestion has been made that the younger executives of established concerns should be attracted by the guarantee of their existing earnings for a period of years. In many cases the man who conducted the original research might be prepared to take on the business.

If the Development Councils are to proceed on such lines, they will need not merely larger resources, but wider powers. In particular, they will need to be able to meet some expenses in the experimental stage of new industries, which would be held at present to contravene the restrictions on all money emanating from the Commissioner, the source of the Development Council's funds.

There are many other ways in which a more liberal supply of funds to the Councils would be of value. For example, publicity for most of the Areas has hitherto been comparatively unco-ordinated and ineffective. Publicity is largely a matter of spending money; and a determined and thorough attempt to put the Areas "on the map" might show surprising results. Residential conditions are a further point, to which little attention has hitherto been directed. Mr Malcolm Stewart has written of "vaguely defined and vaguely felt prejudices" against settling in the Areas, and it may well be that some of these are not such as industrialists care to mention to official inquirers. After all, the men in the new industries are progressing quite well in the South. They enjoy opportunities for pleasant social contacts and all the attractions of London. Yet if businesses are to be established in the Special Areas, managers and managing directors must be prepared to live there. The problem is not easy, but an energetic attempt to develop attractive parts of the Areas (such as West Cumberland) as holiday and residential centres, coupled with the skilful use of social influence and a general atmosphere of welcome to newcomers on the part of all concerned, would certainly have some effect.

There are many other possible ways of stimulating enterprise which will occur to any business man. For example, during the last few years a great many foreign industrialists have started factories in this country in order to come within the tariff barrier. At the same time, political circumstances in Germany have made available a wealth of industrial enterprise and talent comparable only to that of the Huguenots and the Flemish weavers in the past. Yet although the Government command various means of influencing the actions of immigrant industrialists, there has been no concerted attempt to induce suitable men to come or to establish their businesses in the areas where they are really wanted.

Even in the arms industry, where Government influence is paramount, there has been no widespread endeavour to make use of the obvious strategical advantages of West Cumberland and South Wales. All in all, it is difficult to resist the conclusion that the Government has failed entirely to realise the great economic advantages of spreading the present boom over a wider area, largely owing to its unwillingness—in this respect, though certainly not in many others—to depart from the paths of orthodoxy.

THE PRIVATE ARMS TRADE

On February 20, 1935, before the Government's two White Papers on National Defence of March, 1935, and March, 1936, a Royal Commission was appointed with, *inter alia*, the following terms of reference:—

(1) To consider and report upon the practicability and desirability (both from the national and international point of view) of the adoption (a) by the United Kingdom alone, (b) by the United Kingdom in conjunction with the other countries of the world, of a prohibition of private manufacture of and trade in arms and munitions of war, and the institution of a State monopoly of such manufacture and trade.

The Commission was further to consider and report whether any steps might usefully be taken to remove or minimise the kinds of objections to which private manufacture is stated in Art. VIII, para. 5, of the League Covenant to be open; and, finally, to examine and report whether the present control in this country of the export trade in arms and munitions required revision, and if so in what directions.

At first sight the Report of the Commission, issued last Saturday, seems to be a victory for the anti-nationalisers and a defeat for the critics of the present system. But second thoughts leave a more mixed impression. It is unfortunately true that many of the proposals of the Commission are vague, and in their wording show evident signs of compromise between conflicting opinions. But in spite of this defect, the Report contains a statement of principles which, if strictly applied, would go far towards removing the evils so strongly resented by public opinion.

It must be admitted that much of the argumentation of the Report is unconvincing. The Commission makes great play with the argument that whereas Great Britain ought to fall in with any international agreement whereby armaments might be reduced, and in that event should be ready to fall into line on a universal plan for abolishing their private manufacture, circumstances have for the time being ruled out of court any hope of limiting armaments by agreement; and in the present period of frenzied competition we cannot possibly contemplate national monopoly of armament production. Yet almost in the same breath the Commission observes that the armament business is wholly nationalised in Russia; except for the factor of private profit, is completely under national control in Germany and Italy; and is about to be partially nationalised in France. It is not obvious why sauce for the goose is not sauce for the gander. Yet the Commission adds that "none of these examples seem to us to have much value for British industry." In the light of experience elsewhere and of what the Government is itself doing in this country, the critics will not be convinced by the assertion that since all the country's industries work directly or indirectly for armaments, nationalisation of arms manufacture could only be achieved satisfactorily by a scheme for the nationalisation of industry as a whole. This argument would apply to the London Transport Board, electricity, and a dozen other public services.

Nor is the argumentation over private profit very lucid. It is recognised that there is something revolting to the conscience of ordinary people in the idea that war and preparation for war are profitable to particular persons and that the public are doubtful of being able to remove by direct methods the evils that may arise from the existence of this incentive. The intense and genuine public feeling on this matter, says the Commission, ought not to be disregarded. Yet, they say, the complete removal of the profit motive is "neither necessary nor desirable." The outcome is a compromise suggestion that measures should be taken to restrict profits to a reasonable remuneration—a course which is justified on its merits "having regard to the fact that the private industry is in effect engaged in a public service and is virtually of a monopolistic character."

But in spite of all these defects and compromise formulae, the Commission reaches three statements of principle which if applied would at least remove the worst objections to the present system, would relieve public anxiety and would make easy any further step that might subsequently be called for. This in itself is no small achievement, for it would be difficult to imagine circumstances more unfavourable to the calm consideration how this industry should be run than those of the last twelve months.

The first proposal of the Commission is that the Government should assume complete responsibility for the armaments industry in the United Kingdom and should organise and regulate the necessary collaboration between the Government and private industry. This should be done through what would in effect be a Ministry of Munitions, and its task should include not merely control of the industry in peace time, but the preparation of plans for the immediate expansion of armament production—the Commission uses the phrase "the conscription of industry"—in the event of war. The task of this Ministry should be facilitated by the recommendation that some specimens

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of all types of armament should be manufactured in the Governments' own establishments. This scheme for a Ministry of Munitions, which is adumbrated in outline only, is likely to find favour in many quarters which are dissatisfied with the present apparent lack of order and inadequate control over the private industry of armament manufacture.

Secondly, while disclaiming that it possesses the necessary technical qualifications for framing a suitable scheme, the Commission urges that a plan should be devised for limiting the profit of armament firms in peace time in the manner already referred to.

In the third place, it is proposed that a different attitude should be adopted towards the export of arms. Instead of assuming that licences should be granted unless cause were shown to the contrary, the licensing authority should satisfy itself that the export was desirable. Licences should only be granted to firms specially authorised to accept orders by the new Ministry of Munitions; they should be restricted to orders from foreign Governments; and instead of the present system of granting open licences for certain classes of arms, specific licences should be required in all cases. This view is based on the dictum—which should dispose of much fallacious argument—that the nucleus for expansion of productive capacity provided by the export trade is not sufficiently great to justify a policy of active encouragement of the trade by the Government. This is a highly significant conclusion.

Finally, in this matter of the arms trade, the Commission, somewhat indirectly but nevertheless clearly, states its opinion that the Government made a mistake in rejecting the proposal made in 1934 by the United States delegation for an international control of the manufacture and trade in arms. It recognises that the suggestion then made for international inspection and the disclosure of information might be distasteful to many Governments, including presumably our own; but the very suggestion "commanded a wide measure of support abroad," and "the possibility should not be missed of securing international agreement in the domain of arms control, even on a limited scale."

Subsidiary recommendations are that the private export trade in surplus and second-hand munitions of war should cease; and that public officials "should not accept appointments with armament firms except with the approval of the Minister in charge of the department in which they are serving or have served." The first of these suggestions is admirable, and if universally adopted would put an end to much possible buccaneering. The second is also perfect in theory, but in practice is one of those suggestions which changes nothing, for it is not to be supposed that permission would ever normally be withheld.

Taken as a whole, the Commission's report is much more searching than might have been expected at a moment when re-armament is in full swing and private industry in all directions is receiving largesse from the Service departments. It takes cognisance of the fact that suspicion of the effect of the profit motive in the arms trade stirs the public more deeply perhaps than any other sentiment. At the same time, something like war mobilisation in miniature is taking place. Paradoxically it may prove that this very fact may lead even a Conservative Government to take a much firmer control of the arms industry than it could have been persuaded to do by a dozen commissions in halcyon days of peace.

NOTES OF THE WEEK

Municipal Elections.—Municipal elections are always difficult to interpret; for only a third of the total councils are elected in any one year, and the results of one year have therefore to be compared with those of three years before. In England and Wales, Labour made a net gain of 200 seats in 1933; and this year has suffered a net loss of 81 (128 losses and 47 gains). This loss was partly made to the Conservatives, who showed a net gain of 44, and partly to the Independents, whose gain was 42. Stafford, Warrington and Mitcham have now been lost to Labour; and at Birkenhead, Leyton and Gateshead anti-Labour gains have made party strength equal on the councils. On the other hand, Eastleigh and Southall, two new boroughs, will have Labour councils; and Labour and anti-Labour representatives are equal at Coventry. In Scotland, Labour lost three councils and gained one. In general, it would probably be a mistake to connect the Labour losses with dissensions over foreign policy; for this is not an issue in municipal elections. The main cause is probably the great increase in employment since 1933. The recovery from depression has meant a slight shift of local sentiment in favour of stability rather than change.

A New Jarrow Scheme.—Sir John Jarvis stated in a speech to the Jarrow marchers on Tuesday evening that he had decided to lay down a plant for making tubes at Jarrow. Sir John said that he had purchased the boiler works at Palmer's Yard and the freehold land on which it stands. He was sharing the cost of laying down the plant with one of the big banks, and the new Government Department, the Special Areas Reconstruction Association, was subscribing the maximum amount of capital permitted. "So far as I am concerned," Sir John declared, "I neither want nor shall accept any profits on my money." He hoped that the new plant would be producing by the spring. At first it would employ hundreds, but might later employ thousands. In reply to Sir John Jarvis, the Mayor of Jarrow remarked, with perhaps pardonable incredulity, that he would believe in the new factory when he saw "smoke coming out of the chimney." If, however, as seems fair to hope, the scheme actually follows the lines foreshadowed by Sir John Jarvis, something will have been done for Jarrow at last. In that case everyone will applaud Sir John's public spirit; but the responsibility resting on the Government will be none the less. Indeed, it will be the greater; for a Government worthy of the name can hardly leave it to private benefactors to perform public duties at their own expense. The chairman of the Jarrow Conservatives suggests this week that the best permanent solution of the Jarrow problem would be the return of an Admiralty shipyard to Jarrow. This may prove one feasible plan; but no good reason has yet been advanced for the abandonment of the original steel scheme. At any rate the Government must clearly propose something in response to the petition laid before Parliament on Wednesday.

The Spanish Struggle.—Beleaguered Madrid has this week been subjected to continuous aerial bombardment, mainly in the working-class quarters; and on Thursday the capture by the rebel forces in the south-west of the Getafe aerodrome and adjoining villages enabled them to shell the capital. The rebels' progress is almost entirely in the south-western sector of their front, which extends over two-thirds of the circle round Madrid; and though the Government forces have made two big counter-attacks, one of which temporarily freed the line to Valencia through Aranjuez, they have not been able to hold up the rebels' advance. In Oviedo the rebels have again lost ground; and in the north and the south-eastern littoral region their efforts are merely aimed at holding the position reached, until the fall of the capital. It is reported that General Franco is preparing to land forces in Catalonia under cover

of aerial bombardment, in order to take the Government forces there in the rear, once the Government, as is to be anticipated, removes to Barcelona. Meanwhile, *The Times* Madrid correspondent on Wednesday confirmed the report that some of the rebels' artillery is Italian, and that it is manned by Italian troops sent from Genoa with 15-inch guns and ammunition. It may be that the Italian men and material were sent before Italy finally "agreed in principle" to the Pact. The Committee met again for its weekly meeting on Wednesday, and again it adjourned, having decided nothing. The German allegations of breaches of the Pact by Russia, though stoutly supported by the Italian representative, were found to be unsubstantiated. With such "tit-for-tat" procedure the British and French Governments, seeing the pass to which things have now come in Spain, can scarcely be content. But, as we said last week, they are the prisoners of their own good faith. They are as silent as they are impotent.

Dr. Goebbels on Colonies.—Dr. Goebbels replied this week to foreign criticisms of General Göring's recent pronouncement on colonies. General Göring had stated that both Germany's colonies and her gold had been "stolen" from her, and that it was consequently impossible for her to pay for raw materials with gold. Commentators on this remark pointed out that it was, nevertheless, possible for Germany to obtain raw materials by exporting in the ordinary way and securing foreign exchange. This observation is described by Dr. Goebbels as "impudent and insulting." It is not clear why. Our Ambassador in Berlin has entered a courteous protest against such utterances, which are not calculated to ease Anglo-German relations. With the argument that Germany was "robbed" of her gold by reparations we deal in a leading article on Germany's present exchange position, which appears on page 264 of this issue. For the rest, there is no substance in the suggestion that Germany's present raw material troubles have anything to do with colonies. In the first place, the bulk of raw materials do not come from colonies; and in the second place, in so far as they do, they must normally be paid for, not by gold, but by exports. The implication of much Nazi propaganda on this subject is that, if Germany possessed colonies, she would merely take the raw materials without paying for them at all. Fundamentally, Germany has the ability to buy her necessary raw materials, if only her bilateral trading policy were relaxed. For if her contention is that it is foreign tariffs which prevent her exporting and obtaining foreign exchange, the answer is that every nation's exporters have to face tariffs, and that German tariffs are not the lowest. In actual fact, Germany's difficulty in importing ordinary "civil" raw materials is due to two main causes: her expensive re-armament programme, with its heavy needs of specific raw materials, and her insistence on holding her currency in artificial relation to separate foreign currencies. There may be good reasons why Germany should govern colonies: but this question of raw materials is not one of them.

Mussolini Muddies the Danube.—In his Milan speech the Duce took occasion to muddy the waters of the Danube, which in recent months had begun to look a little bluer under the sunshine of his smile. He said that "no final co-ordination of interests in the Danube basin" could be accomplished until justice was done to Hungary, the great mutilated nation, 4,000,000 of whose people lived outside her present frontiers. (Incidentally, the Duce seems to have discovered about half a million exiled Magyars more than the Hungarians themselves have claimed!) The Duce went on to mention Roumania and Yugoslavia as neighbours of Italy whom Italy wanted as close friends. The omission of Czechoslovakia in connection with friend-

ship with Italy was clearly intended as a hint that revision of Hungary's frontiers should only come from the Czech territory. Now while the manner and extent of Hungary's mutilation was one of the greatest injustices of the Peace Treaties, the Duce knows well enough that for some months relations between Czechoslovakia and Hungary have been improving, and that Prague has been urging Belgrade to make a reconciliation with Rome. In this good work, Vienna has been a kind of bridge between Prague, Rome and Budapest; and, despite the Hungaro-Italian rejection of the Czech Prime Minister's, M. Hodza's, *démarche* last spring for closer economic co-operation between the three Little Entente countries and the three Rome Protocol countries, the recent conversations between M. Kánya, the Hungarian Foreign Minister, and M. Krofta, the Czech Foreign Minister, had opened up vistas of real co-operation in the Danube basin. Such economic co-operation might easily, after a sifting period of growing prosperity, enable some measures of political revisionism to be achieved. Indeed, the mere opening-up of closer economic co-operation between Hungary and the Little Entente could justify Hungary in requesting, and the Little Entente in accepting beforehand, revision of the disarmament clauses of the Treaty of Trianon—clauses whose equivalents in the cases of Germany and of Austria have already been unilaterally torn up. The case of Turkey and the recently agreed remilitarisation of the Straits is an auspicious precedent. But for this, a beginning of closer Danubian co-operation is first necessary. Now Signor Mussolini rushes in to muddy the waters, with the callous calculation that he will be better able to fish up for himself two of the three Little Entente minnows, while securing the amity of Herr Hitler and Hungary by leaving the third minnow to them. Happily, neither the Roumanian nor the Yugoslav authorities have risen to the bait; and the mud which Signor Mussolini has stirred seems merely to be acting as a screen for persistent consolidation of relations between the three Little Entente States on the one hand and—what may yet prove a shock to both Italy and Germany—between them and Poland on the other.

Cotton Trade Dispute.—The Lancashire cotton industry is preparing for extended discussions and negotiations on the wages question. This week (our correspondent writes) the Skipton strike has been brought to an end after lasting ten weeks. During the strike the Cotton Spinners' and Manufacturers' Association refused to appear before the Conciliation Board, as in their opinion the strike was entirely contrary to the procedure laid down under the joint rules. It is understood that no time will now be lost in fixing a date for the Conciliation Board to meet under the chairmanship of Mr Charles Doughty, K.C. There is no probability that the full demand of the operatives will be granted, but during the last few weeks cloth manufacturers in quoting for their goods have borne in mind the probability of some increase in the wages bill. The demand of the operatives in the spinning mills for the restoration of the reduction in wages in 1932 means an advance of 14 per cent. To-day (November 7th) a delegate meeting of the Operative Spinners' Amalgamation is being held in Manchester, when it is expected that the Executive Council will be given power to take a ballot on the question whether the members are willing to withdraw their labour to enforce the demand. It is necessary for 80 per cent. to be in favour before action can be taken. It is anticipated that the necessary support will be given, and in a few weeks the trade unions will give one month's notice to the employers of their intention to cease work unless their application is granted. It is therefore probable that no real crisis will arise before the middle of December. Many things may happen, but it is generally believed that a stoppage of work will be avoided by a compromise.

The Bedwas Ballot Result.—A general strike was threatened in the South Wales coalfield in September because Sir Samuel Instone, of the Bedwas Colliery management, refused to allow his employees to belong to the South Wales Miners' Federation on the ground that it was not representative. Eventually, Sir Samuel agreed to the

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holding of a secret ballot in which the men could declare their preference for the Federation or for the "Industrial Union." The result of the ballot, declared on Friday, was as follows:—

For the Federation	1,177
For the "Industrial Union"	309
Majority for Federation	868

The claim of the Federation to represent the men is thus substantiated by an 80 per cent. majority. It may be hoped that Sir Samuel Instone will accept the implications of the result with a good grace, and that a dispute which might have involved a whole coalfield will be disposed of without any aftermath of bitterness.

Coup d'Etat in Iraq.—On October 29th a military *coup d'état* was ruthlessly carried out in Iraq. A flight of Army planes over Baghdad suddenly dropped copies of a manifesto signed by an Iraqi officer, General Bakir Sidki. The manifesto demanded the dismissal of the existing Cabinet and named the new Prime Minister—Sayyid Hikmat Sulayman. The demand was soon reinforced by the appearance of a second flight which dropped bombs. Two hours later it was announced that General Yasin al Hashimi's Cabinet had resigned, and that Sayyid Hikmat Sulayman had duly been entrusted with the formation of a new Cabinet. Before the day was over, one of the most distinguished members of the late Government, General Jafar al Askari, was treacherously murdered by a "safe conduct" officer while on his way from the King to meet Bakir Sidki by appointment. The other members of the late administration have escaped with their lives, but have been summarily evicted from their country—among them the late Foreign Minister of Iraq, Nuri Pasha as-Said, who has been one of the leaders of the Arab national movement, and who, only the other day, was playing a constructive part in helping to bring the fighting in Palestine to an end. The change of regime in Iraq may give food for unpleasant reflections both to the non-Arab minorities in that country and to the people of this country—who had hoped that all the British effort that has been put into Iraq during the past 22 years might bear fruit in the growth of a civilised, democratically governed, Iraqi national state in permanent friendship with Britain. Such hopes are now overcast; for the new military dictator of Iraq is notorious for one thing. That is the brutality with which—on his personal initiative—the Assyrian minority was crushed in 1933. Moreover, his puppet Prime Minister is the man who, as Minister of Justice at that time, condoned Bakir Sidki's conduct. The policy of ruthlessness towards the Assyrians was accompanied in the bearing, and even in the words, of both these men by a truculence towards Great Britain which would have been offensive had we not been determined to take no offence. Half a century ago, the Bulgarians astonished by their ingratitude the Russians who had liberated them from the Turks in 1878. Are the British destined to be treated to a similar experience at the hands of a few Iraqis?

Next Week's Issue of

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will include a

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A New Austrian Cabinet.—True to recent precedents, the Cabinet of Chancellor Schuschnigg resigned and was promptly reconstructed under the Chancellor on Tuesday night. The reshuffle had been expected ever since the Chancellor, with the reported concurrence of Signor Mussolini, "dropped" Prince Starhemberg as Vice-Chancellor last May, secured his retirement from the leadership of the Heimwehr in September, and finally abolished the separate existence of the Heimwehr last month by absorption in the forces of the centralised "National Front." Accordingly, this week's reshuffle has eliminated Heimwehr influence from the Cabinet; for Major Baar-Baarenfels (the Vice-Chancellor who succeeded Prince Starhemberg when he was dropped), Dr. Draxler (Minister of Finance), Herr Hammerstein-Equord (Minister of Justice) and Herr Stockinger (Minister of Commerce) were all pronounced supporters of the Heimwehr, and they have all been dropped. Of the four new Ministers, the Vice-Chancellor, Field Marshal Hulgerte, and the new Finance Minister, Dr. Neumayr, are unknown quantities; but the latter's advent will scarcely affect Austrian currency and exchange policy, which remains in the hands of Dr. Kienboeck, the President of the National Bank. The important thing is that all four new Ministers are pro-German, without necessarily being pro-Nazi; and this will clearly twist the Cabinet towards co-operation with the Nazis while it strengthens the Chancellor's immediate position. It is perhaps significant that one of the new Ministers, Dr. Neustädter-Stürmer, becomes Minister for Public Security, while Colonel Glaise-Horstenau is Minister for the Interior. They are both pan-German in sentiment, in key positions. Chancellor Schuschnigg is evidently bent on squaring the circle of Austrian politics; but a Cabinet is a difficult theatre in which to attempt such a manoeuvre.

The Keelung Incident.—For the second time within a few months the British and Japanese authorities are completely at variance with each other over a serious question of facts in which the parties immediately concerned are members of their respective forces. Last time the scene of the incident was Peking. British soldiers stationed there were accused by the Japanese of being guilty of the murder of a Japanese officer—a charge which was not substantiated by the results of an official inquiry on the British side. The latest incident occurred at Keelung, in Formosa, on October 7th; and the victims are three British blue-jackets. There is no doubt about the maltreatment which these men received, for the physical condition in which they were released by the Japanese police affords evidence which cannot be disputed. The Japanese account how the men came to be mishandled is that they resisted the police when the latter were dealing with them on account of their failure to pay a taxicab fare. The British inquiry has resulted in a version of the facts irreconcilable with the Japanese story. The men say that they went quietly to the police-station in order to give their own account of the facts, and that they were there mishandled, and even

tortured, in order to make them sign statements corroborating the police story. It appears that the Japanese police in Formosa have a bad name for extorting "confessions" of this kind by such means; but usually, of course, the victims are natives who have no means of making their voices heard. Meanwhile, the British Naval Commander-in-Chief of the China station has cancelled a courtesy visit which he was on the point of paying to Japanese ports. This incident is curiously like the outbreaks against foreigners in Japan itself, which were one of the outstanding features of that uneasy interval between the reopening of Japan in the middle of last century and the great reforms of 1867-68. Since then it has been the boast of Japan that she has established within her frontiers a system of justice to which the nationals of the civilised countries in the world may confidently entrust themselves; and the validity of this claim was recognised when, at the turn of the nineteenth and twentieth centuries, the foreign Powers, one after another, agreed to the abolition of extra-territorial jurisdiction in Japanese territory. Have the Japanese forgotten that in this movement it was Great Britain that took the lead?

London's Millions.—London to-day, with its 8,000,000 or 9,000,000 inhabitants, is something of a miracle—if not in every way a pleasant one. Unusually interesting information about the working of the miracle is contained in the third Annual Report of the London Passenger Transport Board. Most remarkable of all perhaps is the rapid growth of Outer London and the steady shrinkage of the centre:—

	Estimated Population.			L.P.T.B. Area
	County of London	Outer Zone of Greater London	Total for Greater London	
At mid-year				
1911	4,521,000	2,748,000	7,269,000	7,970,000
1921	4,524,000	3,012,000	7,536,000	8,360,000
1931	4,406,000	3,832,000	8,238,000	9,200,000
1935	4,185,000	4,290,000	8,475,000	9,500,000

These figures show that during the last 24 years the population of the County of London declined by nearly 340,000, despite a natural increase of 270,000. On balance, therefore, some 610,000 people moved from the County area, which is, roughly, within five miles of Charing Cross, to districts outside the County but within "Greater London," which is, roughly, within 15 miles of Charing Cross. The combined effect of migration from the provinces into Greater London (380,000) and from the County into the surrounding area (610,000) since 1921 has therefore been to add 990,000 persons, or, allowing for the natural increase, about 1,280,000 to the population of the outer zone of Greater London. The Report also tells us that every Londoner travels on the average 440 times a year in a London Transport vehicle; that the number of private cars licensed in London and the home counties was 426,000 in September, 1935 (270,000 more than 10 years previously); and that there are now about 2,000,000 bicycles in the London Transport Area. Nothing but the coming fall in population, it seems, can prevent a grand universal deadlock appearing one fine day (or probably one wet day) in the London streets. And in the meantime, the problem of coping with "rush-hour" transport demands is becoming increasingly complex.

The Gold Clause Again.—The question whether a promise to pay in gold coin of a specified weight and fineness is to be interpreted as prescribing a mode of payment or laying down a measure of value has been one of the most troublesome legacies of the "devaluation era." Is the obligation satisfied by payment, pound for pound or dollar for dollar, in a devalued currency, on the ground that payment in the old gold coins has become impracticable or even illegal? Or was the clause designed to provide a yardstick for measuring the debtor's obligation in the old currency in terms of the new? In Feist's Case, the British House of Lords decided that the "measure of value" interpretation applied to a sterling debt with a gold clause. Subsequently the Supreme Court of the United States found, broadly, that a dollar gold clause was to be similarly construed, though creditors were powerless owing to their

inability to sue the American Government. It happened, however, that the British Government was a debtor under the gold clause, since it had issued 5½ per cent. dollar bonds, in America, in 1917, payable at holder's option either in United States gold coin or in sterling at \$4.86½. Last November, on a petition of right brought in the King's Bench Division on behalf of a bondholder, Mr Justice Branson found that the matter was to be decided not by United States law but by English law. He held, however, that the "mode of payment" interpretation applied and the British Government could discharge its obligation by paying an identical number of depreciated gold dollars. The case went to the Court of Appeal, which last Monday upheld the "measure of value" interpretation and set the finding of the lower Court aside. The Master of the Rolls made it plain that the Court was impressed by the desirability of a uniform construction of the gold clause by different Courts. Leave to appeal to the House of Lords has been granted, and finality will be reached only when that House has delivered its judgment. If the view of the Court of Appeal is upheld, however, the interpretation most welcome to creditors, and least welcome to debtors, will have scored a famous victory, and the "gold clause" will have a weapon against future currency devaluation, will not have proved wholly a broken reed. The question, incidentally, is still of interest to the British Government, for \$20 millions of the original issue of £143½ millions of 5½ per cent. bonds were outstanding last year.

Tin and Copper.—As we suspected, when commenting on the tin position in the *Economist* of September 26th, Siam chose to wait until the last moment before yielding to the entreaties of the International Tin Committee. According to a statement issued by the Committee after Thursday's meeting, agreement has at last been reached with Siam about the terms under which she is willing to adhere to a new restriction scheme. But no details have been published with regard to these terms. It would not be surprising, however, if the terms were more favourable to Siam than those which the Committee was willing to concede at the beginning of negotiations. In any case, the continuation of restriction next year now seems almost assured, and the market promptly reacted by raising the "cash" price of tin to £224 per ton on Thursday, compared with £217 per ton on Wednesday. Another event of importance was the decision of the copper mining concerns adhering to the international restriction scheme to raise quotas on Thursday from 95 per cent. to 105 per cent. of the standard tonnages, based on output in January, 1935. But, like the previous quota increases, the latest increase had little effect on the market, Thursday's closing price, at £44 7s. 6d. per ton, showing a rise on Wednesday's figure. Since August 1st copper quotas have been raised by no less than 50 per cent. That prices continued to advance in spite of the successive relaxation of restriction is an indication that the speculator has taken a hand in the market, though his activities do not seem confined to copper.

Bacon-Pig Contracts for 1937.—Under the Pigs and Bacon Marketing schemes bacon-pigs are sold on contracts between feeders and curers, the terms of which are fixed annually by negotiation between the two Boards concerned. This year, after protracted negotiations, the Boards were unable to reach an agreement, and Sir Robert Greig was accordingly nominated by the Minister of Agriculture to adjudicate on the differences between them. In consequence of Sir Robert's award, announced last week-end, considerable modifications will be made in the 1937 contract, which should be highly satisfactory to the pig producers. A basic price of 12s. per score (i.e. 20 lbs.) will be paid when an agreed ration of feeding stuffs costs 7s. 6d. per cwt.; this is the price which the Pigs Board have been asking for. With every rise of 3d. per cwt. in the cost of feeding stuffs, 1d. per score will be added to the basic price, while with every fall of 3d. per cwt. 1d. will be deducted. Moreover, the contract price will not in future have any reference to the selling price of bacon, and there is to be no question of securing "equitable dis-

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tribution" between the curers' factories by requiring feeders to send their pigs long distances. A final concession to the producers is contained in the provision that if 2,400,000 or more pigs are offered on contract to the curers for 1937 an additional 2d. per score will be added to the basic price. The Pigs Scheme has been in chronic danger of breakdown ever since its inception, but it is anticipated that the support of the producers may now be more readily given. Incidentally, the curers will benefit more than before from any rise in the price of bacon—a fact whose significance will not readily be overlooked by consumers.

Volume of Overseas Trade.—The latest returns of quarterly changes in the volume of Britain's overseas trade, published in last week's *Board of Trade Journal*, are a little more encouraging. During the first two quarters of this year, the volume of British exports was actually somewhat smaller than during the corresponding periods in 1935; but in July-September the quantity of exports of manufactures showed an increase of 5.2 per cent. over the third quarter in 1935:—

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	116.2
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	867	90.3	365	83.3	438	76.8
1933 ...	627	71.3	878	91.7	367	81.9	447	78.7
1934 ...	681	73.3	929	96.9	396	82.2	462	84.4
1935 ...	702	75.0	936	97.8	428	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 "	186.1	73.1	227.0	95.0	101.0	81.1	124.4	87.3
3rd "	168.4	74.3	226.0	94.6	105.3	82.0	128.3	90.0
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
3rd "	192.1	77.6	247.6	103.5	112.2	83.2	134.8	94.5

The expansion of British exports in the third quarter of this year is gratifying in view of the inability of some of our leading export trades, especially the iron and steel and engineering industries, to meet current home demand. The improvement was most marked in the case of textiles, apparel, vehicles, and paper and cardboard; the volume of exports of iron and steel and machinery was only slightly larger than in July-September, 1935; and shipments of nonferrous metals and manufacturers, cutlery, hardware, implements and instruments, and electrical goods and apparatus were actually smaller than a year ago. Owing to the expansion of business activity in this country, the increase in the volume of retained imports was even more marked and amounted to 9.1 per cent., compared with the third quarter of 1935. The quantity of raw materials purchased abroad in July-September this year was 19.3 per cent. heavier than a year ago, and the volume of manufactured imports showed an increase of 14.2 per cent. over the corresponding period in 1935. The average value of both imports and exports was slightly higher than in the third quarter of last year. Present indications point to a further expansion of the volume of overseas trade.

OVERSEAS CORRESPONDENCE

From our Correspondents in each centre

UNITED STATES

INFLUENCE OF THE MACMILLAN REPORT

As the first emotional reactions to the French devaluation and the Gentleman's Agreement ebb away, Wall Street is attempting to reach some conclusions about the implications rather than the contents of a document which it rates as platitudinous in expression, but of solid import. As Wall Street sees it, the Agreement is not a contract guaranteeing stabilisation, but an official acknowledgment of international understanding of the need of replacing monetary autarky, or at least monetary nationalism, with recognition that an exchange rate is, by its very term, a mutual relationship. This is, of course, an elementary and fundamental idea; but one which has not been too influential in recent years. The second fact is a slow realisation of the extent to which the recommendations of the Macmillan Report of 1931 are becoming incorporated in the monetary system not only in England, but here. It is questionable if the directors of American monetary policy have been consciously guided by that report; but the fact remains that the American system appears to be developing along its suggestions; even though Washington is fond of reiterating that all its monetary policies are on a twenty-four hour basis.

One aspect of the arrangement arising out of the monetary agreement is widely criticised—its intended secrecy; and on two grounds. The first objection is that there is no such thing as true secrecy in operations of magnitude. One way and another, a considerable number of persons are able to learn or infer the facts, if not the details, and to conduct themselves accordingly; while at the same time, the majority of persons equally interested, are in ignorance. The second objection is that commonly raised against the gold-exchange standard of the '20's—that under the system it is possible for minor elements of instability and disequilibrium to accumulate uncorrected and unnoticed except by the closest observers, until a major problem has developed.

An action of local significance has occurred in the insistence by the Securities Exchange Control on what is called the segregation of broker and dealer activities in the Stock Market. In Wall Street there is no such differentiation of functions as exists in London between brokers and jobbers. The nearest counterpart of the London jobber is the "specialist," who "keeps the book" on one or more shares. The same firm may (a) conduct a general brokerage business, (b) have a floor member who is a specialist, and (c) trade actively for its own account.

In a long report on the subject, the S.E.C. urged its views largely on the argument that the "mixed" firms offered opportunities for the abuse of a fiduciary relationship, although it cited no instances of such abuse. Indeed, this is certainly not one of the more common forms of iniquity in Wall Street. On the main question whether the functional purpose of a security market would be better served by the retention of the American system, or by the adoption of a segregated system, perhaps more analogous to that of the British market, there is real ground for argument; but the report is silent on that issue. It is quite clear that the proposed segregation would involve difficult readjustments in Wall Street, and it seems equally probable that the S.E.C. intends to press for legislation.

Not only did the seasonal summer recession in business fail to appear this year, but the approach of the election has brought no visible sign of hesitancy or uncertainty. In fact, since early spring, production and trade have continuously surpassed expectation. This phenomenon has raised the question whether or not a part of the unexplained production is leading to an accumulation of stocks. Two arguments are generally advanced by those suspecting overbuying: the possibility of labour troubles which would interrupt production; and the prospect of advancing prices. Both, but particularly the latter, are persuasive reasons for

liberal present and active forward buying; but high as production has been, the bulk of the evidence supports the idea that the passage of goods into consumption has kept pace. The data on stocks are not among America's best statistics; but on the whole, surprising as the production figure has proved, there is little evidence and little definite rumour of accumulating stocks. On the contrary, there are rather strong reasons for believing that fourth quarter production will be unusually well maintained, and that the consumer trade at Christmas will surpass that of any previous year.

In this connection, it is worth while to remark again on the economic importance of the shifting of the motor season. The motor industry is America's largest single industry, and by reason of the practice of annual changes in models, has always had so large an amplitude of seasonal fluctuation as to come very close to producing an annual business cycle. Formerly the new models were introduced in January to catch the spring trade, with the result that the seasonal mid-winter low in the motor industry coincided with inactivity in the outdoor industries, like building, thus intensifying the seasonal distress of the industrial population. The shift in the motor season has probably distributed employment and production more evenly, although the two years of its trial have been so strongly characterised by ascending general activity that its specific advantages have been obscured. The change was regarded with some trepidation two years ago; but one might venture the opinion that it has proved one of the major innovations of the period, and possibly capable of some extension to other industries.

WIDENING FEDERAL ACTIVITIES

In its capacity to ignore problems or to avoid joining issue on acknowledged problems, the electoral campaign just closing has been typical of its predecessors. As Wall Street sees it, whichever candidate be elected, the scope of Federal activity will continue its general tendency to widen. That is, the number of points of tangency between Government and institutional production and finance will be more numerous rather than fewer; and the problems of relationship will be more complicated rather than less complicated.

The traditional American method of finding its administration is the spoils system plus a rather embryonic civil service. For the most part, the civil service never extended beyond the minor positions, and practically not much beyond simple clerkships; and while it afforded considerable security to its membership, it offered only limited prospects of promotion, since, generally speaking, the more advanced positions were reserved for the spoils system. This does not imply that the *personnel* appointed under the spoils system was either incompetent or corrupt; it does imply that it was composed of amateurs who had barely an opportunity to become familiar with their work before their appointments expired, or they sought other employment.

Of necessity, the additional administrative mechanisms created in recent years were hastily recruited and manned almost exclusively under the spoils system. These administrators have neither security of office nor prospect of advancement except through political favour. The situation has often been compared to the war period; but the analogy is false, since the war organisation was by nature temporary, and much of the present enlargement of Federal activity is by nature permanent. In a few instances, civil service status was extended, but never beyond the elementary clerical grades. In Wall Street, the question of creating a permanent civil service, competent to handle "professionally" the enlarged activities of the Federal Government, is one of the major issues of the time. The National Civil Service Reform League has submitted a questionnaire to some 900 candidates for Congress, about a proposed Constitutional Amendment, which would provide for the establishment of a general Federal Civil Service; approximately 95 per cent. of the replies were favourable.

NEW YORK, October 27.

FRANCE

NO SHARP RISE IN RETAIL PRICES

PARLIAMENT returns from the recess this week; and at once will be faced with the Budget. The present Cabinet originally promised a recovery of business to be achieved by an increase in the purchasing power of the masses. The cost of this policy was an increase of 4,000 million francs in the Budget deficit; an increase in the public debt of about 10,000 millions; and certain further expenditure connected with the Wheat Office, advances to business, nationalisation of the arms industry, etc. But the recovery of business failed to reveal itself in official statistics. The rise of retail prices between April and August was nearly 6 per cent., whilst the rise of wholesale prices in the same period was not more than 5.5 per cent.

With devaluation a new experiment has begun. A reduction of public expenditure is now inconceivable, though a further increase would be dangerous. The hope of balancing the Budget must rest on the prospect of an increase in receipts, caused by the recovery of business. But this will not be possible if social peace is not restored.

The policy of the "Front Populaire" Government is based on the belief that the rise of retail prices will be less than the rise of wholesale prices, and that there will therefore be an increase in the purchasing power of the masses, which will launch the revival of business. The rise of prices has been stimulated by several causes: the revalorisation of farm products, the new social laws, the devaluation and the rise in world prices, the bad crops of this year, and other influences of minor importance, such as the Italian and the Spanish conflicts. It is naturally very difficult to say what part of the rise must be attributed to each cause. The following table shows, however, the level of the retail prices of 19 food products a year ago; on May 15th, i.e. on the accession of the present Cabinet; on September 15th, i.e., on the eve of the devaluation; and on October 15th.

RETAIL FOOD PRICES (FRANCS)

Products	Units	Oct. 15, 1935	May 15, 1936	Sept. 15, 1936	Oct. 15, 1936
Bread	kilogramme	1.60	1.60	2.15	2.15
Red wine	litre	1.35	1.65	1.90	2.05
Sugar	kilogramme	3.35	3.20	3.50	3.65
Chocolate	"	11.90	10.80	11.20	12.00
Rice (Saigon)	"	1.40	1.40	1.50	1.50
Jam	"	9.80	9.80	10.40	10.60
Table oil	litre	5.80	5.70	6.40	6.40
Vinegar	"	3.60	3.60	3.60	3.60
New milk	"	1.20	1.20	1.20	1.30
Butter	kilogramme	15.00	15.00	14.80	15.60
Cheese (Camembert)	piece	2.50	1.60	2.25	3.10
New Eier	"	0.70	0.45	0.60	0.85
Paris ham	kilogramme	31.50	32.50	33.00	30.00
Ribs of beef (without bones)	"	20.00	21.50	23.00	22.00
Veal (loin without bones)	"	19.50	21.50	21.00	21.50
Shop stew	"	8.00	9.00	9.50	9.50
Rabbit	"	9.00	9.50	10.50	9.60
Chicken	"	13.50	23.00	16.75	15.70
Potatoes	"	0.50	1.20	0.60	0.90

This table shows that the rise in retail prices was very small up to May 15th, despite the revalorisation of farm products, but that in the period between May and September, which covered the introduction of the new social laws, there was a marked rise. This may be accentuated in the next few months for various reasons: (1) the seasonal decline of prices during the summer will now be reversed; (2) the Price Committees induced private interests to sell their stocks at existing prices, but this will not last longer than the stocks; (3) the devaluation must in time produce some effect. Much will depend on factors still unknown, such as the 40-hour week (which the Government is to make very flexible for small firms) and the rise in world prices. Factors tending to restrain the rise will be the reduction in taxes and transportation charges and the lowering of the rate of interest.

The coal market in September was again very active, with orders exceeding the normal. Consumption was 5,802,000 tons, against 5,490,000 tons in September, 1935. Production was 3,567,000 tons, against 3,210,000 tons in August and 3,972,000 tons in July (3,787,000 tons in



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September, 1935). Stocks diminished by 286,000 tons in August and 353,000 tons in September. Imports were 1,968,000 tons in September, or 300,000 tons more than in September, 1935. The average price of imported coal was 96.68 francs a ton, or 2.26 francs more than in the preceding month.

French consumption during June, July, August and September, 1936, was thus 22 million tons, an increase of 820,000 tons over 1935. Production during the same period fell by 883,000 tons, or 6 per cent. Stocks during the last twelve months have decreased by 1,635,000 tons and by 663,000 tons during the last four months. In October the mines continued to sell more than they produced. Conditions in the French coal industry in the first nine months of 1935 and 1936 have been as follows:—

	(000's omitted)		
	First nine months of 1935	First nine months of 1936	Differences in 1936
Consumption	49,484	50,862	+ 1,378
Production	34,816	34,420	- 396
Imports (Saar included)	16,439	16,705	+ 266
Exports	1,091	1,054	- 37
Stocks	5,002	3,367	- 1,635

Following the application of the 40-hour week the price of domestically produced coal has risen by 21 francs (from November 1st).

The figures of iron and steel production show an important rise in comparison with August, 1936, and also with September, 1935. Production of cast iron was 492,000 tons in September, against 465,000 tons in August and 472,000 tons in September, 1935. Production of steel was 541,000 tons, against 460,000 tons in August and 522,000 tons in September, 1935. For the first nine months of the year steel production was 4,884,000 tons, against 4,580,000 tons for the same period of 1935.

Unemployment for the week ending October 24th was 409,195, against 411,610 on October 17th. This fall is contrary to the seasonal movement usual at this time of year.

PARIS, November 5.

GERMANY

NEW PRICE REGULATIONS

A REICH Price Commissar was appointed last week; new measures for regulating prices and the use of raw materials were taken; and the Reich Board for Land-Regulation was authorised to participate in the choosing of localities for the new raw material works. Apart from these measures, the Four Years' Raw Material Plan has made no visible progress, and it has ceased to affect the Bourse. General Göring's broadcast speech of last week was vigorous propaganda. Vigour will certainly be displayed; but even "an old swashbuckler, a bull," as Herr Hess described the

dictator of raw materials, cannot stamp the indispensables out of the ground. General Göring denounced foreign nations and native parasites, and in general presented Germany as a beleaguered country, which is resolved, he vowed, not to capitulate. Much of his speech concerned the food shortage, which he intimated must be borne. He threw no light on the proposed quantity of supplementary production, or on the mechanism by which the production is to be attained. He promised that the State is going to establish these works. That would be against Nazi policy.

Everything indicates that the Reich's remaining participations in private business will be abandoned. The participations in the Steel Trust, in the Hamburg-America Line, and in certain banks were disposed of some months ago. Last week Reich shares in the Commerz und Privatbank were sold; and it is reported that the Reich's interest in the Hamburg-Amerika Company will also be sold. General Göring declared that industry must not wait for public initiative or compulsion. Industry must itself proceed to realise the plan. "We hear much talk," he said, "of free initiative in business. To-day business has freedom for initiative. Let business make use of it."

The new Reich Prices Commissary is Herr Josef Wagner, Ober-President of Silesia. In General Göring's skeleton organisation Herr Wagner had already appeared as price-regulator for the Plan. Henceforth he will be a general price authority. The same office was twice formerly held by Dr. Goerdeler, first during Dr. Brüning's deflation campaign, and later in 1934-35. Since 1935 the office has been vacant and the Ministry of Economy has been the supreme authority. This Ministry continues to regulate prices, having in the past few days decreed reductions for cement. If industry is to have free initiative in establishing new raw material factories, the price question will be vital, more important even than the capital shortage question; for with free initiative nobody will even consider investing in factories unless he is assured of a profit. Quality for quality, the production cost of substitute raw materials is higher than that of imported, or domestic natural, materials. It seems, therefore, that free initiative must conflict with the declared official policy of preventing a rise in the general price-level.

RAISING THE CAPITAL

On the question of capital General Göring said nothing. The problem is discussed in the Press languidly and inconclusively. No private person, and probably no official, knows even approximately the dimensions which the raw material plan will take. Capital can hardly be raised by orthodox means. The embargo on private share and debenture flotations, imposed in the interest of Reich debt funding, is still in force, though occasionally relaxed for small operations. Under this system, between early 1935 and September, 1936, the Reich (including the Railways Corporation) was able to raise Rm. 3,360 millions, in part by virtually forced loans.

It is suggested that the hidden reserves of industrial concerns would suffice to finance a great part of the new construction. Little is known about the magnitude of these reserves. It is certain that they have been reduced by investment in enormous constructions, in particular for mineral oils and substitute textiles, during the last year. The excessive liquidity of company finance, the main cause of the money market plethora in 1935 and in the first months of 1936, has disappeared. The companies, however, continue to hold Reich work-creation and armaments bills, which could be turned into cash with the assistance of the Reichsbank. The financing of raw material factories with bank money is already under way, much to the displeasure of banking purists.

It is also understood that the banks are considering a plan for the centralised financing of raw material enterprises, with joint liability. The banks' resources, however, are limited. Whereas as a rule money market fluidity is associated with increasing bank deposits, in the present industrial boom deposits have stagnated. They have even declined, though by only a little. At the end of 1933 deposits in the five leading Berlin banks totalled Rm. 6,500 millions; in August this year Rm. 6,140 millions. Indus-

trial concerns preferred to invest their free monies directly in Reich short-term securities, which in the matter of liquidity are practically as good as bank deposits, and which yield much higher interest.

An official return of wages for June shows very little change in the average rate per hour since March, but an increase of some 2 per cent. in average earnings in consequence of longer working hours. The average sum earned per week (men and women) in the metal-consuming industries is Rm. 42.25, in chemicals Rm. 37.77, in paper Rm. 31.18, and in textiles Rm. 23.13.

The production of private motor cars in the first three-quarters of 1936 was 185,956, of which 24,669 were exported, against 157,086 and 16,480 respectively in the same portion of 1935. The production of lorries and motor cycles has also risen, and exports have doubled. There is talk of a new export credit to Russia. Against the Rm. 200 millions credit negotiated in April, 1935, orders for Rm. 168 millions had been booked down to September this year. The Russian Trade Mission in Berlin attributes the non-completion of the deal to unduly high German prices, too long delivery terms, refusals by some firms to conclude transactions on a five-years' credit basis. The journal of the Russian Committee of German Industry complains against Russia on the score of unreasonably low price offers, arbitrary rejection of deliveries, and impediments arising from Russia's desire to use her own ships.

Reich revenue from taxation in the first half of the financial year (April-September inclusive), as compared with 1935, was:—

Taxes	Millions of Marks	
	1935	1936
Direct and on business	2,873.9	3,781.7
Customs and excise	1,663.6	1,739.7
Total	4,537.5	5,521.4

The increase, it will be noted, falls almost entirely to direct and business taxes. The municipal Citizens' Tax has been altered by law, mainly in the direction of increasing the rate on large incomes. On October 29th the market discount rate was unexpectedly restored to 3 per cent. in consequence of a heavy and sudden demand for cash. Before this the month-end demand had hardly been noticed. The Reichsbank's return for October 31st shows the large increase of Rm. 554 millions in credits and investments, as against Rm. 434 millions in the same week of 1935. The financial Press continues to publish reports from London about a possible British export credit to Germany. It is pointed out that Germany is interested in raw material imports, certainly not in facilities for the purchase of British manufactured goods.

BERLIN, November 4.

HOLLAND

BEGINNINGS OF BUSINESS RECOVERY

VARIOUS opinions have now been expressed about the extent of depreciation of the guilder desirable for the economic welfare of the country. At a meeting last week of the Association for Economics and Statistics, various well-known economists stated that a depreciation of about 30 per cent. would be necessary to achieve the desired expansion of economic activity, without involving a large rise in money wages or the cost of living.

In the Second Chamber's report on the State Budget several Members of Parliament contended that the change in monetary policy must be sufficiently drastic, as otherwise it would be of no benefit to the country. The Government would have to forsake their old policy of "readjustment" (i.e. deflation), members stated; and the new principles of policy suggested were as follows:—

- (1) The new monetary policy would have to be put into practice not only technically, but with express economic and social purposes, so as to strengthen the position of the country both internally and externally.
- (2) A determined policy was needed to stimulate the development of trade and industry. This was the best and in fact, the only efficacious guarantee against social deterioration.

On this basis members were prepared to accord the present Cabinet their continued support. It is anticipated that the Government will shortly make a definite statement on its future economic policy.

From various industrial centres encouraging reports of increasing activity and declining unemployment are being received, and some degree of relaxation in the economic tension is already becoming perceptible here and there. Reports in the Press also announce a "scheme of recovery" for combating unemployment, in the preparation of which three Catholic ex-Ministers have co-operated. This scheme is based on the thesis that the problem of unemployment needs to be tackled vigorously and that the Government has been wrong to leave important public works partly or wholly unexecuted. The scheme indicates a number of works which should be put into execution immediately; and it would provide employment for 20 years for tens of thousands of persons, apart from the indirect benefits which would accrue by way of "secondary" employment.

AMSTERDAM, November 2.

GREECE

FASCIST SYSTEM TO BE INTRODUCED

ONE of the aims of the present Government is the financial restoration of the country. According to official declarations, the public finances are to be restored by drastic economies. The Finance Minister promises not only to cover the Budget deficit, but also to open the road to progressive tax alleviations. In fact, certain tax remissions or reductions have already been made. For the time being, however, these alleviations will not be extensive, since considerable sums have to be taken for social expenditure and for defence. On the other hand, tax reforms shifting the burden of taxation from the middle-class and working-class to the rich will render possible a corresponding reduction in taxes on articles of first necessity.

But financial restoration would be incomplete, in the eyes of the Government, without a definitive arrangement with the foreign bondholders. On the understanding that the bondholders will discuss such a settlement, the Government recently agreed to raise by 5 per cent. to 40 per cent. of the normal rate the service on the foreign debt for the financial years 1935-36 and 1936-37. Payment of these percentages will start soon, and the necessary instructions have just been received by the International Financial Commission from the foreign Governments represented on it.

Another pressing question is monetary policy. The steady deterioration in the foreign exchange position of Greece during 1935 and the current year led the Government to adopt strict measures of economy in public as well as private spending abroad. Since these and other measures were taken, an appreciable increase in the exchange and gold reserves of the Bank has been apparent. In fact, these reserves, after having declined from Drs. 4,013 millions at the end of 1934 to Drs. 3,261 millions on December 31, 1935, and to Drs. 2,560 millions on August 7th last, have since risen steadily, and stood on October 7th at Drs. 2,874 millions. The wise decision was taken, after the dissolution of the gold bloc, to link the drachma to the pound.

The Government aims at making Greece as self-sufficient as possible—at least, for the time. A complete plan of organisation of production and of economic development is being prepared by the competent Government services. The co-ordination, study and application of the plan to be thus elaborated will be entrusted to a "Committee on National Production," composed of the Ministers of Agriculture, National Economy, Finance, Labour, Railways and Merchant Marine. The Superior Economic Council now existing, duly reformed, will act as a consultative organ to that committee. Moreover, the Council of Economic Defence, founded in 1935 for the purpose of co-ordinating the economic and financial policies of the country, and consisting of members of the Cabinet and the Governor of the Bank of Greece, under the chairmanship of the Premier, will apparently be maintained.

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A more far-reaching Governmental plan, however, aims at converting Greece into a Corporative State. The authorities profess to believe that the bankruptcy in the post-war period of the Parliamentary system of Government, as well as of economic liberalism, is beyond doubt. This is due, according to the Finance Minister, M. Zavitsianos, who is also vice-president of the Ministerial Council, "to the inability of these systems to adjust themselves to the new social and economic synthesis, which emerged from the war." The Minister believes that a syndicalist organisation of the professions will become obligatory; that such an organisation will be distinguished not according to social classes but according to the branches of production and their necessary sub-divisions. The corporations to be thus formed will be united in federations, etc., and will function under a simple State control. They will collect rates, control and rationalise production, adjust it to consumption, make contracts for collective work, and, generally, regulate all questions concerning trade, industry and agriculture.

A "NATIONAL GOVERNMENTAL PARTY"

Related to the organisation of national economy on the lines above indicated is the more general question of the political system under which Greece will be hereafter governed. Questioned on this point, the Premier, General Metaxas, stated that at present the Government was occupied with the preparation, development, study and realisation of their primordial object; the "moral" healing of the nation. "We are now concerned," he remarked, "with the substance, not with the form. However," he went on to say, "as is the case with Turkey, Italy and Germany, in this country also a National Governmental Party will be formed in due course, originating and deriving its power from the people."

As one of the principal aims of the present regime is to combat Communism, the authorities are not confining themselves to taking punitive measures against the

Communists, but are endeavouring to eradicate them by positive steps. On the one hand, due attention is being given to the education of the masses, and especially of youth. On the other hand, special measures have been enacted for the purpose of improving the lot of the workers and the poor. Among other measures taken to this effect, minimum wages for workers and minimum salaries for inferior employees have been fixed, and provision has been made for a readjustment of these minima after the lapse of six months in case of a rise in the cost-of-living index number; collective contracts of work have been initiated, and compulsory arbitration of differences between employers and employees has been introduced. Moreover, particular attention is being paid to the organisation of an adequate system of social relief for the poor, the unemployed, the old and the sick; while the health and the recreation of the masses are also being given due consideration. Finally, social insurance against sickness and old age is being organised.

ATHENS, November 1.

U.S.S.R.

SOVIET FOREIGN POLICY

SOVIET foreign policy cannot properly be understood in any other terms than those of national self-interest. Soviet Russia behaves like any other nationalist Government; "world revolution" has become no more than a convenient legend. What are the aims of Soviet foreign policy? To obtain as many allies as possible against German aggression. The Soviet conception of collective security may be interpreted as good or bad for other nations; certainly the Soviets interpret it as self-protection. M. Stalin wants to "build Socialism in one country"; in other words, to organise his own Government according to his own ideas. His foreign policy is designed to protect his country during the process.

The Soviets believe, with apparent sincerity, that an insurgent victory in Spain means increased prestige for Germany and Italy. They believe that Britain and France, as well as Russia, should be interested in checking German and Italian aggression, which in their opinion will eventually plunge Europe into war. Whether or not that belief is justified, there is no question that it inspires Soviet foreign policy. If Soviet methods are sometimes clumsy, they should not obscure Soviet aims. Events in Spain, and Belgium's neutrality policy, have weakened Soviet hopes for collective security. The Soviets have been thrown back on their own resources, and are increasing the pace of armament building.

Soviet leaders have used the Spanish civil war to arouse their people's patriotic fervour for their own system; to impress them with the horrors of that "Fascism" which they are told threatens to invade their country. They thus prepare their people for the continued sacrifices necessary to complete their war machine. Yet Soviet Russia is not rich enough to spend one-eighth of the national income on armaments and at the same time substantially increase the living standard.

THE BURDEN OF ARMAMENTS

Production figures for the first nine months of 1936 show the burdens of armament building. Of a total production of 49,532 million roubles, 30,243.7 millions were in "means of production"; and only 19,388.3 millions in consumers' goods. A large percentage of the first figure went into armaments in addition to one-tenth of the national income directly budgeted for the Red Army. Heavy industries produced 35.1 per cent. more than in the same period of 1935; consumers' goods industries only 30.9 per cent. more. Capital construction, which includes housing—fixed at 34,200 million roubles for 1936—completed less than half its plan in eight months. Every possible means is being used to force the pace of production under the slogan: "Complete the second Five Year Plan in four years"; in other words, by the end of 1936. If that objective is attained, it will be only by averaging industries ahead of plan with those behind. Military and heavy industries are ahead; consumers' goods and construction industries behind.

Official figures are cited to show that the standard of living is rising. The average industrial money wage rose by 21.8 per cent. in the year ending October 15th, while food prices—bread, meat, milk, eggs, sugar—dropped by an average of 20 per cent. But the figures take no account of clothing prices, which are higher. For example, the cheapest men's woollen suit costs 140 roubles and a suit which would cost £6 in London costs 750 roubles in Moscow. Against this must be set the average monthly industrial wage of 207 roubles. Wage increases may be attributed to the "Stakanov movement," which fixed higher "norms" and increased piece-rates above the norm. In other words, some workers receive higher pay for harder work.

The 15 per cent. of the workers who fail to achieve norms are on a subsistence level. It is doubtful whether the Government has made much progress in its attempt to strengthen the internal purchasing power of the rouble by raising wages and lowering prices. The "Stakanovists"—shock workers—have more money for harder work. More consumers' goods are available for those with money to buy them. But the ordinary worker seems to be a little better off than he was a year ago. Meanwhile, the foreign exchange rate of the rouble—fixed in February at three French francs to the rouble—has failed to follow the course of the devalued franc. The rate remains unchanged at 25 to the pound sterling.

Soviet Russia, like Germany and Italy, is on a "war economy." Recent events in Europe are not likely to moderate Soviet determination to assign as much of the national income as possible to military and heavy industries. The Soviet people must continue to pay a heavy price for self-defence. The vast State propaganda machine endeavours to persuade them to pay the price cheerfully.

Moscow, October 22.

JAPAN

HEAVY INCREASE IN DIRECT TAXATION

THE keynote of the Government taxation programme, lately published, is a "re-distribution of the tax burden as equitably as possible over the whole nation"; so that the incidence may fall heavier on the urban than on the rural population, on corporations than on individuals, and on personal than on real property. The chief points in the programme are an increase of about 80 per cent. in the corporation income tax; an average increase of 30 per cent. in the individual income tax, with direct assessment on individuals of interest on Government securities, companies' debentures, and bank deposits; a doubling of the capital interest tax; and the fresh imposition of a general property tax, a turnover tax, a security tax, and a petrol duty. As for local taxation, rates on households and taxes on buildings will be repealed, and the power to levy taxes on buildings will revert to the National Treasury. The Exchequer grants to local authorities will be increased to make good such losses. The scheme will yield 420 million yen more in 1937-38 and 590 million yen more in a full year. The proposal has come as a severe shock to the business community.

According to Mitsui Gomei Kaisha's half-yearly analysis of the profit and loss accounts of Japanese joint-stock banks and industrial joint-stock undertakings, aggregate net profits of 250 banks for the first half of this year totalled 81,597,000 yen, an increase of 1,524,000 yen upon the second half of last year. The total net earnings of 1,000 industrial companies for the June half-year amounted to 422,373,000 yen, an increase of 7,010,000 yen over those earned by the same concerns in the December half-year of 1935. The great majority of trades, particularly sugar, tanneries, shipbuilding, machinery and tools, and electricity and gas, still continue to show considerable increases in profits, although the pace of growth has slowed down appreciably in general. Textiles, trading companies and stores, stock and produce exchanges, and shipping disclose much smaller earnings. The ratio of net profits to capital was 11.2 per cent., and that of amounts put to reserve was 2.8 per cent. In the preceding half-year the profit

percentage was 11.2 per cent., and the reserve percentage was 3.0 per cent. The following table gives the comparison for profits in the last three half-years:—

	No. of Companies	(000's omitted)		
		First half-year 1935	Second half-year 1935	First half-year 1936
Banks	250	Yen 80,915	Yen 80,072	Yen 81,597
Industrial companies	1,000	388,631	415,362	422,373
Total	1,250	469,546	495,434	503,970

Out of the total, 55 industrial companies reported a loss for the June half-year, and aggregate net losses amounting to 3,542,000 yen, as compared with 53 companies having the combined loss of 1,574,000 yen in the December half-year of 1935.

BETTER CROP RESULTS

The Department of Agriculture and Forestry estimates the rice crop for the country as on September 20th at 67,846,000 koku, or an increase of 10,422,000 koku (18.1 per cent.) upon the actual yield of last year, and 8,721,000 koku (14.8 per cent.) above the quinquennial average. The Korean crop also is reported to be better, and is placed at 19,942,000 koku, an increase of 2,057,000 koku (11.5 per cent.) upon last year's actual yield. The wheat, rye and barley crops, however, have been poor this year. The total yield of wheat and allied grains for the country, excluding that of Hokkaido, amounted to 20,679,000 koku, a decrease of 2,502,000 koku (10.2 per cent.), as against last year, and 402,000 koku (2 per cent.) below the average for the last five years.

The trade returns for September show that, as compared with the corresponding month of last year, imports, at 189,618,000 yen, rose by 55,317,000 yen, or 41.2 per cent. Exports, at 243,712,000 yen, rose by 16,369,000 yen, or only 7.2 per cent. Nearly half the increase in imports is accounted for by raw cotton. Output of cotton yarn during September totalled 116,166,000 lbs., a decrease of 549,000 lbs. over August; while rayon production amounted to 22,919,000 lbs., an increase of 1,119,000 lbs. The Bank of Japan's wholesale index number for September rose 0.1 per cent. on the month. The advances in metals, building materials and fuels have been largely offset by the declines in rice and other grains. The price index for the month of September of all shares listed on the Tokyo Stock Exchange moved up by 5 points to 139.5.

Tokyo, October 10.

AUSTRALIA

COMING MONETARY REPORT

THE Royal Commission on the Monetary and Banking Systems in Australia, which has taken voluminous evidence since last January, is now considering its report, which is not expected to appear before the end of the year. The subject has been treated largely from the point of view of the supply of money for country and city borrowers, and on this point evidence has been taken not only from banks but also from wool companies, whose lending is incidental to their agency business; trustee companies which have to invest the funds of the individual estates in their hands; and life insurance offices. During the last few years, however, there has been less disposition, especially on the part of private individuals, to lend on mortgage, owing to moratorium and other legislation; so that while mortgagors were protected on the then existing loans, borrowers found it much less easy to obtain fresh money.

Another change has been the competition of Government borrowing with private enterprise, the effect of which has been felt more appreciably since the revival in general business and in private demand for money. The experience of pre-depression years when the Government were constant borrowers is thus being repeated. As regards the banks themselves, the evidence made it very clear that, notwithstanding amalgamations, competition between them for eligible business is as keen as ever, and that with their

network of branches the public is exceedingly well served.

The relations between the ordinary banks and the Commonwealth Bank have gone through various stages. Formerly, the banks held large gold reserves in Australia, and in the middle of 1914 their local holdings of gold and other coin and bullion amounted to £36 millions (apart from £5½ millions in New Zealand). Since then the banks' gold reserves, plus current production from the mines, have been exported, principally as a means of supporting public finance in various ways. The banks now hold locally Australian notes and cash with the Commonwealth Bank, together with Commonwealth Treasury Bills as liquid assets on the spot, while in addition the Commonwealth Bank, as a matter of practice without statutory obligation, transfers funds from London to Australia when desired.

A question which has now arisen from the point of view of the Government and the Commonwealth Bank is that of the adequacy of available resources to provide permanently for Government remittances abroad. At present there is the "mobilisation" arrangement with the banks, by which they provide for Government requirements by monthly instalments. The smooth working of this arrangement obviously depends upon the balance of payments, which is liable to be disturbed by fluctuations in production and exports, and there is a feeling in official circles that the arrangements require to be strengthened. It is proposed to do this by giving the Commonwealth Bank access to overseas funds, so that the London funds in the Australian banking system should be available to the Commonwealth Bank to the extent necessary. To this, however, the ordinary banks are opposed, as it would hamper them in the handling of their London funds. One question which has arisen is whether the exchange arrangement between the Government and the banks is permanent, or is open to withdrawal.

Another question is whether exchange business conducted outside the banks by exporters should be left free from responsibility while the banks are carrying the whole burden of Government requirements. The question of regulating the proceeds of all exports and not only those financed through the banks, might be expected to arise in a serious form whenever the trade balance is again deranged.

The subject was referred to in the last half-yearly report of the Commonwealth Bank, which stated that London funds at present were sufficient for normal requirements, but were not sufficiently high to provide an adequate reserve against adverse circumstances. The Commonwealth Bank accordingly recommended building up London funds and maintaining them at a higher level by means of a favourable balance of payments for a number of years.

The whole subject, however, points to the desirability of a large reserve being maintained in London by the Government itself, after the manner followed by certain other governments, to provide both for their own requirements in case of need, and also to maintain exchange standards.

So far as the 1936-37 season is concerned, the outlook at the moment is fairly clear, owing to the improved prices ruling for wool and wheat. The probable wheat harvest, however, is difficult to estimate.

MELBOURNE, October 13.

LETTERS TO THE EDITOR

POLAND AND COLONIES

TO THE EDITOR OF THE ECONOMIST

SIR,—Your Warsaw correspondent pointed out in his letter last week that a lot of the economic difficulties of that country were due not to a "surplus" of population but to the absence of a better land distribution and an intensified rural economy. May I be allowed to add that, as in other East European countries, the natural growth of the population in Poland has steadily fallen off since the war? In saying this I am not concerned to defend the Jews in Poland so much as to warn other countries against unjustifiable colonial demands based on an alleged "surplus" population.

With thanks, I am, Sir, your obedient servant,

EMANUEL WEINER.

Church End, Barley, Royston, Herts.

"P.R." AND EUROPEAN DEMOCRACY

TO THE EDITOR OF THE ECONOMIST

SIR,—The analysis of the difficulties of democracy in Europe which Dr. Hermens outlined in his letter in your issue of October 24th, seems to be coloured by the theory that a two-party system, or something very nearly approaching it, is essential for the successful functioning of parliamentary government. If this theory were true, there would be little hope for democracy in most of the countries in Europe. For in these countries we find many parties, whatever the method of election.

The German Reichstag which existed under the Empire from 1870 to 1918 was elected under the single-member system. It contained as many different parties (not including Alsations, Danes and Poles) as existed after the adoption of Proportional Representation. No election in Germany while the single-member system prevailed ever produced a majority for any one party. In Italy, likewise, under its single-member system, there were a large number of political parties and there were fifty-four Governments within sixty years. In France, which uses the single-member system, and in Spain, which uses the limited vote, there are to-day many political parties. Neither of these two countries has ever used Proportional Representation. Clearly, these many parties have sprung from causes other than the method of election, and had Germany retained the single-member system it is practically certain that it would not have developed a two-party system.

It is quite true that a method of election may bring about, as in France and Spain, a coalition of parties for the express purpose of winning the advantages which the electoral law may confer upon a majority. But such an artificial division of a nation into two bitterly hostile political armies does not make for stability in government, and may even, as in Spain, bring in its train the disaster of civil war. The rebels allege that under the non-proportional system of Spain the Popular Front, although it won a large majority of the seats, polled only a minority of the votes. It is not clear that this was so, but it could easily have happened.

We can solve more surely the problems of parliamentary government if we adhere to principles that command our mental assent and respect. There are two main problems: (1) the

election of the Parliament; (2) the formation of the Government. Does the English electoral system command our respect? The General Election of 1918 deprived the millions of Englishmen who desired a moderate peace of their due share of representation; the result helped to determine the terms of the Versailles Treaty. The "Zinovieff letter" election of 1924 must make everyone feel ashamed of our system of election; so small an incident can under our present system produce a completely unrepresentative Parliament. The elections of 1931 and 1935 resulted in a grave under-representation of those who were favourable to a strong League of Nations policy.

The method of election determines what our Parliament shall be; it is a big factor in shaping history. It ought not to be a gamble; and we can do better. Two British Parliamentary Conferences have expressed approval of the British form of P.R., the single transferable vote. It is a system that differs very materially from the rigid form of P.R. adopted by Germany. The German elector could vote only for a list of candidates arranged in order by the party organisation. Under the English system the elector has freedom of choice. Moreover, instead of the large constituencies of Germany, it is proposed for Britain to have constituencies of a moderate size, but sufficient to assure fair representation to all substantial bodies of opinion.

Two ways of forming a Government are open to us if no party has a majority. The Scandinavian countries all use proportional systems. Neither in Sweden, nor in Norway or Denmark, has any party a majority. In each the largest party has assumed office, while depending on the support of others, and in these countries parliamentary government seems to be working a good deal more satisfactorily than if one party, through an unjust electoral system, had obtained an absolute majority and was tempted thereby to ignore the real mind of the nation. Switzerland uses P.R. Its Government includes German, French and Italian speaking Swiss; it includes members of three political parties; but its Government is probably the stablest in the world.—Yours faithfully,

JOHN H. HUMPHREYS.

The Proportional Representation Society,
82 Victoria Street,
Westminster, London, S.W.1.

BOOKS AND PUBLICATIONS

ECONOMIC RECONSTRUCTION*

THESE two weighty and labyrinthine volumes contain much invaluable material. They have been prepared by a joint committee of the Carnegie Endowment and the International Chamber of Commerce, assisted by a Committee of Experts, comprising Professor T. E. Gregory, Professor E. Boehler, Professor Bertil Ohlin, Dr. Leo Pasvolosky, Professor Andreas Predöhl and Professor Charles Rist. The first volume contains a long introductory report by Professor Ohlin, a general report by Professor Gregory and a summary of practical conclusions by the Expert Committee. The second volume is made up of a large number of separate memoranda by individual economists, including Mr H. D. Henderson, Professor L. von Mises, Professor Lionel Robbins and others. Those who feel disinclined to tackle the whole of the two volumes would do well to read Professor Ohlin's admirable report (140 pages) at the beginning of the first volume and the "practical conclusions" (17 pages) at the end.

Professor Ohlin starts by reviewing the international economic system of pre-war days. He does not believe that the failure to restore that system is due simply to the perversity and wickedness of post-war politicians and business men:—

Even though it is true that the course of events in recent years has in many ways been deplorable, yet it must be recognised that this development has not been arbitrary and due only to the foolishness of political and economic leaders, but that it is to a large extent the result of an

inherent necessity. . . . It would serve no useful purpose to assume that internal economic policy can rapidly return to pre-war conditions and international economic relations be based thereon.

He thinks that "it would be a serious mistake to attempt the building up of a stable and rigid system of international economic relations without in any way considering the risks of so binding Governments in their domestic policy as to make energetic anti-depression measures difficult or impossible." He recognises, however, the need to minimise exchange fluctuations, and consequently suggests a compromise solution: "there are certain premises in favour of the adoption of a middle way between an extremely rigid system and one permitting of wide fluctuations of the foreign exchange rates."

Professor Ohlin adds a highly interesting section on the demand for colonies, and the attendant questions of raw materials, markets, population and investment. He rightly points out that the solution to the economic problems here raised must be achieved by freeing trade rather than transferring territories.

The Expert Committee, in its "practical conclusions," makes suggestions both for tariff demobilisation and monetary reconstruction. Since a "general tariff truce is politically impossible," the Committee urges, "instead of endeavouring to achieve uniform reduction by an all-round and simultaneous lowering of tariff rates according to a given percentage," it would be preferable that States should "undertake, by multilateral agreement, to fix maximum rates which should only be exceeded in individual cases specified in advance." The Committee also recommends that *ad valorem* should be substituted for specific duties, and that multilateral agreements to abolish quotas, or at least supersede them by tariffs, should be attempted.

On monetary policy the Expert Committee does not seem to have been in such close agreement. But it suggests a "Joint Declaration on Monetary Policy" by the world Powers, "not committing any one of them to irrevocable

decisions on specific rates of exchange." Such a declaration would "cover the following points":—

- The avoidance of currency depreciation as an instrument of international trade competition.
- The preservation of the existing stability of rates except as necessitated by adjustment to fair parities.
- The elimination of seasonal variations in the value of currencies.
- Recognition of the desirability for a transition to a more permanent regime without undue delay.

On the nature of the "permanent regime" the Committee, in its collective capacity, is none too precise. But Professor Ohlin's conclusions, quoted above, represent the kind of compromise policy which, as has already been urged in these columns, has the greatest chance of success.

SHORTER NOTICES

"The Profits of War through the Ages." By Richard Lewinsohn. Routledge. 304 pages. 10s. 6d.

Who profits most from war, and how are these profits built up? These are the questions which Mr Lewinsohn sets out to answer in this historical sketch. The evolution of war profits has gone through five stages in which the main gainers have been first the military leaders themselves—from Julius Cæsar to the Condottieri and the Duke of Marlborough—then the bankers and financiers, then the armament firms, then the contractors, and finally the speculators. "It thus appears," says the author, "that the centre of gravity, as it were, of war profits has been on the whole, if not regularly, shifting away from the actual theatre of military operations." Even the armament firms are menaced, and their "more innocent" productions may be their most profitable even in times of war.

This analysis follows logically from an examination of the economic basis on which wars are conducted. The technique of waging war has always been a potent factor in economic development, but to-day whole economic systems have re-armament as their main object. It may well be that war profits in Mr Lewinsohn's modern sense will be impossible in totalitarian States or indeed in times of war in any State which is efficiently organised for the conduct of war, and that the time may come when profits will once more be simply the spoils of conquest to be apportioned according to the whim of victorious dictators. Democrats in all countries may well ask themselves whether something more than the nationalisation of armament firms may not be necessary in order to take the profit out of war.

The variety of Mr Lewinsohn's historical examples is remarkable, and though there are one or two points which historical scholars might perhaps question, any mistakes he has made are unimportant in the development of his thesis. This is a stimulating and often fascinating book, containing much information with which the ordinary reader will be unfamiliar, but which is none the less vitally necessary to a full understanding of one of the most pressing of modern problems.

"The Functions of a Bank in Relation to the Capital Market." By F. W. Hooper. Gee and Company. 63 pages. 2s. 6d. net.

The aloof attitude of the British banker towards the provision of long-term capital is a well-established tradition, often hotly attacked, now and then coolly defended. The Macmillan Committee lent the weight of its great authority to the attackers; and this very readable and entertaining little essay adopts the Macmillan criticism, amplifies it, and suggests that if each bank acted on the lines of the Bankers' Industrial Development Company the criticism would be effectively met. That the investor, confronted with new prospectuses, needs protection, is undeniable. But this essay under-estimates the effects in this direction of the 1929 Companies Act and of Stock Exchange rules. Moreover, the British banker may well argue that recent years have abundantly justified his concentration upon short loans. In the division of labour he has enough to do to pass judgment, from the short period point of view, upon the schemes actually submitted to him.

"King Street, Cheapside." By G. H. Recknell, with a foreword by J. M. Keynes. The National Mutual Life Assurance Society (London). 53 pages.

Life Assurance Societies, says Mr Keynes in the foreword to this most attractive booklet, "do not lightly change their address, once they have struck root." For "they are themselves centenarians or thereabouts, and wish the same for their policyholders." In the ensuing pages Mr Recknell recounts the history of Cheapside and the eventual association of the National Mutual with it. It is an eventful and romantic story, well told by Mr Recknell, and pleasantly adorned with illustrations, ancient and modern.

BOOKS RECEIVED

The Theory and Practice of Socialism. By John Strachey. (London) Gollancz. 488 pages. 10s. 6d. net.

Ideology and Utopia. By K. Mannheim. (London) Kegan, Paul, Trench, Trubner & Co., Ltd. 318 pages. 15s. net.

First Principles of Public Finance. By A. de Viti de Marco. (London) Jonathan Cape. 435 pages. 16s. net.

Co-operative Insurance. By N. Barou. (London) P. S. King and Son, Ltd. 391 pages. 15s. net.

Introduction to Corporate Finance. By G. C. Baker and D. W. Malott. (London) McGraw Hill Publishing Company, Ltd. 382 pages. 18s. net.

Income and Outcome. A Study of Personal Finance. By N. Balchin. (London) Hamish Hamilton. 312 pages. 6s. net.

The Moscow Trial (1936). With a Preface by D. N. Pritt, K.C., M.P. (London) The Anglo-Russian Parliamentary Committee, 6-7 Buckingham Street, W.C.2. 78 pages. 3d. net.

"We Come of Age." Twenty-first Annual Report of St. Dunstan's for Year ended March 31, 1936. (London) St. Dunstan's, Inner Circle, Regent's Park, N.W.1. 24 pages. No price stated.

This Final Crisis. Second Edition. By Allen Hutt. (London) Gollancz. 288 pages. 2s. 6d. net.

Wilkinson's Tea and Coffee Share Manual, 1937. (London) Investors' Chronicle. 3s. 6d. net.

The Commerce Power versus States Rights. By E. S. Corwin. (London) H. Milford. 276 pages. 11s. 6d. net.

Draft Constitution of the Soviet Union. (London) Lawrence and Wishart. 79 pages. 2s. 6d. net.

Lord Shaftesbury. Fourth Edition. By J. L. Hammond and Barbara Hammond. (London) Longmans. 323 pages. 6s. net.

Year-Book of the North Atlantic Fishing Industry of To-day and Herring Manual, 1936. (London) British Continental Press, Ltd., 80 Fleet Street, E.C.4. 222 pages. 5s. net.

City of Manchester. Abstract of the Treasurer's Accounts for the Year ending March 31, 1936. (Manchester, 2) Henry Blacklock and Company, Ltd., Albert Square. 815 pages. No price stated.

The China Year Book, 1936. Edited by H. G. W. Woodhead. (London) Simpkin, Marshall, Ltd. 510 pages. No price stated.

Annual Report of the Department of Economics and Trade, 1935. No. XXIX. (London) The Controller, Sudan Government London Office, 1 Buckingham Gate, S.W.1. 242 pages. 4s. 2d. net.

Nutrition and Food Supplies. (London) The Labour Party, Transport House, S.W.1. 33 pages. 2d. net.

Unemployment Assistance Guide. By G. Grant McKenzie. (London) The Labour Party, Transport House, S.W.1. 55 pages. 6d. net.

Local Government Speaker's Handbook. (London) The Labour Party, Transport House, S.W.1. 66 pages. 6d. net.

La Monnaie et la Formation des Prix. By L. Baudin. Part I. Les Eléments. (Paris) Librairie Recueil Sirey. 621 pages. 60 frs.

Standortsänderungen der Industrien in Grossbritannien seit dem Kriege. By H. von Schumann. (Berlin) Verlag von Julius Beltz. 99 pages. Rm. 3.

OFFICIAL PUBLICATIONS

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

Department of Overseas Trade: Economic Conditions in Estonia, December, 1935. 9d. net. *Economic Conditions in the Netherlands East Indies, 1933-35.* 2s. net. *Economic Conditions in the Dominican Republic and in the Republic of Hayti.* 1s. 3d. net. *Economic Conditions in the Argentine Republic, April, 1936.* 1s. 6d. net. *Economic Conditions in Germany to March, 1935.* 5s. net. *Economic Conditions in Poland, March, 1936.* 1s. net; *Economic Conditions in Mexico, March, 1936.* 1s. net. *Economic Conditions in Switzerland, March, 1936.* 1s. 3d. net. *Economic and Commercial Conditions in Roumania, March, 1936.* 1s. 3d. net. *Economic and Commercial Conditions in Chile, May, 1936.* 1s. 6d. net. *Economic and Commercial Conditions in the Netherlands, March, 1936.* 1s. 3d. net. *Economic Conditions in the Republic of Panama and in the Republic of Costa Rica, 1933-35.* 1s. net. *Report on Economic and Commercial Conditions in Yugoslavia, May, 1936.* 1s. net. *Report on Economic and Commercial Conditions in Portugal, July, 1936.* 1s. 6d. net.

Companies, 1935: Forty-Fifth General Annual Report by the Board of Trade. 4d. net.

CONTEMPORARY RUSSIA

The Times: "Of value to all serious students of Soviet affairs."

Just Out The Soviet Price System, The Red Army and other articles.

Price 1/- Annual subscription 5/- post free. At bookstalls or 92 Fleet Street, E.C.4.

* "International Economic Reconstruction: An Economists' and Business Men's Survey of the Problems of To-day." Headquarters of the Joint Committee, International Chamber of Commerce. Paris. 225 pages.

"The Improvement of Commercial Relations Between Nations; The Problem of Monetary Stabilisation." Separate Memoranda from Economists. Headquarters of the Joint Committee, International Chamber of Commerce. 417 pages.

MONEY AND BANKING

THE GERMAN EXCHANGE ENIGMA

RECENT events have directed fresh attention to the German foreign exchange position. There is no doubt that Germany is experiencing a serious shortage of foreign exchange which has grown more acute during recent months. Hence it is not surprising that certain Nazi leaders have thought fit to allege that Germany's difficulties are due to the action of other countries in depriving her first of her colonies, which were potential sources of essential raw materials; and secondly of her gold, through reparations payments. These allegations were probably designed to placate internal feeling, for it is always easiest to lay the blame upon someone else. Therefore, while this week's British protest was justified, there is no need for us to be too seriously concerned over such statements. The plain fact is that during the years 1925-31 the world invested more capital in Germany than it took out in reparations, and much of this capital has either been lost altogether, blocked indefinitely in Germany, or only recoverable at a heavy loss to its owners, and incidentally without any drain on the Reichsbank's foreign exchange. The present depletion of Germany's gold and foreign exchange reserves was due initially to the big flight of both German and foreign capital in the summer of 1931.

Since then the position has deteriorated, and to-day it is impossible to say what it is. The Reichsbank's gold and foreign exchange reserves, at Rm. 69 millions, are negligible, but no one knows the size of German-owned foreign investments. The German authorities have full knowledge of their extent; and they have been forced at last to begin mobilising them. The foreign trade returns show that Germany is rigorously balancing imports against exports, but in reality they provide a most uncertain guide to the current pressure on the exchanges. There are various reasons for this. First, part of Germany's current exports—notably those of ships, industrial plant and munitions—do not provide fresh exchange, but are made as a means of liquidating outstanding foreign debts previously blocked in Germany, or of paying for previous imports—for example, petrol, cotton, or vegetable oils. Next, approximately 90 per cent. of Germany's foreign trade is settled through exchange clearings or compensation agreements, involving the use of "aski" marks. There are many stories to be told of the devices used to foster this form of trade. For example, a potential German exporter to Ruritania, who is unable to quote a competitive price, will be illegally but surreptitiously advised to find an importer of Ruritanian goods who will subsidise him. The importer will then mysteriously find that his permit is forthcoming, and trade will proceed in both directions. The result of all this paraphernalia of clearings and "aski" marks is that only a small proportion of Germany's foreign trade either produces or requires free exchange. In fact, so far as free exchange is concerned Germany is living on a margin of less than 20 per cent. of her total foreign trade, and a slight shift in these marginal imports and exports may rapidly make a very big difference.

There is no doubt that the recent trend of her foreign trade has been adverse to Germany. Hitherto she has been dependent upon her clearing agreements for obtaining essential food and raw material supplies from South-Eastern Europe and elsewhere. So long as world trade and prices were depressed, these countries were only too glad to secure the German market at any price, but now that world trade and prices are recovering, these countries are becoming restive and Germany is finding it less easy to renew her clearing agreements on terms so favourable to herself. Her suppliers are beginning to find other markets for their goods. On the other side of the account, Germany is finding it less easy to maintain her export trade. To begin with, she is passing through the same experience as we are in Great Britain. Her home trade is very active, and on

it she is superimposing re-armament and an attempt to maintain the standard of living of her people. All this makes it less easy for her industrialists to accept export orders.

Germany, however, has her special difficulties. For one thing, the internal economic outlook is so uncertain that her manufacturers are unwilling to quote prices for long-term export contracts, for fear of a rise in their costs. No such fears exist in the case of home contracts, for the Government can be trusted to intervene in the manufacturers' favour if a rise in costs makes the original terms of the contract intolerable. But the Nazi writ does not run abroad, and so the terms of foreign contracts could not be varied. Meanwhile the factories are so full of home orders that export deliveries of Diesel engines, for example, cannot be guaranteed within twenty months, and so the cost uncertainty rules the business out altogether. In other cases export trade is restricted by an inability to secure adequate supplies of imported raw materials. Thus, certain of the textile trades are only able to work a four-day week.

These difficulties existed even prior to the devaluation of the gold *bloc* currencies. It is early to say how devaluation will affect Germany's foreign trade, but there is no doubt that Germany is right in fearing that it will intensify her economic isolation. The unfortunate fact for Germany is that her only way of escape is for her to devalue and relax her exchange restrictions. Yet she cannot do this, for the overpowering reason that exchange control is an integral part of her whole economic, social and military system.

This brings us to the final and most important cause of Germany's exchange difficulties, namely the trend of her internal policy. The Nazi authorities are committed both to re-armament and to a general policy of providing employment and maintaining the standard of living. They have succeeded to the point where unemployment is reduced to a minimum, and, according to a foreign observer, the conditions of her "submerged tenth" are possibly better relatively than similar conditions abroad. On the other hand, the remainder of her population are probably relatively worse off than in other countries. But apart from internal difficulties touched upon by our Berlin correspondent on page 257, this fostering of industrial activity increases her demands for imported raw materials, while the rapid execution of her stupendous re-armament programme adds to this demand. The result is that raw material imports have first claim on her available foreign exchange supplies, and food imports have to take second place. But this winter Germany must import much more food- and fodder-stuffs, owing to deficient home supplies. Meanwhile, although the latest trade returns show some increase in exports, she has in reality comparatively little productive capacity left free for export trade, and this year's increase in exports represents goods shipped under clearing agreements and new trade with Russia. Hence it is not surprising that, as the following table shows, food imports have, in spite of Germany's general revival, only risen since last year by 0.9 per cent.

	First nine months		Difference	
	1935	1936	Rm. millions	%
Imports:—				
Livestock	27.1	67.1	+ 40.0	+ 147.8
Food	703.2	709.2	+ 6.0	+ 0.9
Raw materials	1,923.7	1,977.2	+ 53.5	+ 2.8
Finished goods	436.5	385.2	- 51.3	- 11.7
Total	3,090.5	3,138.7	+ 48.2	+ 1.6
Exports:—				
Livestock	1.9	1.9	...	...
Food	51.9	54.8	+ 2.9	+ 5.6
Raw materials	551.9	548.5	- 3.4	- 0.6
Finished goods	2,455.9	2,853.5	+ 397.6	+ 16.2
Total	3,061.7	3,458.6	+ 396.9	+ 11.3

The plain truth is that Germany is living beyond her means and is trying to do too much at once. Her exact economic and financial position is deliberately concealed from view, and very little is known of the shifts to which she has been put to finance herself. There are rumours that manufacturers are being forced to grant extended credit. It is also believed that the Reichsbank's adjunct, the Golddiskontbank, has now been reduced to the rôle of placing with the banking system the Reich's short-term promissory notes, of guaranteeing as best it can the standstill agreement, and of organising the subsidisation of Germany's export trade. As regards the renewal of the standstill agreements, due early next year, the recent visit of a British banker to Berlin was probably connected with that problem, but this year's continued deterioration of Germany's exchange position inevitably suggests that this problem will be even more intractable than before. The only redeeming feature is that the devaluation of the gold *bloc* countries has reduced the Reichsmark value of Germany's remaining foreign indebtedness to the gold *bloc* countries.

Naturam expellas furca, tamen usque recurret. Germany is trying to make political needs over-ride basic economic truths, and she is now beginning to pay the penalty in the inevitable loss of her foreign exchange reserves. In the present temper of the country and its rulers it is difficult to see how her policy can be reversed, and so the world must be prepared for the warning that economic deterioration will continue. It is a warning to other countries as well as to Germany, for if internal revival based on prodigal Government expenditure on re-armament or other objects is pushed too far, the same troubles will arise. Meanwhile, despite all protestations to the contrary, Germany's exchange difficulties are ceasing to be a legacy of the past and are becoming due to her current policy. Can she reverse the engines in time, and, if not, what will be the economic and political consequences to herself and the rest of the world? This is the real problem to-day, and Germany's exchange enigma is fraught with ominous possibilities.

FINANCIAL NOTES

Barclays Bank New Chairman.—It was officially announced on October 30th that Mr William Favill Tuke had resigned the chairmanship of the board of directors of Barclays Bank. He was elected two years ago at the age of 72 in succession to the late Mr Frederick Goodenough, but it was understood at the time that his tenure of office would not be long in view of his advanced age. He is succeeded by Mr Edwin Fisher, the deputy chairman, who since he joined the bank in 1908 as assistant secretary has almost without a break been Mr Favill Tuke's right-hand man. In 1911 he became secretary of the bank, and after serving in His Majesty's Forces during the war he returned to be appointed a local director in Birmingham. In 1925 he came to London as general manager and in 1932 he became a vice-chairman. His appointment as chairman of the board is the well-earned reward of a long banking career on which he is to be congratulated. At the same time, we regret to learn of the death of Sir William Carruthers, who was general manager of the bank in the difficult years which followed the war, and who since his retirement from the management has been a member of the board.

Sir Osborne Smith's Resignation.—At the end of last week the India Office announced that with real regret but in deference to his own wish the Governor-General in Council had accepted Sir Osborne Smith's resignation from the Governorship of the Reserve Bank of India. Sir Osborne began his banking career in Australia, first with the Bank of New South Wales and later with the Commonwealth Bank, and in 1926 he went to Calcutta as Managing Governor of the Imperial Bank of India. In 1934 he was

appointed the first Governor of the new Indian Reserve Bank. His resignation has come as a surprise to the City, which had hoped that he would act as Governor for several years to come. Sir Osborne, however, probably felt that he had seen the new Reserve Bank through its initial stages, and that the time had now come when he could safely retire and leave the bank in the hands of a successor. Contrary to certain rumours in the City, the motives behind his resignation are entirely personal and do not indicate the smallest disagreement anywhere, either in London or India, on questions of policy. In particular, all suggestions that there is a movement in favour of the devaluation of the rupee are completely unfounded. The suggestion that devaluation would check the exportation of gold from India is certainly curious in view of the fact that devaluation would raise the rupee price of gold.

The Institute of Bankers.—The main body of Sir John Caulcutt's address to the Institute of Bankers on Wednesday was concerned with a survey of conditions in this country. Though tolerably satisfied with the condition of agriculture, which he considers has at least recovered to the level of 1929, and that of industry, which, except in the Special Areas, is enjoying a salutary revival, he insists that further advance must depend on an improvement in the export trade. Increasing imports and stationary exports may enable foreign debtors to liquidate their debts to this country, but from no other point of view is this situation satisfactory. In this respect, however, he places great faith in the devaluation of the gold *bloc* currencies and the reciprocal agreements between the United States, France and this country, which by stimulating trade should at the same time minimise political interest. In the portion of his address devoted to banking matters Sir John touched on the principles attaching to bank advances. As examples, he said that in financing house building it is in accordance with banking custom to make stipulations which, if properly applied, tend to prevent a building programme getting very far ahead of the demand for the houses being built. In the matter of Stock Exchange speculation, the normal attitude of a bank towards advances sought for purely speculative purposes tends to discourage unhealthy conditions. We should have liked to have seen Sir John Caulcutt develop both these points in greater detail.

Australian Credit Control.—An important question from the point of view of this country is discussed by Mr Hytten, economic adviser to the Bank of New South Wales, in his replies to the questionnaire issued to economists by the Australian Royal Commission on Monetary and Banking Systems. In answer to the question: what would be the effect under present conditions of an expansion or contraction of central bank credit in Australia, Mr Hytten shows that Australia recently reached a difficult stage in the process of recovery where a choice had to be made between further expansion and a prudent contraction. The recent restriction of bank credit in Australia showed that the latter alternative had been chosen, at least temporarily, and Mr Hytten believes that the effect of this was, and will continue to be, salutary so long as recovery is only checked and not obstructed. There is an obvious parallel with this country, where a return of confidence backed by government expenditure has initiated boom conditions, indicated, among other things, by the marked rise in industrial securities. The same choice confronts us. Is this expansion to be encouraged until a boom is in full swing, or is the boom to be controlled and flattened, thus avoiding the rapid fall from peak to trough that is the culmination of the trade cycle? The latter course is the saner, but with the political element strongly intruding in the shape of the re-armament programme, restriction, which should naturally begin with Government expenditure, would not seem to be feasible. We have reached a stage in the trade cycle where control is still theoretically possible. At a later stage it may prove impossible to apply

the brakes. In view of this, developments in Australia, where the policy of contraction has been chosen, will be compared with interest with developments in this country, where expansion continues to be the order of the day.

Irish Banks' Return.—The banking return for the September quarter, published by the Irish Free State Currency Commission, is shown in condensed form below. The figures refer to the total business of all banks operating in the Free State, and thus include one London Clearing Bank (the National Bank Limited), with substantial business in Great Britain, and exclude the Belfast Bank Limited, which confines its operations to Northern Ireland:—

	£'000 omitted		Sept. Quarter, 1936		
	Sept. Quarter, 1935	June Quarter, 1936	In I.F.S.	Elsewhere	Total
Liabilities:—					
Capital, reserves, etc.	17,265	17,235	10,255	7,174	17,429
Notes in circulation	8,515	8,855	5,127	3,627	8,754
Current deposit and other					
Accounts	163,219	164,474	117,458	46,236	163,694
Other liabilities	4,519	5,928	2,795	2,003	4,798
Total	193,519	196,492	135,635	59,042	194,677
Assets:—					
Cash and balances with London					
agents and other banks	13,474	14,518	4,658	8,845	13,503
Money at call and short notice	10,242	10,604	5,073	1,171	10,602
Bills	6,618	6,403	5,073	1,171	6,244
Loans and advances	68,297	67,849	43,742	23,563	67,305
Investments:—					
(a) Government	77,851	79,605	3,551	75,874	79,425
(b) Other	9,307	9,679	3,469	6,474	9,943
Other assets	7,728	7,834	3,168	4,482	7,650
Total	193,519	196,492	135,635	59,042	194,677
Excess of assets outside I.F.S. over liabilities outside I.F.S.	69,982	72,366	...	...	71,970

The note circulation is higher than last year. Deposits have increased and advances have diminished since last year, probably as a result of the repayment of loans by farmers who have been experiencing better conditions. The increase in cash, money at call and short notice, and investments has strengthened the already very strong liquid position of the banks. The difficulty would appear to be to find borrowers to make use of the plentiful resources available. The increase in the last twelve months in the net excess of external assets indicates that the balance of payments has again become favourable, as a result of the increased prices of agricultural exports and the larger dividends received on British investments.

The Foreign Exchanges.—Early in the week there was a sudden flurry in the free rate for Argentine pesos, which appreciated sharply from Pes. 17.55 to Pes. 16.85 to the pound on rumours that the dual export rate of Pes. 15 and import rate of Pes. 17 were going to be combined into a single official rate of Pes. 16. Such a step would deprive the authorities of their "turn" on official exchange dealings, and the rumour was obviously unfounded. In consequence the free exchange rate returned to Pes. 17.55 on Tuesday. Otherwise the market remained quiet until Thursday, when the reassembly of the French Chamber led to a fresh weakness in the franc. In contradistinction to the early part of the week, the Banque de France gave no support, and so the sterling rate rose from Frs. 105½ to Frs. 105½, while forward francs widened to Frs. ½ and Frs. 2 for one and three months respectively, or to 10 and 8 per cent. per annum. There have been signs of official sales of forward francs in London. This must be on French account, for the British Control has never operated on the forward market. Guilders have been erratic. Our Amsterdam correspondent reports a fair "repatriation" demand for guilders, and the Bank of England has been selling guilders against sterling in Holland under its own name. Nevertheless, the spot rate has fluctuated between limits of Fl. 9.11 and Fl. 9.03, while three months' guilders remain at a discount of 8 cents. Swiss francs are very steady at Frs. 21.27½, and the rate is rigidly controlled. The New York rate is also steady at \$4.88½, and it is conceivable that for the moment it is thought desirable that sterling should remain at that level.

Interest Rates in Holland.—Our Amsterdam correspondent writes that the effects of devaluation are making themselves felt by the fall in both long- and short-term interest rates. Discount rates on the open market at Amsterdam have fallen to 1½-1½ per cent., which will make it possible for the Bank rate, which was lowered on October 20th from 3 to 2½ per cent., to be again reduced. On the investment market interest rates for State and municipal loans and mortgage bonds are also falling. Several 4 per cent. municipal loans have already been launched with success, but the Province of South Holland's attempt at 3½ per cent. was premature. The time is evidently approaching for the conversion of the 4 per cent. Netherlands State loans, an operation which would be highly beneficial, as interest is a heavy item in the State Budget. The falling rates have also assisted the latest issue of Exchequer bonds, which included Fl. 13 millions of five-year 3 per cent. bonds at par. It was later reported that the issue of a 20-year loan of Fl. 100 millions at 3 per cent., issue price 95½, has been decided on by the Government.

The Money Market.—Conditions have not been too easy this week, and money has been very usable. There has been a keen afternoon demand for money, and one or more of the clearing banks have called on each day. This cannot be ascribed to the usual end of the month demand for money, for this slight stringency was a subsequent development. The truth is that, as the Bank return shows, money remains segregated in public deposits. This is a little surprising in view of the Government dividend payments on November 1st.

	Oct. 15, 1936	Oct. 22, 1936	Oct. 29, 1936	Nov. 5, 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	½-1	½-1	½-1	½-1
Discount rates:—				
Treasury bills	½-1	½-1	½-1	½-1
Three months' bank bills	½-1	½-1	½-1	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.				

The market has been a keen seller of bills, but the banks have been not too eager to buy. A few January bills were bought at ½ per cent. but most went at ½ per cent. Mixed parcels of December and January Treasuries were consistently bought at the minimum rate of ½ per cent.

The Bank Return.—The main feature of this week's Bank return is the expansion of £4.4 millions in the note circulation. A certain expansion is always expected at the end of the month, but this is disproportionate and suggests either a recrudescence of foreign hoarding or a marked increase in general activity. The former is the more probable alternative.

	BANK OF ENGLAND				
	Nov. 6, 1935	Oct. 14, 1936	Oct. 21, 1936	Oct. 28, 1936	Nov. 4, 1936
	£ mill.	£ mill.	£ mill.	£ mill.	£ mill.
Issue Department:—					
Gold	195 5	248 7	248 7	248 7	248 7
Note circulation	402 2	446 4	440 1	442 7	447 1
Banking Department:—					
Reserve	54 2	63 4	69 6	66 9	62 5
Public deposits	21 0	31 6	37 6	2 6	27 2
Bankers' deposits	89 6	82 2	8 4	86 5	85 3
Other deposits	36 6	41 2	41 1	41 4	41 8
Government securities	87 2	80 4	79 9	10 2	82 0
Discounts and advances	11 0	9 6	6 7	6 6	7 7
Other securities	12 5	19 4	21 6	19 5	20 0
Proportion	36 8%	40 8%	43 4%	43 0%	40 4%

Bankers' deposits have been reduced this week by £1.2 millions and stand at a relatively low figure. This is somewhat surprising, as after the heavy dividend payments on November 1st it was expected that there would be a transfer of funds from public to bankers' deposits.

THE STOCK EXCHANGE

LONDON TRANSPORT PROBLEMS

TOWARDS the end of last week the largest urban transport undertaking in the world issued its Report. It consisted of 25 pages of text, 27 pages of financial and statistical data, six pages illustrating various aspects of its operations, and, to conclude, four maps depicting the London Passenger Transport Board's road and rail services. The Report is a social, economic and financial document which might well be taken as a model by many other undertakings. Its analytical and aesthetic merits, however, must be subordinate in the investor's mind to the major financial questions implicit throughout its pages. What are the prospects for the holder of London Transport "C" stock?

The question can hardly be answered on a study of the Board's financial results alone. These, as we showed in a Note on page 221 of last week's *Economist*, are undoubtedly disconcerting to optimistic purchasers of the "C" stock up to 112½ this year. The market's unmistakable disappointment has been signalled this week in a fall of 2 points in the "C" stock to 98, although part of the movement must be ascribed to the distribution of the Thomas Tilling holdings to that company's shareholders at 92. In fact, to reach a first general conclusion on their prospects, stockholders might well review the main lines of the Board's constitution. It is in law required "to secure the provision of an adequate and properly co-ordinated system of passenger transport" in its area, and to provide "most efficiently and conveniently" for its needs.

The Board's primary duty is owed to the travelling public; the earning of any given rate of interest on its capital is a secondary consideration, whatever the Act may say about "receivership." It is from this angle, we suggest, that its results and future prospects should be judged.

From the investment aspect, as we showed last week, the Board's third year of working has been disappointing. Total traffic receipts increased from £29,016,085 to £29,724,723—an advance of 2.44 per cent. Working expenses, however, were approximately £1,000,000 higher. The revenue account is analysed below:—

	Years to June 30th		
	1934	1935	1936
Revenue:			
Total traffic receipts	27,379,351	29,016,085	29,724,723
Working and general expenses	21,583,744	22,515,889	23,515,821
Provision for renewals	2,020,500	2,526,000	2,300,000
Net traffic receipts	3,775,107	3,974,196	3,908,902
Other receipts	1,520,408	1,500,014	1,563,214
Miscellaneous charges	Dr. 338,824	Dr. 347,939	Dr. 298,077
Available for appropriation	4,956,691	5,126,271	5,202,671
Appropriation:			
Tramway debt fund and interest	35,895	26,158	20,337
"A" stock interest	2,891,537	2,893,169	2,894,955
"B" stock interest	1,181,694	1,183,506	1,183,492
"C" stock interest	874,664	1,015,192	1,027,952
Ditto rate %	3½	4	4
Payments under guarantee, etc.	21,275	8,246	43,296
	4,956,691	5,126,271	5,202,671

Note: These figures are not strictly comparable owing to the acquisition of undertakings during the period.
† Includes £28,632 transferred from "C" stock interest fund.
‡ Less £48,374 charged to capital cost of new works. § Includes £30,639 transferred to "C" stock interest fund, being surplus earned over 4 per cent.

These results fully confirm the Board's cautionary statement last February. Analysis of the increased costs reveals from what directions the Board may still be vulnerable. Wages, which form 66 per cent. of the total costs, increased by £707,307 last year—a rise of 4½ per cent., which is equivalent to 2½ per cent. on the "C" stock. This increase, further, does not represent the whole cost of wage adjustments, for a further charge of £155,000 per annum has still to accrue. Nearly £300,000

has been needed to meet the general rise in prices of fuel and stores, while taxation has absorbed nearly £125,000 more.

It is not comfortable, from the "C" stockholder's viewpoint, to find a steady rise in receipts more than offset by an advancing operating ratio. There is no guarantee that this trend will speedily be reversed—the presumption is rather that it will continue. Before increased receipts begin to inure to the "C" stockholder there are other claimant hands outstretched to receive their share. Meanwhile, the rate of expansion of traffic in the Board's area has slowed down. Last year's net increase in the number of passengers handled by the "pool" undertakings was only 1.83 per cent., compared with 2.49 per cent. in the previous year. Although the average receipt per passenger journey has certainly increased, this in itself reflects the tendency of the growing population of Outer London to travel for a longer average distance.

If many of the quantities in the Board's operating equation are thus adverse, its solution will provide no easy task for its trusteeship and enterprise. The next problem—that of renewals expenditure—has a closer bearing on the immediate prospects for the "C" stockholder. The following table analyses the composition of the renewals provisions during the last three years:—

	Railways	Buses and Coaches	Trams	Trolley Buses	Total
Renewals:					
1933-34	763,796	823,028	418,144	15,532	2,020,500
1934-35	943,727	1,054,883	507,732	19,658	2,526,000
1935-36	865,668	934,858	442,812	56,662	2,300,000
Total, 3 years	2,573,191	2,812,769	1,368,688	91,852	6,846,500
Capital expenditure to June 30, 1936:	74,255,309	9,955,443	9,509,989	1,357,379	95,078,120
Rolling stock value, June 30, 1936:	8,010,149	6,925,668	1,933,737	827,684	17,697,238
Rolling stock maintenance, year to June, 1936:	430,547	1,720,554	652,685	35,001	2,838,787
No. of vehicles	3,148	6,298	2,323	300	12,069

The figures provide the material for examination of the extent of future renewal requirements. Of the total of £6,846,500 provided during the past three years, only £437,083 has yet been employed, leaving a balance of £6,409,417 generally available for further use and not earmarked by the different departments. Since the Report discusses renewals policy only in terms of passenger vehicle standardisation, we show the values of rolling-stock assets in each section and the amount charged last year for maintenance. The lay analyst of the Report must assume that the latter sums represent no more than fair wear and tear. If that is so, the renewals allocations presuppose average lives of the following rough dimensions for the rolling stock if renewals are solely applied thereto:—

Railways	9.3 years	Trams	4.4 years
Buses and coaches	7.4 years	Trolley buses	14.6 years

"C" stockholders may ask whether these calculations suggest any unreasonably short expectation of life. The trams in due course will be replaced by trolley buses, and generous provision against that day is appropriate. It is for the Board's technical officers to pass final judgment on the adequacy or abundance of these provisions. But they suggest that if present allocations are generous (as some investors tend to assume), they may include a smaller rather than a larger surplus over "normal" requirements.

If this argument is valid, it appears that the size of renewals provision may largely determine the prospects of the "C" stock for some time to come. The Board is bound, under pain of "receivership," to pay 5½ per cent. on that stock for the year to June 30, 1938, at latest. Last year the total revenue earned—£1,029,959—only slightly exceeded 4 per cent., and a further sum of £384,000 would be needed to meet a 5½ per cent. payment. If we assume that the Board's operating factors are unchanged over the next twenty months, it is clear that this sum can

come from one source only—a temporary reduction in the renewals provision. Are we, therefore, to regard the "C" stock as one which will rank as a "4 per cent. minimum" security, in two years out of three, and receive 5½ per cent. in the third? If so, it could hardly command more than par. Is the distribution of the Thomas Tilling holding of "C" stock at 92 based on this sort of calculation?

History alone will resolve this all-important question. But recent operating statistics throw some light on the possible course of net receipts. We set out below the latest receipts of the London passenger traffics pool, compared with the two preceding years, and also the working expenses per car mile of the Board's four operating departments.

	Railways	Buses and Coaches	Trams	Trolley Buses	All
	£	£	£	£	£
Passenger receipts of London Traffic Pool, 1935-36	18,499,092	15,959,445	5,719,103	428,699	40,606,339
Compared with 1934-35	+ 651,597	+ 185,392	+ 213,735	+ 264,898	+ 888,152
" 1933-34	+ 1,518,912	+ 1,324,853	+ 176,817	+ 270,826	+ 2,937,774
Working expenses, per car mile, 1935-36	d. 5.752	d. 11.078	d. 11.194	d. 10.411	...
Compared with 1934-35	- .057	- .344	- .235	- .665	...
" 1933-34	+ .082	+ .217	+ .389	+ .166	...

Notes.—See previous table re comparability. * Excluding general expenses and renewals.

Railway receipts have increased by the largest absolute amount during the period. But it is becoming increasingly difficult to cater for a purely "peak" traffic, and at present it is uneconomical for the Board to extend its railways. After the consolidation of the Board's bus operations, by the acquisition of the Tilling undertaking, the progress of receipts has not been exciting. Are the problems of City congestion affecting net receipts, through an additional rise in the cost factor? Of trams and trolley buses, it is possible to speak with more confidence. Already trolley-bus operating costs per car mile are lower than those of the trams. This may be due in part to lower maintenance requirements, but the fact that the Board is to seek powers to complete the conversion of trams to trolley buses shows that its experience so far has been satisfactory.

Finally, the investor may consider the potentialities of the extensions which are financed, under Treasury guarantee, at an average interest charge of little over 2½ per cent. These should have a considerable potential equity for the "C" stock, but that equity is essentially of a long-term order. On the other hand, if the Board may always rely upon a Treasury guarantee for what new capital it requires, its interest in the trend of the "C" stock may, to that extent, be correspondingly reduced.

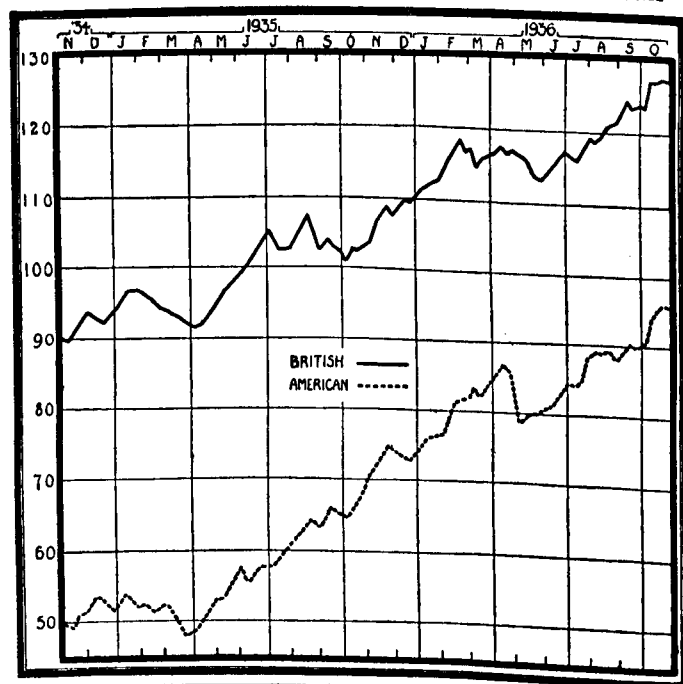
London Transport, in short, has solved its teething problems satisfactorily, and is now half-way through its first crucial three-year period. It is no fault of the Board that its net revenues are some £384,000 below the amount required to pay the standard dividend. This sum, in fact, amounts to no more than 1.3 per cent. of traffic receipts, to 1.6 per cent. of operating expenses, and to 16.7 per cent. of the past year's renewals provision. Earnings for the "C" stock, in fact, are the relatively small resultant of large operating factors, and, to that extent, the stock is "razor-edged." And it is a chastening thought that four-fifths of the 4 per cent. dividend is derived from a source which has no direct connection with transport operations—namely, advertising and other rents. These facts have a vital bearing on the establishment of "standard" dividends. A year ago we regarded the capability of the Board to earn 5½ per cent. by 1938 as neither wholly certain nor wholly improbable. Under the present changed conditions we would question neither the Board's power to maintain the present 4 per cent. rate next year nor its intention to fulfil its obligation to pay 5½ per cent. in the following year. That, perhaps, is no more than a reasonable conclusion to a problem in divination, within a legal framework which the Board, had it been free to determine its own natal auspices, might have arranged differently. But beyond June, 1938, the hardest prophet would scarcely care to go. The ascertainment of probable future earning power is wholly contingent on the final clarification of operating conditions and renewals policy.

INVESTMENT NOTES

Course of Share Values.—During October ordinary share prices climbed to new heights both in London and New York. Our customary chart, shown on this page, discloses that the advance was, in fact, concentrated on the first part of the month in London, and it was hardly more evenly distributed over October's thirty-one days in America. Time and again, the London market appeared to be on the verge of a speculative upswing of the kind which argues a dangerous loss of touch with realities and is, like the profaned sabbath in the Victorian homily, "a certain forerunner of sorrow." Appearances, however, were invariably deceptive, and markets recovered their poise before any one of these movements had gone very far. Although total "markings" in the Official List averaged 12,727 each day, compared with 8,726 in October last year and 7,285 in October, 1932 (excluding Saturday bargains), and many Stock Exchange staffs worked overtime, the general impression remained that the lion's share of purchases was being "paid for"—in other words, that it represented not speculation but investment, optimistic perhaps, but investment nevertheless. There was consequently no disposition to look for any early or substantial set-back. Industrial reports remain good, and there is nothing in this week's King's Speech which vitally affects the markets either way. Argentine stockholders will anxiously await the forthcoming Bill to impose an import

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



levy on beef. Their colleagues who hold home railway stocks will examine the proposed adjustment of the Freight Rebates Scheme with somewhat less foreboding. For the rest, the coal programme should help the investor in the long run, while the promise of new consideration for the shipping industry probably means a higher subsidy than would normally be payable after the recent rise in freight rates. The promised Bill to regulate the unit trusts will be wholly salutary. We discuss the American investment outlook, after Mr Roosevelt's resounding victory, in a subsequent Note. The prevailing belief that prices in London (as in New York) are high but may go higher may be read in the light of recent movements in the Actuaries' Index of 178 ordinary securities. This index has risen by 1.7 per cent. since the beginning of last month, 18.6 per cent. since the end of October last year, and 57.5 per cent. since October 31, 1932. Last Tuesday the Index (December 31, 1928 = 100) stood at 90.7, against 89.2 a month ago and 78.3 a year ago, the corresponding yield figures being 3.54, 3.61, and 3.77

per cent. respectively. Movements in some of the constituent groups in the Index are shown below:—

Group (and No. of Securities)	Price (Dec. 31, 1928 = 100)			Yield (%)		
	Year Ago (Nov. 5, 1935)	Month Ago (Oct. 6, 1936)	This Week (Nov. 3, 1936)	Year Ago (Nov. 5, 1935)	Month Ago (Oct. 6, 1936)	This Week (Nov. 3, 1936)
Investment Trusts (13)	55.3	60.2	61.9	3.72	3.77	3.69
Coal (7)	89.2	110.9	114.7	4.22	3.24	3.07
Iron and Steel (12)	67.3	82.7	86.3	3.20	3.70	3.55
Motors (5)	54.7	60.3	62.1	3.80	3.95	3.86
Oil (5)	71.5	90.2	93.7	3.15	3.07	2.93
Electric Supplies (10)	124.4	150.0	158.5	4.13	3.63	3.49
Shipping (4)	16.0	22.6	24.8	...	0.55	0.48

The groups which have been most popular in the last few weeks, it will be seen, are precisely those which have gained most during the past year. The *terrain* of recovery is now clearly demarcated.

Wall Street Greets Roosevelt.—Most prophets conceded the election to President Roosevelt, but those who estimated that Wall Street's reaction would put prices down have been wrong on all counts. Only Maine and Vermont were left to comfort the Republicans, who so recently were boasting that as Maine went, so went the nation. And only utilities have been left to comfort the bears in the bull market which developed after the election. Wall Street has been more enthusiastic than at any time since the long upward trend came to a temporary halt early this year. Turnover on Wednesday reached 3,290,000 shares, and prices went ahead rapidly (as may be seen from the Standard Statistics' indices quoted on page 275). Government bonds were firm, and speculative bonds were as popular as the leading shares. The reasons given for this enthusiastic disregard of forecasts are various. The suggestion that the market had been converted by Roosevelt's eloquence seems hardly sufficiently respectful to Wall Street's political stability. Anticipations of inflation have been reported as the main motive; but inflation in the uncontrollable German sense can hardly be expected by anyone. Presumably when Wall Street talks of inflation it uses the term to describe recovery under Democratic, or rather Rooseveltian, auspices, as contrasted with "normal" recovery under Republican rule. Alternatively, inflation in the market's usage this week may mean the dividend distributing influence of the profits tax, plus the effect of the relief expenditures, and in this sense there may be some justification for a rise in prices, if the market has previously been discounting their effects in anticipation of a Landon victory. But this hardly seems to explain the actual rise on Wall Street this week; the market has never put money odds on Landon's return, and the Government's financial policies in the future are likely to be less inflationary, even in the broadest sense, than at present. The major influence, surely, is still the progress of economic recovery, which is no longer restrained by the uncertainties of a possibly complete change in Government policy. We may surmise that, whatever else may be unknown about Mr Roosevelt's future policies, he will at least strive to prevent history from repeating itself, and to hold economic recovery in proper control. It will be an odd development if the patient is still fed with stimulants after he is up and about and no longer at death's door.

A Rubber Boom.—A bout of unexpected and uncalculating buying of rubber shares occurred at the beginning of this week. Brokers were instructed to buy at any price, to secure any shares available, and to buy the commodity if they could not buy shares. The reasons adduced for this enthusiastic outburst were singularly unconvincing. When investors burned their fingers in 1910-12 and 1925-26, the price of the commodity at least touched 12s. and nearly 5s. respectively. The highest price this week was 8½d. Some operators may be speculating on a "runaway" such as occurred in 1925 as a result of the continuance of output

restriction on a rising curve of demand. But the present international scheme is far more elastic than its Stevensonian predecessor, whose operation postulated a complex and rigid scale of releases, originally devised in the cloister rather than the market. The present scheme allows of rapid re-adjustment of quotas if necessary. The administrators of the Stevenson Plan showed more care for the profits of producers than the well-being of the industry, and made the grave tactical error of raising the so-called "pivotal price" (to a figure, incidentally, some two-and-a-half times the present price) on the eve of a sudden spurt in demand. The present International Committee has followed a more far-sighted policy. This week's effervescence has actually followed the Committee's decision, last week, to raise production quotas to a level estimated to effect only a very moderate reduction in world stocks of rubber. And these are far more ample than they were ten or eleven years ago. There is substance in the view that a price in the neighbourhood of 8d. a pound is not only at the upper limit of desirability but is also recognised as such. Since reasonably efficient estates can produce rubber at 4d. to 5d., the price assures them of a reasonable profit, but not of the return discounted by some of Monday's share values. If rubber shares are ever to become an "investor's market," a change of organisation as well as of psychology is urgently necessary. At present, there are far too many separate companies in the industry. In the twelve months to June 30th last, our "Industrial Profits" figures showed that net earnings of £2,659,000 were shared among no fewer than 346 rubber companies, whose total preference and ordinary capitalisation averaged no more than £185,000 per company. This figure contrasts with an average of £1,138,000 for the whole of the 2,138 companies engaged in every branch of British industry, whose results we analysed on that occasion.

Rubber Earnings Outlook.—The buying of rubber shares in the boom has been characterised by a singular lack of discrimination, yet in few other markets does such diversity exist, or is care in selection of greater importance. The market has been fired by two great expectations: First, that average rubber prices will be considerably higher in the present year, and over the coming twelve months, than a year before, and, secondly, that the 5 per cent. increase in quotas will both enable costs to be lowered and net receipts to be expanded. The companies which are in the best position to benefit from the rise in prices, therefore, naturally have a relatively low capitalisation in relation to output (or, put alternatively, produce a large quantity of rubber per unit of capital). They include some high cost producers whose margin of receipts over expenses has recently been very narrow, but who may expect a quick proportionate increase owing to higher prices, provided that costs remain unchanged. As costs have been increasing significantly, however, there is no guarantee that the profit margin has expanded to the same extent as prices. It must be remembered, also, that high cost companies gain least from the expansion in permitted output. It would seem, therefore, that the most favoured producers are those with a high equity in changes of price, and a low level of costs. In the accompanying table a selection of companies which



SECURITY FIRST

TOTAL FUNDS EXCEED
£47,000,000

CLAIMS PAID, OVER
£200,000,000

Head Offices:

LIVERPOOL LONDON
North John St. Lombard St.

combine these two qualifications is shown, together with their latest dividends and current yields:—

Company (and Denomination)	All-in cost per lb. latest financial year (pence)	1d. per lb. % on Ord. Capital (a)	Dividend previous financial year %	Dividend latest financial year %	Present Share Price	Yield on latest dividend (%)
Anglo-Sumatra (£1)...	3-1(b)	2-2(b)	5-0	5-0(c)	1½	3-2
Batu Tiga (£1).....	3-5	4-0	7-5	6-25	1½	3-3
Bertam Consol. (2s.)	3-7	2-8	11-0	7-5	4/9	3-2
Broome (2s.).....	4-1	2-9	10-0	8-3	4/-	4-2
F.M.S. Planters (£1)...	4-2	3-3	10-5	6-0	1½	3-3
Labu (£1).....	3-3	3-5	10-0	10-0	2½	3-6
London Asiatic (2s.)..	3-9	4-0	8-0	7-0	1½xd	3-6
Pataling (£1).....	4-1	4-1	7-5	5-0	1½	2-8
Sungei Salak (£1).....	4-1	5-3	10-0	5-0	1½	2-8
United Sui Beiong (£1)	4-5	4-3	12-5	10-0	3½	2-8

(a) Based on output in latest financial year. (b) For year ending May, 1935. (c) For year ending May, 1936.

With but few exceptions, dividend yields show a rather remarkable uniformity around 3 per cent. On the assumption of a "normal" return of 6 per cent. on rubber shares generally, current valuations would seem broadly to anticipate a doubling of profits in the next financial year or so. Without a detailed investigation into the prospects of each company, it would be rash to assert outright that an increase of this magnitude is impossible. The 70 per cent. quota, ordained for the first half of 1937, represents a rate of output somewhat in excess of the level current in 1935. Prices, further, may be expected to average about 2d. per lb. in excess of that year, though, in the meantime, costs will have increased. For most companies, therefore, the equivalent of a two-penny rise in prices fixes the upper limit of any increase in profits during 1937. Reference to the table suggests that, for the majority of producers listed, this would easily suffice to double the profits earned in 1935 or in the 1935-36 season, though the offset due to higher costs must be remembered. For the current year, however, both average prices are less than those assumed for 1937 and output has been on a much lower scale. Provided that no set-back in rubber prices occurs, it would seem that the current valuation of high-g geared rubber shares is not entirely excessive, if framed on prospects over a year ahead. Measured against prospective earnings for the present year, prices certainly seem to have been carried too far. And until a further improvement in the general situation justifies an even higher output quota, there can be no room for an additional rise in share values.

Bucket Shops Again.—Whether through human cupidity, or from a relaxation of ordinary standards of care, it seems inevitable that "share-pushers" should flourish like the rose when the security markets are active. It is only too clear that the "bucket shops" have recently been reaping a rich harvest. Available evidence suggests, moreover, that some of the leaders of the "profession" operate with a considerable degree of co-ordination, or even central control. If A fails to induce his fish to bite, he frequently leaves B to dangle a more colourful bait. And if one firm suspects that a "victim" is, in fact, merely seeking information for the purpose of combating their activities, the whole "market" immediately seals its lips. The action of certain leading banking institutions in reminding their clients that status reports regarding firms which make uninvited offers of their investment services can be obtained from the banks is therefore highly desirable. It may, perhaps, be assumed that the Stock Exchange authorities have given their full support to this procedure, which should happily serve the public weal, the banks' own interests, and the fair name of the "House." Many commentators would welcome the legal prohibition of the share-pusher's activities, as a logical extension of the ban on house-to-house security peddling. Such a step, however, inevitably introduces the vexed question of a charter for the Stock Exchange. The Government, Mr Runciman stated in the House of Commons on Thursday, is losing no time in dealing with the matter. In the meantime, however, the recipient of a "bucket shop" circular can best protect himself by asking why anyone should wish to give information, good or bad, to make a stranger's fortune; and by reflecting that, with the advent of winter and the domestic fire, the problem of disposal of these circulars is greatly simplified.

COMPANY NOTES

Lancashire Cotton Scheme.—Last Saturday, the long-awaited capital reconstruction of the Lancashire Cotton Corporation was published. The market's reaction on Monday, when the stock fell by 3 points to 85, fairly measures the scheme's general reception. Its scope is, inevitably, severe, for a total of £7,905,425 must be found, of which £5,840,292 arises from the writing-down of fixed assets (from £9,056,872), while the balance is required to eliminate fictitious assets. The nettle has thus been firmly grasped. The proposed capital changes may best be presented in the following summary form:—

EXISTING CAPITAL	£	NEW CAPITAL	£
6½% 1st deb. stk.....	2,000,000	5% deb. stk.....	1,500,000
Amount due to guarantor	627,500	5% non-cum. £1 pref.....	500,000
5½% income deb. stk.....	4,569,700	5% non-cum. pref.....	627,500
Ordinary shares	238,173	Ordinary stock (5s. in £)	1,142,425
6% pref. shares	4,131,331	Do. (4s. in £)	47,635
Deferred shares	758,412	Do. (2s. in £)	413,133
		Do. (1s. 8d. in £)	63,201
		Total in exchange	4,293,894
		Add 5% pref. stk. to be subscribed for cash.....	250,000
	£12,325,116		£4,543,894

The first debenture stockholders are to receive 75 per cent. of their capital in a new 5 per cent. debenture (which should command par), and the balance in non-cumulative 5 per cent. preference stock. Their income, on the most favourable assumptions, will thus be cut by 23 per cent. The Sun Insurance Office, whose advances to meet the guarantee of service on the existing debentures rank *pari passu* with them for capital, somewhat generously accepts non-cumulative preference stock at par in settlement, while the income debenture holders are offered ordinary stock at the rate of £1 in £4. The share capital, which is clearly valueless, obtains an *ex gratia* share in the equity to the extent of 31 per cent. Finally, new money will be supplied by the subscription of £250,000 preference stock at par by the Bankers Industrial Development Company.

—And Future Prospects.—The scheme does not inflict manifest injustice on any class. But, as presented, it has two regrettable shortcomings. First, although the current level of earnings is the pivot of the scheme, the directors are content merely to record the improvement to last April (which has long been public knowledge) and to give general indications of improved trading prospects. A second point is related to the provision by which debenture interest is only payable out of profits (up to 1941) before allowing for depreciation. No projected figure is put forward for depreciation, and it is difficult to compute the probable amount, since the assets are not dissected between plant and properties. If we assume an overall rate of 5 per cent., however, the required sum would be £160,000. If, further, we assume that the profits for the past year amounted to £140,000 (the total for the half-year was, in fact, only £59,246), the debenture interest (apart from sinking fund which commences in 1941) would be covered with £65,000 to spare. On these assumptions, profits would need to increase by about £100,000 before any earnings were available for the preference shares, and by nearly £170,000 before the ordinary stock came within sight of earnings. The latter contingency seems as remote as the planets, at present. But the former is of first importance to the existing debenture holders. Is their £25 preference stock worth £10? On our assumptions, only a confident believer in Lancashire's ultimate power of recovery could honestly answer affirmatively. It would be of the utmost help in resolving this unenviable problem if the directors could see their way to indicate more precisely their current earnings expectations and the "normal" depreciation provision which they have in mind.

Central Argentine Report.—This report, which completes the story of an adverse year in Argentine railway history, shows a fall of 2½ per cent. in gross receipts, and an increase of well over one-half per cent. in working expenses. The gross earnings, at £9,613,738, were the lowest since 1921-22. Although the maize traffics showed

a satisfactory increase of £252,850, the failure of the wheat harvest involved a headlong fall in wheat traffics from £847,158 to £318,076. In consequence, operating profits fell by nearly £300,000 to £2,407,447, while the relief from the recent heavy exchange burden has produced a saving of only £227,544 on exchange differences. The trends of the past three years are analysed below:—

	1934	1935	1936
Gross receipts	9,870,864	9,865,160	9,613,739
Working expenses	7,210,963	7,158,446	7,206,291
Operating profit	2,659,901	2,706,714	2,407,447
Income from investments	23,522	33,592	34,816
Exchange losses	1,004,819	1,228,623	1,021,079
Debt interest	998,091	1,019,996	1,037,280
Other charges and expenses	628,648†	316,325	270,042
4½% preference stock:—			
Earned	51,865	175,362	113,862
Paid (3½% in 1936)	...	...	339,350
Carry-forward	498,385	673,747	448,260

† Includes £306,906 provision to write down U.K. and Argentine 1933 Convention Trust "C" Certificates.

It is a little difficult, on the past year's earnings figures alone, to justify the payment of 3½ per cent. on the 4½ per cent. preference stock. This rate of payment is covered only to the extent of one-third, and involves a draft of £225,000 on the balance carried forward. Again, the distribution owes something to renewals policy. An amount of £174,746 has been expended, compared with £314,096 in the previous year, while £99,744 has been charged against revenue for the replacement of electric plant, and £182,423 against the renewals fund for rolling stock broken up. The decision to pay the dividend, in short, involves a draft on the earnings of a previous period to pay a non-cumulative dividend. It would appear, in fact, solely to witness the Board's confidence in the current prospect of improvement. While the company is affected by the same general factors as the other privately-owned companies, and would immediately benefit from effective transport co-ordination, further exchange relief and from power to vary its labour requirements in accordance with traffics, the character of its traffic is much more specialised, for it depends upon the maize crop for a substantial proportion of total receipts—last year amounting to 20 per cent. The current year has already begun in promising fashion, and peso receipts have increased by approximately 14 per cent. Both wheat and maize prospects are considerably improved, and are discounted in a yield of 6.3 per cent. on the first preference stock at 55½. The second cumulative preference stock, which carries gross arrears valued at £24, is quoted at 60.

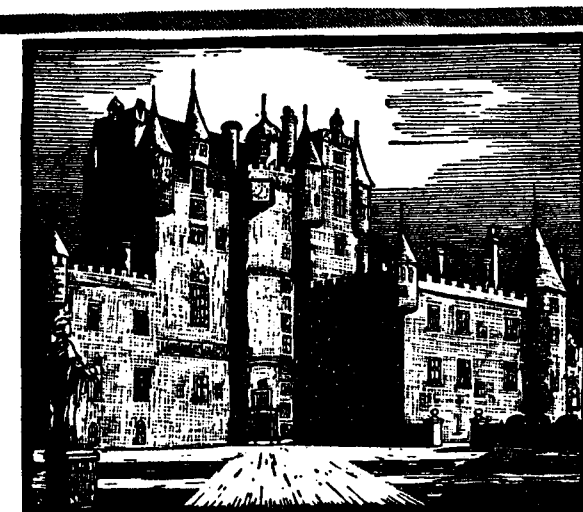
Gaumont-British Critics.—The Gaumont-British Picture meeting on Monday had an unexpected *dénouement*. Critics from the floor moved unsuccessfully to appoint a shareholders' committee, but succeeded in carrying an amendment adjourning the meeting until consolidated accounts could be presented. This outcome is the more remarkable since apparently there was no organised preparation for it. Shareholders, indeed, can congratulate themselves on having put their points of criticism of the almost meaningless accounts so straightforwardly as to secure spontaneous support for the adjournment. Rarely, indeed, is the financial Demos so demonstrative. For the rest, Mr Mark Ostrer's speech clearly confirmed the interpretation of the accounts put forward in our last issue. The Corporation, in fact, is finding that the cost of producing films for the American market with its "great potentialities" is expensive. To quote the chairman's words, "We cannot guarantee even this year to receive back the whole of our cost." This fact accounts for the passing of the ordinary dividend, and for the special provision of £200,000. But the Corporation, having expanded its production activities so far, is contemplating whether to proceed with its programme or to restrict it to the home market, or to retire from film production completely. It was further disclosed that one of the Corporation's subsidiaries had extended its financial period to fourteen months and, in

consequence, had doubled its dividend (which may have some considerable bearing on the stability of last year's profits) and that £247,904 of the £482,248 increase in the bank overdraft had been expended on film productions. On the mystification surrounding the "Maxwell deal," the chairman vouchsafed no information. Shareholders will await the consolidated statement the more eagerly, since it will contain an independent valuation of all the properties. In the meantime, we reiterate our view that the 10s. shares are a speculative holding at their present price of 10s. 1½d.

British Celanese Problems.—During the depression disappointed British Celanese shareholders could accept the plea that their company had been caught by the slump in the middle of a great expansion programme which only awaited reviving turnover to justify itself. Such a sound business as International Nickel was in the same position. But the same plea for patience, advanced annually during recovery, must lose its persuasiveness with the 1935-36 accounts, published this week. Once again, profits are down. The directors' report explains that prices were lower, and that national mourning combined with a wet spring to check sales. Sales, nevertheless, were a record. If greater turnover were really the only thing requisite to produce soaring profits, the modest decline in prices during the year should not have prevented an improvement. The movement in profits is shown below:—

	1934	1935	1936
Trading profit	2,593,028	2,350,491	2,306,107
Total profit	2,605,380	2,359,420	2,310,784
Expenses	1,477,103	1,248,350	1,237,113
Research, advtg., etc. ...	127,036	148,331	190,633
Depreciation	287,462	304,000	310,000
Deb. and bond service ...	278,373	215,601	208,530
Earned for pref. divs. ...	432,406	443,138	364,508
1st pref. divs.	Nil	271,250*	322,875**
2nd pref. divs.	Nil	Nil	Nil
Earned for ord. div. ...	Nil	Nil	Nil
Carried forward	113,804	260,692	302,235

* 2½ years' arrears. ** 3 years' arrears, bringing div. up to date.



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If the profits had been charged with only one year's dividend on the present 7 per cent. first preference capital of £2,500,000, the surplus to meet the annual dividend requirement (£318,750) on the 7½ per cent. second preference would have amounted to some £190,000. The arrears on this issue, however, are approximately ten times that amount at £1,912,500. Yet at the last meeting the chairman spoke of the possibility of paying off all those arrears in not more than one year—once capacity could be fully employed. It is time that shareholders demanded of the directors a clear statement of their position and prospects. They have long been invited to wait until capacity could be fully utilised, yet last year a further increase in plant was undertaken to establish the company "on a much wider basis," and a further £500,000 of capital was raised in first preference shares. If capacity has so far exceeded output year by year since 1929, some unfilled capacity must presumably by now be largely obsolete and should be written down. Alternatively, if the fixed assets, carried at some £7,695,000 (after deducting the depreciation reserve of £3,095,000) are really worth that figure, a conservative board might be inclined to make a higher depreciation allowance than £310,000. Hopes and valuations based on the theory of the superior quality of acetate yarn must now be discounted. At par, the 10s. ordinary shares appear unjustifiably high.

Imperial Airways Report.—The preliminary statement of profits on which we commented last week (page 224) has been followed this week by the full report. It shows that although traffic ton miles increased by the satisfactory rate of 37 per cent., the company's total trading profit was only £6,286 higher at £383,134. After increasing the obsolescence charge—offset by a corresponding reduction in depreciation—and providing for other charges, the net amount available for dividends is increased from £47,520 to £66,456. The fact that earnings have increased from 9.8 to 13.9 per cent., from which the 8 per cent. dividend is paid, is therefore largely accounted for by a reduction in charges, to which a lower allocation for staff provident scheme has contributed most. The following table analyses the disclosed results:—

	Years ended March 31,		
	1934	1935	1936
Profit and other income	321,023	376,848	383,134
Obsolescence	191,336	192,960	199,328
Depreciation	25,813	33,963	27,104
Insurance	28,803	24,655	24,496
Fees, tax, and other charges ...	24,000	27,750	50,750
Staff provident scheme	...	50,000	15,000
Ordinary shares:—			
Earned	51,071	47,520	66,456
Paid	29,018	33,855	38,069
Earned %	10.3	9.8	12.0
Paid %	6	7	8
Contingencies reserve	...	30,000	40,000
Carry forward	49,245	64,503†	65,118†

† After crediting recoveries of claims not attributable to year of accounts: 1935, £31,593; 1936, £12,229.

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.,"

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Investors who are more interested in the working results of the past year's operations (apart from the Government subsidy) are handicapped by the absence from the report either of a complete year's traffic figure or of a statement of the total subsidy received. The traffics announced for the eleven months to February last, however, amounted to £1,632,798. If we assume that the March receipts were equal to the average of January and February, the total for the year would amount to £1,770,285. The 1935 Air Estimates, since amplified by a Supplementary and by the Report on Civil Aviation, showed an amount due to the company for the year 1935-36 of £435,000. We are unlikely to be very far out, therefore, if we put the company's total income at £2,205,285. As the trading profit amounts to £369,434, working expenses and provisions would appear to have absorbed approximately £1,836,000. On these estimates, the company apparently failed to balance its operating account by some £66,000, compared with about £225,000 for the previous year. During the current year, it would appear that the subsidy will be reduced to £383,000. Imperial Airways, however, is in a stage of rapid transition, with the North American service in immediate prospect, and its financial arrangements with the Treasury have not finally been settled. Meanwhile, cash resources are considerable, and the present level of financial assistance meets the company's operating losses, provides generously for obsolescence, and pays a satisfactory rate of dividend. The company is the child of Imperial policy, and continued Treasury support is assured. But even this backing, and the possibility of rights to new capital, appear generously valued by a present price of 51s., which gives a yield of no more than £3 2s. per cent.

"Emmies" and Television.—The full report of Electric and Musical Industries confirms the striking fall in profits which was announced at the end of September. Dividends received, mainly from the two principal operating companies, fell from £451,176 to £266,948, and the reduced dividend was covered with an exiguous margin of disclosed earnings, after a substantial reduction in the amount required for income tax. The profit fluctuations over the past three years are given below:—

	Years ended September 30,		
	1934	1935	1936
Dividends	409,410	451,176	266,948
Contributions and other income	104,978	115,868	99,550
Total income	514,388	567,044	366,498
General expenses and fees	93,676	116,042	99,709
Income tax	95,677	108,000	20,000
Preference dividend.....	57,442*	21,390	21,131
Ordinary shares:—			
Earned	267,591	321,612	225,658
Paid	224,973	281,216	221,344
Earned %	11.9*	14.3	10.2
Paid %	10	12½	10

Carry forward

This sharp setback is attributed not merely to the reduced value of total sales, but also to price reductions which involved a fairly considerable inroad upon profit-margins. No comment is made regarding the trading prospect for the current year. The consolidated balance sheet reveals a sharp fall in overseas subsidiary interests, and the usual superabundance of liquid assets. The market is at present tempted to value neither the normal trading nor armaments prospects very confidently, for the 10s. shares, although they have climbed slowly to 23s. 3d., still yield £4 6s. 6d. per cent. Nor has the official inauguration of television transmissions this week lent any real assistance. The cost of television manufacture has been treated as a charge in the subsidiary's accounts, and the parent company's interest amounts to a mere £500, to which doubtless advances must be added. At present, however, it would appear that all companies in the television industry are strongly competitive in the receiver market, while the two

concerns which are technically equipped to produce transmitting equipment have inevitably incurred much expense for "strategic" reasons without the expectation of any considerable return from this side of the business. Technical superiority in transmission, it would seem, is not, in itself, an inevitable guarantee of a safeguarded market for receivers, although doubtless the goodwill factor is important. Whether share prices are reasonably related to prospects, however, may be doubted (particularly in the case of Baird Television), for television receivers—their present minimum price is about £85—must be considerably cheapened to attract a mass demand.

United Newspapers Preference.—Arrangements have been made under which the proprietors of Daily News, Limited, will resume full control of the *News Chronicle* by purchasing for cash the 50 per cent. interest in *News Chronicle, Limited*, now held by United Newspapers, Limited. As no public issue is in contemplation, the outside investor's interest is limited to the repercussions of the deal on the financial position of United Newspapers, whose 7½ per cent. £1 cumulative preference shares have recently advanced from 18s. to a present price of 25s. 6d. The company's shareholding in *News Chronicle, Limited* was valued in its last published balance sheet at £500,000. Its own liabilities include a bank loan which is understood to have been reduced since the date of the balance sheet (December 31, 1935) from £422,000 to something less than £200,000. It also has outstanding approximately £120,000 of "A" and "B" Unsecured Notes. Some £612,504 of its preference shares are in issue, on which dividend arrears totalled £275,000, gross, at the end of last year. It is evident, therefore, that the sale of the company's *News Chronicle* shareholding for £500,000 would produce an amount in cash approximately equivalent to its total obligations to its own bankers and Note holders and its preference dividend arrears, less tax. The company would then be left with three main assets: (1) land and buildings with a book value at December 31st last of £309,000, whose realisable value is certainly very much less than that figure; (2) a debt owed by *News Chronicle, Limited*, given in the last balance sheet at £97,000; and (3) preference and ordinary shareholdings in *Provincial Newspapers, Limited*, a subsidiary company which is paying dividends on both its first and second preference shares and earning, though not distributing, a profit on its ordinary shares. Some form of reconstruction of United Newspapers is obviously indicated, but when and how it will be effected will be for the Board to suggest. It is clear, however, that if the arrears and obligations are now paid off, the value of the remaining United Newspapers' assets more than covers the preference shares of the company at par; and that if the company continues in existence the earnings from its investments would furnish, say, 3 to 4 per cent. on its preference shares, even if no dividend were paid on *Provincial Newspapers* ordinary, while a dividend of 5 per cent. on *Provincial* ordinary would mean that the dividend on United Newspaper preferences was covered in full. It would seem, on this argument, that the preference shares of United Newspapers, at 25s. 6d. cum 10s. 6d. gross dividend arrears, would be worth this figure, but the margin for appreciation is obviously narrow.

Wall Paper Manufacturers' Profits.—The continuation of acutely competitive conditions in the wallpaper trade is suggested by the setback in the consolidated profits of the Wall Paper Manufacturers' group (after making numerous appropriations) from £722,429 to £707,265. There has, as the report somewhat delicately states, "been a further increase in this country in the number of machines operating which do not come under the control of the company, resulting in over-production." The parent company's income from trading and subsidiaries, after similar provisions, is therefore reduced from £723,509 to £691,426, and the earnings available for the deferred shares, which amount to £421,822, compared with £427,782, are equivalent to 20.6 per cent., from which the 12½ per cent. dividend has been paid for the third year in succession.

The company, in short, is still showing no convincing signs of recovery, despite the acquisition of several competing businesses in 1934, on what appeared at the time to be satisfactory terms to the vendors. In a period of boom activity in the residential building industry, this result is somewhat discouraging, although the deferred shareholders have the satisfaction of knowing that their dividend is well covered by recent earnings. This lack of earnings expansion, however, largely explains the comparatively high yield on the deferred shares, which offer £5 gs. per cent. at the present price of 45s. 9d.

Van Ryn Gold.—This veteran Witwatersrand undertaking, writes our Mining Correspondent, unlike some of its neighbours, has increased its profits. The average received for gold realised was 1s. 1d. down at 140s. 7d., but this was more than offset by the treatment of a record quantity of ore, of somewhat improved grade. Last year's operating surplus thus amounted to £161,150, compared with £130,080, to which is added £42,760 sundry reserves no longer required. On the other hand, £30,470 profit on investments was placed to reserve, taxation absorbed £47,670 in place of £61,060, and £145,000 was written off the fixed assets, reducing them to £386,240. The feature of the year's operations was, of course, the return of 10s. per share of capital. Hence the dividends of 40 per cent. absorbed the same as the preceding year's distributions of 20 per cent. A balance of £23,040 is now carried forward as against £121,700 brought in. The ore reserves show a small increase to 1,293,140 tons and a decline in value to 2.7 dwts. The apparently high yield on the shares is proper, since the bulk of the cash distributions must now be regarded as capital repayment.

Other Company Results.—Our usual summary of the reports of 40 further companies appears on page 289. *Bristol Brewery Georges* have made slightly higher trading profits, though net earnings are only £261,029, against



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

Highest*	Lowest†	Oct. 28	Oct. 29	Oct. 30	Oct. 31	Nov. 2	Nov. 3	Nov. 4
167.2	126 7/8	160.6	162.8	162.9	162.9	163.0	Closed(c)	167.2

* November 4th.

† January 6th.

(c) Presidential Election.

TOTAL DEALINGS IN NEW YORK

	Oct. 29	Oct. 30	Oct. 31*	Nov. 2	Nov. 3	Nov. 4
Stock Exchange—Shares (No. Thous.)	1,710	1,680	730	1,600		3,290
Bonds (Thous. \$)...	13,020	10,890	4,880	8,400	Closed (c)	14,990
Carb.—Shares (Thous.)	563	555	261	486		777

* Two-hour session.

(c) Presidential Election.

PARIS

THE re-opening of the Bourse on October 2nd was awaited with impatience, and although a large accumulation of buying orders was known to exist, the confusion under which business began again, owing to sellers holding back, was unexpected. The Bourse's adjustment to the new order of things took place in discomfort and an atmosphere of dissatisfaction. Quite apart from the new monetary situation, the market was faced with the tax on devaluation profits earned between September 21 and 26, and with the official attempt to limit the rise in prices to 20 per cent. Immediately on re-opening, there were long lists of local securities for which there were no sellers and therefore no quotations. The market was choked with buying orders which remained temporarily unsatisfied or had to be heavily scaled down, especially in the case of Rentes. Those securities which were quoted showed sharp rises, undergoing some reaction later as the channel became cleared and dealings in other issues, home equities in particular, took place in their turn. After about five sessions, buying orders were being properly filled, and in certain sections a fall in prices occurred which was looked on mainly as a healthy weeding-out process. Rentes and industrials were strong, and in the latter part of the month the market showed signs of settling down, although it paid close and anxious attention to the political situation both at home and abroad. A cheerful mood followed M. Vincent-Auriol's statement, but second thoughts were more chastening and conditions became generally quieter on the approach of the usual *Toussaint* holiday.

	Sept. 25, 1936	Oct. 17, 1936	Nov. 4, 1936		Sept. 25, 1936	Oct. 17, 1936	Nov. 4, 1936
3% Perp. Rentes	69.30	80.10	77.35	Royal Dutch	32.200	44.970	47.050
4% Rentes 1917	69.10	82.35	78.25	Wagons Lits	39 1/2	59	62 1/2
Banque de France	7,190	9,230	8,750	Mexican Eagle	110	175	158
Credit Lyonnais	1,240x	1,575	1,625	"Chartered"	130	189 1/2	230
Suez Canal	20,740	24,250	24,790	Ford	32 1/2	45	48 1/2
Chargeurs Réunis	278	383	388	De Beers	86 1/2	1,184	1,545
Rio Tinto	1,400	1,963	2,505	"Johnnies"	329	428	484

BERLIN

THE share market in October was influenced by the gold *bloc* devaluations, and during the first three weeks quotations rose rapidly. The advance, however, was irregular, and in part affected by conjectures regarding the Four Year raw materials Plan. The average gain of heavy industrials, including lignite, rayon and paper pulp shares, was larger than for the finished manufactures group. Non-ferrous metal shares were strong, and potash issues, after long neglect, rose sharply. Commercial banks shares gained considerably, but Reichsbank, although firm, advanced rather less. In the last week of the month the general advance ceased, but many minor shares continued to move upward, and the transfer of Reich holdings of Commerz und Privatbank capital into private hands caused a new advance in commercial bank shares. Foreign-currency and Colonial shares were active, and sometimes strong, with Otavi Copper rising to 46. Reichsmark bonds were steady and quotations slightly advanced. Speculation in foreign-currency loans, in particular Austrian Succession State and Mexicans, continued until late in the month, when selling predominated. Certificated dollar bonds were firm, many industrials gaining about 10 points. The official shares index (1924-26=100) for September was 100.06 against 101.79 for August and the bonds index, 96.08 against 96.05.

	Sept. 30, 1936	Oct. 17, 1936	Nov. 4, 1936		Sept. 30, 1936	Oct. 17, 1936	Nov. 4, 1936
Reichsbank	183.00	191.25	192.75	A. E. G.	36.40	39.90	41.00
D.D. Bank	98.00	104.50	110.00	Siemens & Halske	193.00	202.75	208.00
Dresdner	98.75	104.50	107.50	A. K. U.	88.50	93.25	82.90
I. G. Farben	170.10	178.90	178.00	Hamburg-Amer.			
Norddeutscher	14.60	16.10	15.10	("Hapag New")	14.60	16.40	15.50

AMSTERDAM

HAVING sprung sharply away from their pre-devaluation levels, prices in October continued, mostly under the lead of plantation

shares, to advance at a slower but still fairly rapid pace. The inevitable profit-taking reaction took place towards the middle of the month, following a signal from rubber share prices in the plantations section and Philips Lamps among industrials, but it was neither violent nor long sustained. From then onwards it seemed that the first force of the devaluation impetus had been spent, and the market, though still rising (Royal Dutch passed the 400 mark on October 20th) settled down to a more normal type of activity. Throughout the month, prices were sensitive to fluctuations in the guilder, and in the second fortnight, the market was a little irregular under Wall Street influences and later owing to the European political outlook. Towards the close, activity in rubber issues has become intense, with considerable rises in quotations, and, with the U.S.A. election result, the infection is passing to other sections of the market.

	Sept. 30, 1936	Oct. 17, 1936	Nov. 4, 1936		Sept. 30, 1936	Oct. 17, 1936	Nov. 4, 1936
2 1/2% Dutch Loan	83 1/2	85 1/2	82 1/2	Steel Common	51 1/2	59 1/2	57 1/2
5 1/2% German	24 1/2	21 1/2	21 1/2	A. K. U.	37 1/2	39 1/2	43 1/2
Unilever N.V.	148 1/2	155 1/2	174 1/2	Ford Motor	255	241	250
Philips Lamps	205	225 1/2	289 1/2	Deli Batavia Tob	245 1/2	236	256
Netherlands Ship				Royal Dutch	353	389	406 1/2
Union	79	77 1/2	94 1/2	Handels Ams	365 1/2	403 1/2	427

CAPITAL ISSUES

THIS week's activity in the new issue market has followed the recent pattern—two corporation issues, and a handful of smaller and more or less speculative industrial issues. The reception accorded to the *Leicester* issues on unchanged terms 3 per cent. stock, at 99 1/2, with a 22-27 year life—can have left the authorities under no illusion regarding the trustee investor's thoughts on the adequacy of this rate of return. The underwriters of the *Southampton* loan, which opened on Friday, on the same terms, plus an extra year's life, bared their chests at the *Leicester* result, for no less than 76 per cent. of the latter scrip was left with them. A "holiday" and a revision of issue terms appears overdue in this market. Of the industrial issues, *Eastwoods Humber Cement* dual issue of debenture stock and ordinary shares is unusual. The debentures are guaranteed until 1938 by Eastwoods, Limited, a group which has successfully extended its operations through the multiplication of subsidiary concerns. The past history of the cement industry, however, reveals its fundamentally competitive nature, and although the earnings estimates of the directors may be fulfilled, they are based on the installation of two kilns, which will require more than one year for their completion. Both issues carry an appreciable industrial risk, inseparable from concerns beginning *de novo*, to which incidentally, the issue of ordinary shares at 15 per cent. premium would, in calmer times, doubtless be considered inapplicable. The remaining concerns are of smaller stature. *Premier (Trinidad) Oilfields* 5s. ordinary shares are offered at par, on a prospectus which provides adequate technical information. The company, however, is still in the development stage, and while its technical promise may be favourable, the shares cannot be regarded as other than speculative. There are no general investment attractions in the mixed issues of *Ellis and Goldstein* (a wholesale clothing business, of which the vendors retain control, on fairly generous terms) or of *Howards (Newcastle)* which is a retailing concern. Both these issues are of the routine pattern. The capital is divided between 6 per cent. preference and ordinary shares, the latter being offered at premiums to show a 10-12 per cent. earnings yield. The latter cannot be regarded as excessive in the case of any small concern, whose shares have limited marketability. *Martin Bros. (Machinery)* 2s. shares are offered at 50 per cent. premium. This company deals in and rebuilds machine tools, and proposes to construct special machine tools in future. Of the net assets of £35,162, stock, as valued by the chairman, amounts to £28,237, and the undertaking is acquired for £55,000 in shares, creating a goodwill account of nearly £20,000. Although the latest profits are more than double those of the preceding year, the earnings yield in this case is as low as 8.6 per cent. on the issue price, and a substantial further increase in profits is thus anticipated. Investors who are willing to pay the premium asked are therefore capitalising the business on peak earnings and more besides. The industry itself is subject to rapid changes in profitability during the various phases of the trade cycle. A particularly large number of statements for information have been published this week, on behalf of *B. & F. Carter, Wake and Dean, M. Morris Cabinet Makers, Control Systems, Dutton's Blackburn Brewery, County Borough of Yarmouth, Cannock Associated Collieries, and the Racecourse Betting Control Board.*

ISSUES OF THE WEEK

January 1 to October 31, 1936, including conversions, Old Basis, £341,504,492.	
January 1 to October 31, 1936, excluding conversions, Old Basis, £156,911,905.	
January 1 to October 31, 1936, including conversions, New Basis, £392,297,718.	
January 1 to October 31, 1936, excluding conversions, New Basis, £290,826,240.	

Net Sales National Savings Certificates, week ended October 31, 1936, Nil.

TOTALS OF CAPITAL ISSUES DURING WEEK

			Nominal Capital £	Conversions £	New Money £
To the Public			3,603,747		3,695,872
To Shareholders only			730,209	307,500	2,478,090
By Stock Exchange Introduction			598,940		1,179,415
By Permission to Deal			990,969		209,617
Total Capital raised—					
	Including Conversions	Excluding Conversions		Total offered for Subscription— Including Conversions	Excluding Conversions
January 1 to date—					
1936 (New Basis)	401,012,380	299,233,402		Whole year (Old Basis)—	
1936 (Old Basis)*	347,985,954	163,085,867	1935	548,351,393	236,147,637
1935 (New Basis)*	368,843,948	237,297,593	1934	410,880,300	169,108,700
1935 (Old Basis)	269,383,568	133,739,200	1933	467,921,500	244,780,500
January 1 to date (Old Basis)			1932	2,699,684,265a	188,909,963
1934	358,069,824	149,889,366	1928	683,000,056	369,058,073
1933	435,786,199	235,419,524			
1928	510,687,191	336,657,460			

(a) This figure includes £1,920,000,000 for conversion of 5 per cent. War Loan into 3 1/2 per cent. War Loan.

* Including securities for which "permission to deal" was given in forty-five weeks ended November 9, 1935.

Nature of Borrowing (Excluding Conversions)

	Debentures	Preference	Ordinary	Total
January 1 to date—				
1936 (New Basis)	102,696,189	33,792,009	162,745,204	299,233,402
1936 (Old Basis)	83,742,609	17,873,765	61,469,493	163,085,867
1935 (New Basis)	96,735,606	44,227,351	96,334,636	237,297,593
1935 (Old Basis)	72,313,301	28,372,524	33,053,375	133,739,200
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	167,185,509	31,696,741	37,265,387	236,147,637

PUBLIC OFFERS

Leicester (City of).—Issue of £1,500,000 3 per cent. stock at 99 1/2, redeemable at par 1963, or from 1958 on three months' notice. Proceeds to replace short-term mortgages. Estimated population, 261,000; rateable value, £1,913,600. Net debt, £11,736,607 (of which £3,946,392 major trading, and £4,082,920 housing). Lists closed 3.30 p.m. 3rd November. Open for full period. Underwriters left with 76 per cent.

Southampton Corporation.—Issue of £1,250,000 stock at 99 1/2. Redeemable at par 1964, or from 1959 on three months' notice. Rateable value, £1,514,703; estimated population, 177,200. Out-

standing debt, £6,292,124 (£2,111,233 productive and £2,105,097 housing). Proceeds for electricity, water, etc., and to repay £528,380 short-term mortgages.

Eastwoods Humber Cement.—Issue of £150,000 4 1/2 per cent. first mortgage debenture stock at 101, and 800,000 5s. ordinary shares at 5s. 9d. Eastwoods, Ltd., guarantee debenture interest to end of 1938; stock redeemable any time on three months' notice at 5 premium, or in 1966 at 101. Company will erect cement works along River Humber. Production contemplated from first unit 75,000 tons per annum, to give estimated profit of £30,000, less fees, interest and administration. Purchase price, £50,000 cash to Dreadnought Investment Trust. Lists closed 9.1 a.m. November 3rd. Heavily oversubscribed.

Premier (Trinidad) Oilfields.—Issue of 859,988 5s. ordinary shares at par. (Firm applications for 140,000 shares; 300,000 of unissued shares under option at par.) Acquires 500 acres proved and 1,214 acres reserve areas. Managing agents: Trinidad Petroleum Development. In first year 20 wells proposed, 320,000 barrels estimated. Total purchase price of concession and lease, £102,000, payable £77,000 in cash and balance in shares.

Ellis and Goldstein.—Issue of 75,000 6 per cent. cumulative £1 preference shares at 20s. 6d. and 75,000 5s. ordinary shares at 10s. Acquires wholesale coat and costume manufacturing business founded 1912. Profits, before fees, depreciation, leaseholds amortisation (amounting in all to £5,234), years to March 31, 1934, £18,255; 1935, £26,703; 1936, £27,599. Net assets £107,358, purchased for £148,469 (goodwill, £41,111), payable by 225,000 5s. ordinary shares and £92,219 cash. Lists closed 9.5 a.m. November 3rd. Heavily oversubscribed.

BY OFFER FOR SALE

Martin Bros. (Machinery).—Offer for sale of 550,000 2s. shares at 3s. Acquires machine tools business, commenced 1916. Profits before depreciation, fees, and interest (estimated £5,510) years to June 30, 1934, £6,285; 1935, £7,076; 1936, £15,205. Net assets £35,162 (£28,237 stock, £15,836 long-leasehold property), purchased for £55,000 (goodwill £19,838) in 550,000 shares. Ridgeford Trust take issue at about 2s. 7d. Lists closed 9.5 a.m. 5th November. Heavily oversubscribed.

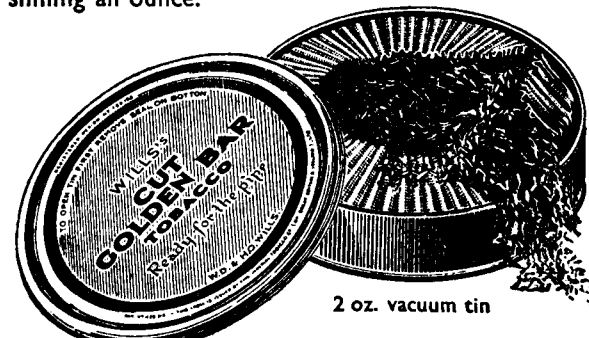
Howards (Newcastle).—Offer for sale of 140,000 6 per cent. cumulative 10s. preference shares at par and 350,000 4s. ordinary shares 5s. 6d. Acquires departmental stores at Newcastle and North Shields. Profits, before depreciation, years to January 31: 1934, £15,412; 1935, £13,350; 1936, £15,308. Net assets, £94,152, purchased for £97,185 (£3,033 goodwill), in 140,000 10s. preference and 135,925 4s. ordinary shares. Sterling Securities Investment take issue at about 10s. per preference and 4s. 7d. per ordinary share.

(Continued on page 280)

GOLDEN MOMENTS

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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			
Jan. 1 to Nov. 4, inclusive		Jan. 1 to Nov. 4, inclusive		Jan. 1 to Nov. 4, inclusive		Jan. 1 to Nov. 4, inclusive		Jan. 1 to Nov. 4, inclusive		Jan. 1 to Nov. 4, inclusive		Jan. 1 to Nov. 4, inclusive		Jan. 1 to Nov. 4, inclusive		Jan. 1 to Nov. 4, inclusive		Jan. 1 to Nov. 4, inclusive		Jan. 1 to Nov. 4, inclusive			
High	Low	High	Low	High	Low	High	Low	High	Low	High	Low	High	Low	High	Low	High	Low	High	Low	High	Low		
Name of Security				Name of Security				Name of Security				Name of Security				Name of Security				Name of Security			
British Funds				British Funds				British Funds				British Funds				British Funds				British Funds			
118 1/2	109	87 1/2	83 1/2	Consols 2 1/2%	85 1/2	85 1/2	+ 1/2	2 1/8	3	45/8	35	5(b)	5(a)	Bank of England £1	38/9	38/9	...	4 s. d.	...	...	...		
103 1/2	97 1/2	102 1/2	100 1/2	Do. 4% Red. at par on or after Feb. 1957 (a)	115 1/2	116	+ 1/2	2 1/8	6	80/9	34/9	7(b)	7(a)	Bank of England £1	38/9	38/9	...	4 s. d.	...	...	...		
107 1/2	100 1/2	105 1/2	103 1/2	Conserv. 2 1/2% 1944-48	110 1/2	101 1/2	...	2 6	6	48/9	43/3	3(b)	2(a)	Barclay B. (£1)	79/8	79/8	...	3 10	6	...	...		
112 1/2	104 1/2	108 1/2	106 1/2	Do. 3%, 1948-53	104 1/2	104 1/2	...	2 11	6	10	8 1/2	41(b)	3(c)	Barcl. (Dom. &c.) A £1	48/6	48/6	...	3 10	6	...	...		
114 1/2	111 1/2	115 1/2	113 1/2	Do. 3% after 1961 (a)	107 1/2	108	+ 1/2	3	0	43 1/2	37	8(c)	8(c)	Bk. of Australasia (£5)	91	91	...	3 10	6	...	...		
124 1/2	115 1/2	121 1/2	117	Do. 5% 1944-48	118 1/2	118	...	2	7	6	27 1/2	5(c)	5(c)	Bk. of Montreal (\$100)	42 1/2	42 1/2	...	3 18	0	...	...		
106	98	104	101 1/2	Funding 2 1/2% 1956-61	93 1/2	93 1/2	...	2	10	6	15 1/2	12 1/2	7(a)	Chd. of India (£5)	100	100	...	2 18	0	...	...		
121 1/2	112 1/2	119 1/2	115 1/2	Funding 3% 1959-69	102 1/2	102 1/2	...	2	17	0	16/3	13/7	24(a)	34(b)	Comcl. Bk. of Aus. 10/-	15 1/2	15 1/2	...	4 11	0	...	...	
110 1/2	104 1/2	108 1/2	106 1/2	Funding 4% 1960-90	117 1/2	117 1/2	...	2	19	0	92/3	85/8	84(b)	84(b)	District A £5, £10/-	91/3	91/3	...	4 0	0	...	...	
104 1/2	98 1/2	103 1/2	101 1/2	Victory Bonds 4%	115 1/2	116	+ 1/2	2	19	6	57/6	52/-	5(b)	5(b)	Do. B £1 fully pd.	57/6	57/6	...	3 12	6	...	...	
95 1/2	88 1/2	93 1/2	91 1/2	War Loan 3% after 1952 (p)	106 1/2	106 1/2	...	2	19	3	97/9	92/8	124(a)	124(b)	Eng. Scot. & Aust. £5 3pd	97/6	97/6	...	3 1	0	...	...	
100 1/2	90 1/2	95 1/2	93 1/2	Local Loans 3%	107 1/2	108	+ 1/2	3	1	3	11 1/2	10	18/6	18(a)	Hambros £10, £2 1/2 paid	11 1/2	11 1/2	...	3 18	0	...	...	
119 1/2	112 1/2	120 1/2	116	War Loan 3% after 1952 (p)	102 1/2	102 1/2	...	2	18	9	64/3	61/8	6(b)	6(b)	Home and S. (£125)	63/6	63/6	...	5 4	3	...	...	
109 1/2	100 1/2	105 1/2	103 1/2	India 2 1/2%	98 1/2	98 1/2	...	3	8	0	9 1/2	8 1/2	7(b)	7(a)	Lloyds £5, with £1 pd.	95/-	95/-	...	3 15	0	...	...	
100 1/2	90 1/2	95 1/2	93 1/2	Do. 3%	88 1/2	88 1/2	...	3	8	0	98/9	91/-	8(b)	8(b)	Martins £20, £2 1/2 pd.	95/-	95/-	...	3 15	0	...	...	
119 1/2	112 1/2	120 1/2	116	Do. 4% 1938-58	119 1/2	119 1/2	...	3	6	6	44 1/2	39 1/2	11(b)	11(a)	Midland £1, fully pd.	40/-	40/-	...	3 14	0	...	...	
109 1/2	100 1/2	105 1/2	103 1/2	U.K. & Arg. 4% (A 1947)	104 1/2	104 1/2	...	3	11	0	47 1/2	42 1/2	9(b)	9(a)	Nat. of Egypt £1	46/-	46/-	...	4 14	0	...	...	
113 1/2	106 1/2	113 1/2	109 1/2	Dom. & Colonial Govts.	113 1/2	113 1/2	...	3	9	6	50 1/2	46 1/2	84(a)	84(a)	Nat. Prov. £20, £4 pd.	50 1/2	50 1/2	...	3 14	6	...	...	
106 1/2	100 1/2	106 1/2	102 1/2	Canada 4% 1940-60	110 1/2	110 1/2	...	3	8	0	98/-	90/9	9(b)	9(a)	St. of S. Afr. £20, £5 pd.	98/-	98/-	...	3 13	0	...	...	
112 1/2	112 1/2	118 1/2	114	Gold Coast 4% 1956	118 1/2	118 1/2	...	3	6	0	95/-	88/-	5(b)	5(a)	Westminster £4, £1 pd.	95/-	95/-	...	4 1	0	...	...	
121 1/2	116 1/2	120 1/2	117	Nigeria 5% 1950-60	119 1/2	119 1/2	...	3	6	0	88/-	81/-	5(b)	5(a)	National A £2 1/2 fly. pd.	88/-	88/-	...	3 17	0	...	...	
115 1/2	107 1/2	114 1/2	109 1/2	N. Zealand 5% 1946	112 1/2	112 1/2	...	3	3	2	6 1/2	6 1/2	5(b)	5(a)	B 7 1/2, £2 1/2 pd.	16 1/2	16 1/2	...	3 19	3	...	...	
110 1/2	103 1/2	109 1/2	106 1/2	Queensland 5% 1940-60	107 1/2	107 1/2	...	2	19	0	56 1/2	52/-	121(b)	71(a)	Union £1, fully pd.	54/-	54/-	...	3 19	3	...	...	
118 1/2	111 1/2	117 1/2	114 1/2	S. Africa 5% 1945-75	117 1/2	117 1/2	...	3	19	0	56 1/2	52/-	121(b)	71(a)	Insurance	54/-	54/-	...	3 19	3	...	...	
101 1/2	98 1/2	103 1/2	99 1/2	Foreign Governments	102 1/2	102 1/2	...	3	19	0	56 1/2	52/-	121(b)	71(a)	Alliance £1, fully pd.	32 1/2	32 1/2	...	2 17	6	...	...	
101 1/2	98 1/2	103 1/2	99 1/2	Argentina 4% Resc. 1952	97 1/2	97 1/2	...	7	9	0	32 1/2	30	40(a)	50(b)	Atlas £5, £1 1/2 pd.	15 1/2	15 1/2	...	2 12	6	...	...	
101 1/2	98 1/2	103 1/2	99 1/2	Austria 7% 1957	97 1/2	97 1/2	...	7	9	0	32 1/2	30	40(a)	50(b)	Com. Un. £1, fully pd.	11 1/2	11 1/2	...	2 12	6	...	...	
98 1/2	91 1/2	96 1/2	93 1/2	Do. 4% 1934-59	88 1/2	88 1/2	...	5	0	3	18 1/2	14	14(b)	14(b)	Gen. Accident £5, £1 1/2 pd.	28 1/2	28 1/2	...	2 12	6	...	...	
98 1/2	91 1/2	96 1/2	93 1/2	B. Aires (Prov.) 3 1/2%	69 1/2	70	...	4	4	4	28 1/2	26	36(b)	28(a)	Lon. & Lanc. £5, £2 pd.	35 1/2	35 1/2	...	2 16	4	...	...	
98 1/2	91 1/2	96 1/2	93 1/2	Belgium 4% red. by 1970	97 1/2	98 1/2	...	11	2	3m	38 1/2	34 1/2	25(b)	25(b)	Royal Exchange (£1)	11 1/2	11 1/2	...	3 8	0	...	...	
98 1/2	91 1/2	96 1/2	93 1/2	Bulgaria 7 1/2% Loan	22 1/2	22 1/2	...	6	18	11	22 1/2	20	25(b)	25(b)	Sea Insur. £1, fully pd.	23 1/2	23 1/2	...	3 8	0	...	...	
98 1/2	91 1/2	96 1/2	93 1/2	Brazil 5% Fund. 1914	72 1/2	72 1/2	...	6	5	0	26	21	25(b)	25(b)	Pearl (£1), fully paid	23 1/2	23 1/2	...	3 8	0	...	...	
98 1/2	91 1/2	96 1/2	93 1/2	Chili 6% (1929)	19 1/2	19 1/2	...	6	5	0	26	21	25(b)	25(b)	Phoenix £1, fully paid	23 1/2	23 1/2	...	3 8	0	...	...	
98 1/2	91 1/2	96 1/2	93 1/2	China 5% (1912)	81 1/2	81 1/2	...	6	5	0	26	21	25(b)	25(b)	Prudential £1 A	37 1/2	37 1/2	...	3 12	6	...	...	
98 1/2	91 1/2	96 1/2	93 1/2	Do. 5% (1913)	90 1/2	92 1/2	...	7	19	0	121/3	108/-	108/-	108/-	Do. £1, with as. paid	112/3	112/3	...	3 12	6	...	...	
98 1/2	91 1/2	96 1/2	93 1/2	Czechoslovakia 4%	99 1/2	100 1/2	...	7	19	0	121/3	108/-	108/-	108/-	Royal Exchange (£1)	11 1/2	11 1/2	...	3 12	6	...	...	
98 1/2	91 1/2	96 1/2	93 1/2	Danish 8% 1908	100 1/2	100 1/2	...	10	1	6	10 1/2	10 1/2	10 1/2	10 1/2	Sea Insur. £1, fully pd.	23 1/2	23 1/2	...	3 8	0	...	...	
98 1/2	91 1/2	96 1/2	93 1/2	Danish 6% 1914	84 1/2	84 1/2	...	3	18	6	5 1/2	4 1/2	82(b)	82(b)	Sea Insur. £1, with 5/- fly. pd	81 1/2	81 1/2	...	2 19	6	...	...	
98 1/2	91 1/2	96 1/2	93 1/2	Egypt Unified 4%	104 1/2	104 1/2	...	11	5	0	4 1/2	1/5	1/3(a)	1/3(a)	Yorkshire £1, fully pd.	19 1/2	19 1/2	...	2 19	6	...	...	
98 1/2	91 1/2	96 1/2	93 1/2	French 4% (British)	18 1/2	18 1/2	...	21 1/2	18 1/2	18 1/2	130(b)	117(a)	117(a)	117(a)	Investment Trusts	270/-	270/-	...	3 12	6	...	...	
98 1/2	91 1/2	96 1/2	93 1/2	German 7% Dawes Ln.	63 1/2	62 1/2	...	21 1/2	18 1/2	18 1/2	130(b)	117(a)	117(a)	117(a)	Anglo-American Deb.	270/-	270/-	...	3 12	6	...	...	
98 1/2	91 1/2	96 1/2	93 1/2	Do. 5 1/2% Young Ln.	43 1/2	44 1/2	...	21 1/2	18 1/2	18 1/2	130(b)	117(a)	117(a)	117(a)	Atlas Electric, etc. 1	69 1/2	69 1/2	...	3 9	0	...	...	
98 1/2	91 1/2	96 1/2	93 1/2	Greek 6% Stab. Ln.	37 1/2	34 1/2	...	21 1/2	18 1/2	18 1/2	130(b)	117(a)	117(a)	117(a)	Brit. Assets Trust 5/-	130/9	130/9	...	3 9	0	...	...	
98 1/2	91 1/2	96 1/2	93 1/2	Do. 7% Refugee	45 1/2	41 1/2	...	21 1/2	18 1/2	18 1/2	130(b)	117(a)	117(a)	117(a)	Debutante Corp. Stk.	242 1/2	242 1/2	...	0 17	6	...	...	
98 1/2	91 1/2	96 1/2	93 1/2	Hungary 4%	48 1/2	48 1/2	...	21 1/2	18 1/2	18 1/2	130(b)	117(a)	117(a)	117(a)	For. Amer. etc. Def.	828	828	...	4 0	0	...	...	
98 1/2	91 1/2	96 1/2	93 1/2	Japanese 5 1/2% 1936-85	84 1/2	84 1/2	...	21 1/2	18 1/2	18 1/2	130(b)	117(a)	117(a)	117(a)	Guardian Investment (5/-)	10/-	10/-	...	3 12	6	...	...	
98 1/2	91 1/2	96 1/2	93 1/2	Do. 6% (1924) red. 1959	90 1/2	91 1/2	...	21 1/2	18 1/2	18 1/2	130(b)	117(a)	117(a)	117(a)	Indus. and Gen. Ord.	290/-	290/-	...	3 19	2	...	...	
98 1/2	91 1/2	96 1/2	93 1/2	Norwegian 4% 1911	110 1/2	110 1/2	...	21 1/2	18 1/2	18 1/2	130(b)	117(a)	117(a)	117(a)	Lake View Invest. 10/-	313/-	313/-	...	3 15	3	...	...	
98 1/2	91 1/2	96 1/2	93 1/2	Peru 7 1/2% 1922	52 1/2	52 1/2	...	21 1/2	18 1/2	18 1/2	130(b)	117(a)	117(a)	117(a)	Mercantile Investment	200/-	200/-	...	3 19	2	...	...	
98 1/2	91 1/2	96 1/2	93 1/2	Poland 7 1/2%	73 1/2	72 1/2	...	21 1/2	18 1/2	18 1/2	130(b)	117(a)	117(a)	117(a)	Merchants Trust Ord.	285	285	...	3 11	8	...	...	
98 1/2	91 1/2	96 1/2	93 1/2	Romania 4% Con. 1922	13 1/2	13 1/2	...	21 1/2	18 1/2	18 1/2	130(b)												

(Continued from page 277)

BY STOCK EXCHANGE INTRODUCTION

County Borough of Great Yarmouth.—Issue of £250,000 3 per cent. stock. Sold at 98½ to Messrs. J. A. Scrimgeour. Redeemable at par 1964 or from 1959 at three months' notice. Proceeds to repay loans. Rateable value £337,426. Outstanding debt £1,671,187. Present rate 13s. 6d. in the £.

B. and F. Carter and Company, Ltd.—Capital, 600,000 2s. ordinary shares. Acquires general engineers and electric cable business founded 1919. Net assets £53,566, purchased for £50,000, payable £40,000 in cash and 100,000 ordinary shares. Profits, after depreciation, years to January 31: 1935, £4,591; 1936, £7,233; six months to July 31, 1936, £7,603. Whitehead Industrial Trust take 499,993 shares at par and expenses.

Control Systems, Ltd.—Issued capital, 1,226,400 5s. ordinary shares and 100,000 5½ per cent. cumulative £1 preference shares. Owns shares of Bell Punch Company and two other companies. Bank loan to be repaid out of preference share issue. Outside obligations of subsidiaries total £35,500. Company's total assets £295,969. Combined profits after depreciation, years to March 31st: 1934, £25,992; 1935, £40,858; 1936, £41,595. Rowe and Pitman take preference shares at 20s. 6d. and 203,517 ordinary shares from holders at 10s. net.

Dutton's Blackburn Brewery, Ltd.—Particulars of issue of £750,000 4 per cent. first mortgage debenture stock, redeemable at par 1983, to repay existing debentures and to purchase 179,868 Kirkstall Brewery Company ordinary shares and for general purposes. £249,230 of the new stock to be taken at par by Equity and Law Life Assurance Society. Net assets £822,947. Profits, after depreciation, years to March 31st: 1934, £52,210; 1935, £58,548; 1936, £61,597.

M. Morris Cabinet Makers, Ltd.—Particulars of issue of 325,000 4s. ordinary shares and 60,000 6 per cent. cumulative £1 preference shares, repayable at 22s. 1967 or from 1957 at six months' notice. Business established 1918. Net assets £95,245, acquired for £95,000, payable in 30,100 preference and 324,500 ordinary shares. Profits, before interest, depreciation and leasehold amortisation, years to June 30th: 1934, £9,007; 1935, £16,976; 1936, £22,868. Leadenhall Investments and Finance take 30,100 preference shares at par and 125,000 ordinary shares at 5s. 6d. They will also purchase 29,900 preference shares, and sell all the 60,000 preference shares at 20s. 3d. and 124,000 ordinary shares at 6s. 9d. to William H. Hart and Company.

Wake and Dean, Ltd.—Particulars of an issue of 51,037 6 per cent. cumulative £1 preference shares and 265,212 5s. ordinary shares. Furniture business, near Bristol. Proceeds of issue to repay bank loan and debentures, and for extensions. E. R. Lewis and Company take issue at net cost of £1 per preference and 5s. 7½d. per ordinary share. Total assets £285,061. Profits, after depreciation, years to June 30th: 1934, £12,391; 1935, £17,579; 1936, £22,420.

Cannock Associated Collieries, Ltd.—Issued capital, 1,599,640 £1 ordinary, 260,400 5 per cent. cumulative £1 preference, and 650,397 5 per cent. cumulative redeemable second £1 preference shares. Acquires preference and ordinary shares of three colliery companies. Combined assets, £2,657,484. Combined profits after depreciation, before amortisation, years to June 30: 1934, £159,464; 1935, £178,553; 1936, £222,952.

Racecourse Betting Control Board.—Established 1928; operates totalisator betting system. Particulars of £2,400,000 4 per cent. registered stock, of which £1,200,000 now issued, taken by Cazenove, Akroyds and Greenwood and Company, at 98, less ¼ commission. Redeemable at par 1959, or by drawings at par or 101. First charge on Totalisator Fund. Available balance, years 1933, £169,884; 1934, £267,913; 1935, £354,284.

TENDERS.

South Staffordshire Waterworks Company.—Issue of £250,000 ordinary stock at a minimum price of £175 per £100 of stock. Proceeds to be applied to repayment of money advanced by the company's bankers for development and to the construction of further works.

ISSUES TO SHAREHOLDERS ONLY

Thistle-Etna Gold Mines, Ltd.—Issue of 60,000 new shares of 5s. each at 12s. per share to shareholders registered on October 22, 1936, in the proportion of one new share for every eight shares held.

Rhokana Corporation.—57,709 ordinary shares £1 are offered to holders of ordinary and "A" shares registered on October 19th, at £10 each, at rate of one new share for each 43 ordinary or "A" shares held. These shares when allotted will rank for any dividend in respect of the year ending June 30, 1937, and thereafter and in all respects *pari passu* with the existing fully-paid ordinary shares.

Mowbray and Company.—Issue of 50,000 6½ per cent. cumulative preference shares £1 at 26s. in proportion of one for every six ordinary or preference shares held.

Anglo-American Corporation of South Africa, Ltd.—Issue of 600,000 10s. ordinary shares £3 each in proportion three new shares for each 20 shares held. The new shares will not rank for dividend which will be declared in December, 1936.

CONVERSIONS AND REPAYMENTS

Isle of Man Steam Packet Company.—This company will redeem on January 1, 1937, £300,000 5 per cent. first mortgage debenture stock, 1935-58, at 102½. An issue of £300,000 4 per cent. registered first mortgage debenture stock, 1947-57, is being made to repay the present stock and holders have the right to convert into the new security.

Gulf States Steel Company.—Gulf States Steel Company is redeeming on January 2, 1937, all its first preferred stock outstanding, at \$129.27 per share, which is equal to 110 per cent. of the par value and all dividends which will then be accrued and unpaid on the stock.

LONDON NEW ISSUE PRICES

Stock or Share	Issue price	Paid	Oct. 28, 1936	Nov. 4, 1936
Alvis New Ord. 5/-	9/3	2/6	4½d.-7½d. pm	par-3d. pm
Anti-Attrition Metal (2/- Ord.)	3/-	3/-	7½d.-7½d.	7½d.-8½d.
Argentine 3½% Conversion	8½d.	8½d.	1½d. 1½d.	1½d. 1½d.
Associated Paper Ord. 5/-	6/6	4/-	6d.-9d. pm	6d.-9d. pm
Do. 5% 1st Pref. £1	20/-	10/-	1/-1/6 pm	1/-1/6 pm
Bristol 3%	99½	24½	4½d.-7½d. pm	4½d.-7½d. pm
Cartier (B. & F.) Ord. 2/-	15/-	5/-	3d. dis-3d. pm	3d. dis-3d. pm
C.T.C. Bazaars (5/-)	21/-	10/-	1½d. 1½d.	1½d. 1½d.
Do. 6% Pref. £1	99½	24½	4½d.-7½d. pm	4½d.-7½d. pm
Dumfries 3% Stock	102	20	1½d. 1½d.	1½d. 1½d.
Everard Brewery 4% Debts.	6/-	6/-	5/6-8/-	5/6-8/-
Gale Lister 4/- Ord.	11/-	11/-	12½d.-12½d.	12½d.-14½d.
Hale and Hale Ord. 5/-	10/6	10/6	9/10-12/4	10/3-10/9
Do. 5½% Pref. 10/-	99½	24½	4½d.-7½d. pm	4½d.-7½d. pm
High Wycombe 3%	99½	24½	4½d.-7½d. pm	4½d.-7½d. pm
Leicester 3%	99½	24½	4½d.-7½d. pm	4½d.-7½d. pm
London County Council 3% 1956-61	99½	24½	4½d.-7½d. pm	4½d.-7½d. pm
Manchester 3%	99½	24½	4½d.-7½d. pm	4½d.-7½d. pm
M. Morris Cabinet 4/-	99½	24½	4½d.-7½d. pm	4½d.-7½d. pm
Morris Motors (5/- Ord.)	99½	24½	4½d.-7½d. pm	4½d.-7½d. pm
Phillip Hill Ord. 5/-	15/-	7/6	6/4-6/10 pm	7/3-7/9
Do. 5% Pref. 20/-	21/-	10/-	par-6d. pm	3d.-6d. pm
Stanley Motors Ord. 4/-	21/-	10/-	par-6d. pm	3d.-6d. pm
Do. 5½ Pref. 20/-	20/6	20/6	2/3-1/9 dis	18/3-18/9
Stone (J. & F.) Ord. 5/-	9/3	6/9	9d.-3d. dis	6d. dis-par
Do. 6% Pref. £1	21/-	10/-	par-6d. pm	par-6d. pm
Triplex Foundry 5/- Ord.	5/8	5/8	8/9-9/3	8/9-9/3
Do. 5½ Pref. 20/-	20/-	20/-	21/3-21/9	21/3-21/9
Wake and Dean Ord. 5/-	9/3	6/9	9d.-3d. dis	6d. dis-par
Do. 6% Pref	9/3	6/9	9d.-3d. dis	6d. dis-par
Wallpapers (Cons.) 2/-	2/6	2/6	2½d.-2½d.	2½d.-2½d.

REPORTS AND NOTICES

Mr John Charles Denton Carlisle, D.S.O., M.C., has joined the London board of the Commercial Banking Company of Sydney, Ltd.

Mr Leonard S. Redman, of Knoop and Company, Ltd., has joined the board of Protected Fixed Trusts, Ltd.

BANKS

WILLIAMS DEACON'S BANK LTD.—On a site they have occupied for 160 years, Williams Deacon's Bank Ltd., opened on October 29th their new building at 20 Birchin Lane, London, E.C.3. The new building is brick, faced with Portland stone, and in general detail follows the dignified Georgian tradition, which reflects better than any other, perhaps, the spirit of British banking institutions. The bank to-day is represented, not only in Lancashire, but also over a large part of northern England and North Wales, and also in connection with important industrial centres. In 1930 Williams Deacon's concluded an alliance with the Royal Bank of Scotland, which has since proved a great benefit to both parties. The shares of Williams Deacon's are now held by the Scottish Bank, but each still preserves its separate identity, and continues under its own management.

LOYD'S BANK LTD.—Mr A. C. T. Woodward, of Arley Cottage, near Bewdley, has been elected a member of the bank's Birmingham committee.

THE BRITISH OVERSEAS BANK LTD.—The Right Hon. Lord Aberconway has been appointed deputy chairman of the British Overseas Bank, Ltd., for the ensuing year in succession to Sir James Caird, Bart., whose period of office terminated October 31, 1936.

MINES

RHODESIAN ANGLO-AMERICAN, LTD.—The report for the year ended June 30, 1936, shows that there was a surplus of cash and cash assets over liabilities (excluding 5 per cent. debentures) of £75,612. The net profit for the year amounted to £183,398, against £88,540 for fifteen months to June 30, 1935. Adding £291,221 unappropriated profits at June 30, 1935, less income tax at 4s. 9d. in £, absorbing £178,555, leaving £296,064 to Street, London, at 2.30 p.m.

MISCELLANEOUS

ELECTROLUX CORPORATION.—The consolidated net profit for the third quarter of 1936 amounted to \$632,573.52, compared with the third quarter of 1935—\$597,500.02. The total earnings for the first nine months of 1936 were \$2,191,332.21, compared with \$1,989,610.53 for the corresponding period in 1935. This gives an increase for the nine months of \$201,721.68, equal to 10.13 per cent. These figures have been arrived at after deducting all charges, and also all Federal income taxes, including sufficient to cover the new tax on undistributed earnings.

"NEWS CHRONICLE" DEAL (United Newspapers Interest Sold to Daily News, Ltd.).—Negotiations have been completed for the acquisition by the Daily News, Ltd., of the interests of United Newspapers, Ltd., and of Westminster Press, Ltd., in the *News Chronicle*. By these purchases the Daily News, Ltd., will become the sole owner of the share capital of that newspaper. The purchase price is based on a valuation of the copyright of the *News Chronicle* at approximately £1,000,000. The Daily News, Ltd., is also the owner of the *Star*.

WALL PAPER MANUFACTURERS, LTD.—Report for year to August 31, 1936, shows trading profit £691,427, against £723,509 for previous year. Dividend on ordinary stock, 10 per cent. as before, and 12½ per cent. is again paid on deferred stock. The sum of £100,000 is allocated to reduction of goodwill, etc.; £50,000 is put to reserve, and £10,000 to employee pension funds. Carry forward £269,765.

EDMUNDSONS' ELECTRICITY CORPORATION, LTD.—Sir Thomas Royden, Bt., C. H., and Mr. F. H. James, have been appointed to the Board of Edmundsons' Electricity Corporation, Ltd.

HORDEN COLLIERIES.—Horden Collieries profits for year to September 30 advanced by £38,624, to £172,646, after providing £15,000, against nil, for taxation and contingencies. Ordinary dividend is raised from 5 per cent. to 7½ per cent.; £24,532, against £23,253, is placed to debenture sinking fund and £76,041 carried forward, against £74,928 last year.

JOHN I. THORNYCROFT AND COMPANY.—In a preliminary statement the directors announce that the year's trading resulted in a profit of £53,740, which, after meeting debenture interest, is sufficient to wipe out the debit on profit and loss account brought forward from the previous year and to carry forward a credit of £6,777.

COMPANY MEETINGS, &c.

UNITED DAIRIES LIMITED

INCREASED SALES—PURE MILK SUPPLIES

The twenty-first ordinary general meeting of United Dairies, Limited, was held, on the 30th ultimo, in London.

Mr Joseph H. Maggs, chairman and managing director, presided, and in the course of his speech said:—The accounts show that the net profit brought into the balance sheet is £604,847. It is proposed to pay a final dividend on the ordinary stock of 7½ per cent., making 12½ per cent. for the year, and to transfer £100,000 to reserve, bringing that fund up to £876,000, thus leaving a balance of £91,880 to be carried forward.

As regards the year's trading, our net sales increased by over £1,750,000. We handled over 8½ million gallons more milk than last year. Butter sales were again largely in excess of the previous year. Indeed, all our departments show a very healthy state of growth.

As to our retail milk distribution, we are serving more customers than ever; 18 new shops have been opened and two new distributing depots. Our machinery manufacturing section, U.D. Engineering Company, Limited, continues to extend its activities. There is an increased demand, both in the home market and abroad, for the machines designed and produced by this section of our company.

In reviewing the events of the past year everyone must be impressed with the growing appreciation on the part of scientific workers of the outstanding nutritive value of milk. Increased consumption of milk is as vital to the prosperity of the farming industry as it is to the health of the nation. The national habit which has to be formed calls for a campaign of education, but before this can be developed, and advantage taken of the immense amount of scientific material bearing on the nutritive value of milk, one great obstacle has to be cleared from the path. It is the doubt which assails the minds of many members of the medical profession as well as the general public, as to the universally healthful character of the milk supply. The facts relating to the subject have been common knowledge for many years, but these have been met on the part of the industry with a tacit conspiracy of silence which is as paralysing in its effect as it is fatal in its consequences.

I raise this question to-day with a sense of responsibility to the public, in the hope my words may reach a wider audience, and also because I am convinced that by resolute action, and without hardship to even small producers or distributors, the milk supply of the whole nation could be raised forthwith to a plane of absolute safety and decency of production. Nothing can excuse the "hush-hush" policy of the industry in seeking to conceal or to minimise the gravity of the position. To this policy, I am sorry to say, must be attributed the deplorable, unnecessary and easily preventable milk-borne epidemic which has recently raged at Bournemouth and which, according to an official statement, involved 500 cases of infection and some 40 deaths.

United Dairies' repeated warnings of the danger and of the possibility of such epidemics have been endorsed by the leading medical authorities and administrations in no uncertain terms. It is an amazing fact, however, that the purity of the milk supply is still dependent on the voluntary action of distributors, and not upon legal restrictions and requirements.

The milk of United Dairies and of other firms which adopt similar methods of distribution is reliable because it is efficiently pasteurised and bottled. The only real assurance of purity is the assurance of pasteurisation. The relatives and friends of those who suffered in the latest epidemic are asking why all milk is not pasteurised. One answer is there is no law to require it. The Minister of Health has no power to compel it; the Medical Officer of Health cannot demand it—not, at least, until after an outbreak has occurred and the mischief done. If life is lost through an accident it is a calamity, but if it is imperilled by disregard of simple precautions it is an outrage. How long is this position to be tolerated?

There is one other condition which is equally necessary before any scheme of national propaganda for increasing the use of milk can attain real success. It is that all the milk produced in the country must attain a standard of cleanly production equal to that laid down for accredited supplies. Clean production involves no unreasonable or extravagant requirement which would be unattainable by any one of the thousands of small producers. This fact United Dairies has proved conclusively. Until these two fundamentals—clean production and pasteurisation—are dealt with nationally, any widespread propaganda, however potent, for increased consumption cannot be fully effective.

The report was adopted.

BUENOS AYRES WESTERN RAILWAY, LIMITED

DIFFICULT YEAR—IMPROVED PROSPECTS

The forty-seventh ordinary general meeting of this company was held, on the 4th instant, in London.

Sir Follett Holt, K.B.E. (the chairman), presided, and said that with the loss of crops owing to drought the year proved a more than ordinarily anxious one, not lessened by the serious question of exchange. They were much indebted to their colleague, Mr Eddy, who during a nine months' stay in Argentina was not only able to assist in the settlement of many internal matters, but to give material help in obtaining from the Government an exchange agreement which brought them a relief which had helped them and was helping them to weather a bad period.

Apart from the question of crops, two outstanding difficulties remained to be faced—the effect of the cut in exchange made three years ago, which meant the loss of 37½ per cent. of their net receipts, and road competition which continued unabated. Roads were being improved or new ones made all the time, and 'buses and lorries using them had made it impossible for the railway to maintain their old rates in many districts. The position at present was wholly unsatisfactory and would remain so until the necessary bill for transport control had passed the Senate.

The fine cereal crops this season were shaping well, and if they reached maturity safely the Republic generally would go far towards recovering its old-time prosperity in which they would have their share. Actually to date they already showed a small improvement on last year's figures.

With regard to the Trade Agreement now under negotiation between Argentina and the United Kingdom, the three-year agreement now in force had only three days to run before termination, and there were still points that remained unsettled. It was possible that there might be a short extension of time in order that the contracting parties might reach an agreement, as they all hoped would be the case, on a basis which would serve to maintain the trade and good credit which on general average had ruled for a century and more between Argentina and the United Kingdom.

A message received from Mr Harris stated that prospects in general were considerably brighter than at the same date last year.

The report and accounts were unanimously adopted.

CONSOLIDATED AFRICAN SELECTION TRUST, LIMITED

INCREASED PROFITS AND DIVIDEND

The twelfth annual general meeting of Consolidated African Selection Trust, Limited, was held, on the 4th instant, in London.

Mr W. Selkirk, who presided in the absence of Mr Chester Beatty, in the course of his speech, said:—The net profit of £335,953 was nearly £100,000 higher than that of last year, and we are able to recommend to you a final dividend of 2s. per ordinary share, free of tax, which, with the interim dividend of 1s. 6d. paid in May last, makes a total distribution for the year of 3s. 6d., free of tax. This compares with 3s. 3d. per share, less tax, in the preceding year.

As you have been informed, we are proposing to capitalise £125,676 10s. out of that reserve and to apply the amount so capitalised in payment in full for 502,706 new ordinary shares of 5s. each of the company. This will permit distribution to the shareholders of one new share for every two shares held. In past years we have applied substantial sums of profit to capital purposes instead of distributing them in dividends, and this policy has resulted in our acquiring additional revenue-earning assets. The amount we now propose to capitalise represents a portion of these past appropriations from profits.

The Chairman, having dealt exhaustively with their interests on the Gold Coast and in Sierra Leone, and conditions in the diamond market generally, continued: As to the prospects for our company, we are, of course, dependent primarily on the prosperity of the diamond market, and I regard the present outlook as favourable. Our financial position has grown further in strength. We have large developed diamond reserves, well-equipped mines, and an excellent organisation, and I feel that we may confidently look forward to further satisfactory progress.

The report and accounts were unanimously adopted.

At the extraordinary general meeting held subsequently, resolutions were unanimously passed increasing the capital to £850,000, adopting new articles of association, and authorising the capitalisation of £125,676 10s. out of general reserve and the application of such sum to permit the distribution to ordinary shareholders of one new ordinary share for every two shares held.

NORTH BRITISH RAYON, LIMITED

INCREASED PROFIT

The ordinary general meeting of North British Rayon, Limited, was held, on the 5th instant, at the Incorporated Accountants' Hall, Victoria Embankment, London.

The Chairman (Mr Ernest Walls) said that the trading profit showed an increase of £11,027, the net profit representing a return of 9.1 per cent. on the ordinary capital, as against 7.63 per cent. last year. The board were glad to be able to recommend an ordinary dividend at the rate of 6 per cent. per annum. During the year various financial operations had been carried through which had considerably strengthened the liquid position of the company.

Costs were rising and the logical outcome would be an advance in selling price. In U.S.A. there had been several advances during the last 12 months. Unfortunately, in this country, price cutting had been rampant in the industry for the last six months.

During recent years consumption of rayon, as was well-known, had advanced by leaps and bounds. In his opinion we had now reached a stage when we must expect a slowing down in the rate of increase. It had been a rapid growth and he was inclined to think that the next few years would be years of adjustment rather than of increase.

He estimated that during the present calendar year to the end of September, as compared with the corresponding period last year, consumption of rayon had increased, if at all, by only a small percentage.

The great danger to be faced in these circumstances was over-production. It would be deplorable if the disorganisation which resulted from over-production seven or eight years ago were repeated. Viscose rayon manufacture was a comparatively narrow field. With only seven producers engaged in this important industry it ought not to be beyond the wit of man to arrive at some understanding amongst them which would prevent over-production in the future and by doing so would of itself tend to bring about that stabilisation of prices which all in the industry—whether producers or consumers—must surely desire.

The report and accounts were unanimously adopted, and at a subsequent extraordinary general meeting the capital of the company was increased to £450,000.

GAUMONT-BRITISH PICTURE CORPORATION, LIMITED

IMPORTANCE OF AMERICAN MARKET

The ninth annual general meeting of the Gaumont-British Picture Corporation, Limited, was held, on the 2nd instant, at Film House, London, Mr Mark Ostrer (chairman and managing director) presiding.

The Chairman, in the course of his speech, said that notwithstanding the fact that the net profit fell short of the record figure reached a year ago by less than £5,000, and that they were building up substantial reserves in certain subsidiary and associated companies, the directors for the first time in the corporation's history had decided not to recommend the payment of a dividend upon the ordinary shares.

They were the only British company with an organisation in the United States for the marketing of films in that country. Up to date they had contracted business in America amounting to between four and five million dollars, which would give some indication of the progress they had made and of the great potentialities in the U.S.A. He was satisfied they had now proved it impossible to recover from the home market alone the full cost of quality films, nor could the great American producing companies recover their costs without a world market. They were therefore faced with the choice of abandoning their efforts in the American market in favour of a programme of cheaper films for the home market only, or abandoning film production altogether.

They were maintaining their predominant position in the industry with satisfactory profits for the past year. The trading results of their circuits for that part of their current year already completed showed a substantial increase over the profits earned for the corresponding period of last year, amounting in the aggregate to approximately £150,000.

An amendment to appoint a shareholders' committee was lost on a show of hands, but a further amendment adjourning the meeting for the presentation of consolidated accounts, which the chairman had previously stated would be circulated to the shareholders as soon as they were available, was carried, and the meeting was thereupon adjourned.

SUDAN PLANTATIONS SYNDICATE, LIMITED
SATISFACTORY COTTON SALES

The twenty-ninth ordinary general meeting of the Sudan Plantations Syndicate, Limited, was held, on the 5th instant, in London. Mr Alexander MacIntyre (chairman and managing director) said that the accounts indicated a satisfactory financial position. Gross profits amounted to £589,509 and the net profit to £285,272. The directors recommended a dividend at the rate of 10 per cent. for the year ended June 30, 1936.

All their cotton seed had been disposed of at quite satisfactory prices, and their sales of cotton had been good. Stocks at this date were substantially less than a year ago. On the other hand, some part of that decrease was due to the fact that larger sales had been made for forward delivery, which might react to some extent on future sales. Among the problems to be faced were the much-advertised attempts by certain nations to arrive at self-sufficiency by the adoption of alternatives or synthetic products, and in this country there was the competition of artificial silk and staple fibre. In spite of all that, there was the undeniable fact that the world's consumption of cotton was increasing and that for most purposes no satisfactory substitute for cotton had, as yet, been found.

To enable the producer to secure the benefit of market prices and also to enable the spinner and manufacturer to protect themselves it was essential that both should be able to cover themselves by selling or buying futures. The original Sakel Futures Contract had recently become very narrow owing to the decline in the Egyptian growth of that type, and undoubtedly it was to the benefit of all concerned that a broader contract should be established. The Liverpool Cotton Association had substituted for the present contract one based on a new Egyptian growth called Giza 7, which was valued at about 1½d. per lb. less than Sakel, but in so doing they had, in his opinion, committed a serious error and injustice by introducing into that contract a clause whereby Sudan Sakel was penalised to the extent that if it should be necessary at any time to tender cotton on the maturity of a contract, no premium above good standard Giza 7 could be obtained.

On to-day's values that meant a possible premium of about ½d. per lb. for Sudan Sakel, whereas Sakel grown in Egypt, although not better in quality than that produced in the Sudan, could, when tendered, obtain a premium as high as 4d. per lb. That meant that the grower in the Sudan might be prejudiced to the extent of as much as 3½d. per lb. compared with his Egyptian competitor. It was very difficult to understand, or justify, that action by the members of the Liverpool market. He entirely failed to see why there should be given a preference to Egyptian Sakel as against a similar quality of Sakel cotton grown in the Sudan. There was no such differentiation in the old Sakel Futures contract. One would have thought that it was to the interest of the Liverpool market to attract all the business possible, and more especially in connection with those growths produced in the new fields where so much British capital had been invested. It was impossible to resist the feeling that the interests of the *bona fide* producer and consumer had been sacrificed to those of the speculator.

The report and accounts were unanimously adopted.

JANTAR NIGERIA COMPANY, LIMITED

RECORD PROFIT AND DIVIDEND

The twenty-fourth ordinary general meeting of this company was held, on the 4th instant, in London.

Mr Percy Tarbutt (the chairman) said that he felt sure shareholders would agree that the results for the year were satisfactory, the profit of £42,667 and the proposed dividend of 30 per cent. both being records for the company.

Their tin production during the year was governed by the tin restriction scheme, but owing to the increase in the quotas allowed during the year they were able to win and export 376 tons, as compared with 191 tons last year. The reduction of some £20 per ton in the price realised for tin sold during the year was more than offset by the additional tonnage they were allowed to produce, being nearly twice as much as the previous year, and with the slight reduction in costs the results for the year as far as tin winning was concerned showed up very favourably as compared with last year. Their total reserves were only three tons less than they were 10 years ago.

With regard to columbite, they had during the year carried out an intensive prospecting campaign on their Kuru III areas, with the result that to date they had proved 6,975 tons of columbite concentrates of an average value of 1.34 lb. per cubic yard, a very extensive deposit—in fact, he thought they could claim that they had the only known deposit of any size in Nigeria.

During the year they had shipped a total of 290 tons in fulfilment of their contract, which ran until May 1st next, the buyers having the right to renew for a further three years.

With regard to the future, he saw no reason why they should not be able to present to shareholders similar results for the year 1937, which year happened to be their silver jubilee.

The report was unanimously adopted.

KASSALA COTTON COMPANY, LIMITED

INCREASED DIVIDEND

The thirteenth ordinary general meeting of the Kassala Cotton Company, Limited, was held, on the 5th instant, in London.

The Hon. A. M. Asquith, D.S.O. (the Chairman), said that the profit and loss account, after a transfer to Gezira reserve of £5,000, as compared with £2,500 last year, showed a profit of £31,556, as against £19,773 last year, this increased profit being due to larger sales and to the rise which had occurred in the value of cotton and seed. Their average yield per feddan in 1936 of about 3½ kantars compared with 2.6 kantars in 1934 and nearly 5.5 kantars in 1935. Three and three-quarters kantars must be regarded as quite a satisfactory yield.

As to the present growing crop, it was too early to make any positive forecast. They had been lucky in the matter of weather in August, when the cotton was sown. There had been some late rain in October, which they did not like. Their latest cable received from the Sudan this week indicated that blackarm had been fairly general, but that the cotton seemed to be throwing it off. There had been no leaf-curl yet, and, granted a continuance of favourable conditions, there was no reason why they should not have a good crop.

They were glad to be able to recommend the payment of a dividend at the rate of 10 per cent., payable the following day, and if shareholders agreed to that dividend, the amount carried forward would be about the same as that brought forward from last year. The company's relations with the Sudan Government continued to be entirely satisfactory, and the Gezira Research Farm, with its staff of qualified scientists, ably directed by Mr Bailey, continued to contribute towards the solution of the many problems of cotton-growing in the Gezira.

The report was unanimously adopted.

GOVERNMENT RETURNS, &c.

NATIONAL ACCOUNTS

The total ordinary revenue for the week ended October 31, 1936, amounted to £11,736,000, against ordinary expenditure of £17,178,500. After allowing for a decrease in Exchequer Balances of £349,401, the operations for the week, as shown below, increased the gross National Debt by £5,093,000 to approximately £7,999 millions.†

(000's omitted)			
Public Department Advances.....	+ 7,400	Treasury Bills	£ 769
		Road Fund	1,247
		P.O. & Tel. (Money) Acts	300
	+ 7,400		2,307

† 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 September 30, 1936, appeared in the *Economist* of October 3, 1936.

REVENUE	Estimate for the year 1936-37	Total Receipts into the Exchequer			
		April 1, 1935, to Nov. 2, 1935	April 1, 1936, to Oct. 31, 1936	Week ended Nov. 2, 1935	Week ended Oct. 31, 1936
ORDINARY REVENUE					
Inland Revenue—					
Income Tax	250,000,000	67,715,000	60,967,000	5,454,000	3,170,000
Sur-tax	50,000,000	6,750,000	6,550,000	170,000	170,000
Stamp	80,000,000	52,610,000	49,240,000	1,200,000	1,270,000
Estate, etc., Duties	27,000,000	11,310,000	12,700,000	480,000	730,000
Stamps					
Excess Profits Tax	750,000	...	...	...	...
Corporation Profits Tax					
Land Tax and Mineral Rights Duty	750,000	140,000	130,000	...	...
Total Inland Revenue	433,000,000	138,525,000	129,587,000	7,304,000	5,326,000
Customs and Excise—					
Customs	207,525,000	117,268,000	123,600,000	3,281,000	3,692,000
Excise	110,000,000	63,275,000	63,600,000	1,310,000	1,600,000
Total Customs and Excise	317,525,000	180,543,000	187,200,000	4,591,000	5,292,000
Motor Vehicle Duties (Exchequer Share)	5,000,000	1,697,000	1,873,000	356,000	518,000
Post Office (Net Receipts)	11,256,000	10,200,000	9,000,000	1,550,000	600,000
Crown Lands	1,350,000	890,000	910,000	...	...
Receipts from Sundry Loans	5,000,000	3,145,127	3,063,247	87,090	...
Miscellaneous Receipts	25,250,000	15,176,230	13,851,438	5,800	190
Total Ordinary Revenue	798,381,000	350,174,357	345,484,685	13,883,890	11,736,190

REVENUE	Estimate for the year 1936-37	Total Receipts into the Exchequer			
		April 1, 1935, to Nov. 2, 1935	April 1, 1936, to Oct. 31, 1936	Week ended Nov. 2, 1935	Week ended Oct. 31, 1936
SELF-BALANCING REVENUE					
Post Office	69,344,000	35,400,000	38,300,000	700,000	1,750,000
Motor Vehicle Duties apportioned to Road Fund	26,500,000	7,444,000	7,828,000	127,000	...
Total Self-balancing Revenue	95,844,000	42,844,000	46,128,000	827,000	1,750,000
Total	...	393,018,357	391,612,685	14,720,890	13,486,190

EXPENDITURE	Estimate for the year 1936-37	Total Issues out of the Exchequer to meet Payments			
		April 1, 1935, to Nov. 2, 1935	April 1, 1936, to Oct. 31, 1936	Week ended Nov. 2, 1935	Week ended Oct. 31, 1936
ORDINARY EXPENDITURE					
Interest and Management of National Debt	224,000,000	141,264,105	127,948,732	13,433,320	274,649
Payments to Northern Ireland Exchequer	7,500,000	2,995,107	3,593,698	...	...
Other Consolidated Fund Services	3,200,000	1,752,167	1,400,902	25,017	51,442
Post Office Fund	600,000	1,126,817	...	1,126,817	...
Total	235,300,000	147,138,196	132,943,332	14,585,154	326,091
Total Supply Services (excluding Post Office)	570,989,000	284,841,599	305,631,179	15,710,000	16,852,500
Total Ordinary Expenditure	806,289,000	431,979,795	438,574,511	30,295,154	17,178,591
SELF-BALANCING EXPENDITURE					
Post Office	69,344,000	35,400,000	38,300,000	700,000	1,750,000
Road Fund	26,500,000	7,444,000	7,828,000	127,000	...
Total Self-Balancing Expenditure	95,844,000	42,844,000	46,128,000	827,000	1,750,000
Total	...	474,823,795	484,702,511	31,122,154	18,928,591

† Estimated Expenditure as per Financial Statement (H.C. 77) 797,897,000
Add:—
Supplementary Estimates

The aggregate revenue from April 1 to October 31, 1936, is shown below:—

(000's omitted)			
Expenditure	438,574	Revenue	£ 345,485
		Decrease in balances	196
		Gross borrowing	£ 98,227
		Less—	
		New Sinking Fund*	5,334
		Net borrowing	92,893
	438,574		438,574

* 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:	Nov. 2, '35		Mar. 31, '36		Oct. 31, '36		Movement week ended Oct. 31, '36
	£	£	£	£	£	£	
Advances by Bank of England							
Advances by Public Departments	36,740,000	19,055,000	27,150,000	+	7,400,000		
Treasury Bills outstanding	900,645,000	763,115,000	630,735,000*	—	760,000		

Total Floating Debt

* 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 October 30, 1936. The amount applied for was £69,950,000. Tenders were accepted for Treasury bills at three months dated Monday to Friday, at £99 17s. 3d., about 73 per cent. and above in full; Saturday at £99 17s. 4d. and above in full. The average rate per cent. was 10s 10-30d. 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	60,805,000	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
October 2, 1936	50,000,000	77,880,000	50,000,000	0 10 8-07
October 23, 1936	45,000,000	70,835,000	45,000,000	0 11 5-44
October 30, 1936	45,000,000	69,950,000	45,000,000	0 10 10-30

NATIONAL SAVINGS CERTIFICATES

Total Sales of Savings Certificates	No. of Certificates	Value
Week ended October 10, 1936	639,622	479,716
Week ended October 17, 1936	668,656	501,492
February, 1916, to October 17, 1936	1,273,698,677	1,001,711,846

At the end of September, 1936, the amount remaining to the credit of investors in Savings Certificates, excluding interest, was £390,321,686.

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, November 4, 1936
ISSUE DEPARTMENT

Notes Issued:—	£	Government Debt.....	11,015,100
In Circulation.....	447,111,863	Other Government Securities	246,544,888
In Banking Department.....	61,548,483	Other Securities.....	2,418,805
		Silver Coin.....	21,207
		Amount of Fiduciary Issue	260,000,000
		Gold Coin and Bullion	248,680,346
	508,660,346		508,660,346

BANKING DEPARTMENT

Proprietors' Capital.....	14,553,000	Government Securities.....	81,963,337
Reserve.....	3,175,719	Other Securities.....	—
Public Deposits.....	27,201,594	Discounts and Advances.....	£7,654,874
Other Deposits.....	—	Securities.....	£19,968,709
Bankers'.....	£85,340,417	Notes.....	27,623,583
Other Accounts.....	41,808,756	Gold and Silver Coin.....	61,548,483
	127,149,173		944,083
	172,079,486		172,079,486

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

Both Departments	Amount Nov. 4, 1936	Inc. or Dec. on Last Week	Inc. or Dec. on Last Year
Note circulation.....	447,111,863	+ 4,370,669	+ 44,954,346
Public deposits.....	27,201,594	+ 406,265	+ 6,193,072
Bankers' deposits.....	85,340,417	+ 1,192,813	+ 3,331,446
Other deposits.....	41,808,756	+ 439,636	+ 5,167,852
Total outside liabilities.....	601,462,630	+ 3,211,227	+ 52,096,582
Capital and res.....	17,228,719	+ 37,996	+ 6,279
Government debt and securities.....	339,523,325	+ 2,388,494	+ 4,653,888
Discounts and advances.....	7,654,874	+ 1,054,087	+ 3,331,446
Other securities.....	22,387,514	+ 126,086	+ 8,396,687
Silver coin in issue department.....	21,207	+ 14,293	+ 1,517,683
Gold and bullion (bank's reserves).....	249,604,429	+ 50,979	+ 53,197,223
Reserves of notes and coin in banking department.....	62,492,566	+ 4,421,648	+ 8,242,877
Proportion of reserve to outside liabilities—			
(a) Banking Department only ("proportion").....	40.4%	— 2.6%	+ 3.7%
(b) Gold stocks to deposits and notes ("reserve ratio").....	41.5%	— 0.2%	+ 5.8%

(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							%
Oct. 14	508,660	446,367	31,616	82,156	41,231	Nil	
" 21	508,660	440,100	37,597	81,425	41,112	Nil	
" 28	508,660	442,741	27,608	86,533	41,369	Nil	
Nov. 4	508,660	447,112	27,202	85,340	41,809	Nil	

(000's omitted)

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							%
Oct. 14	258,158	1,617	249,732	41.1	80,368	9,559	19,377
" 21	267,247	2,619	249,677	41.1	79,943	6,744	21,552
" 28	266,953	3,011	249,655	41.1	80,183	6,801	19,503
Nov. 4	257,560	2,419	249,604	41.1	81,963	7,655	19,969

BANKERS' CLEARING RETURNS LONDON (000's omitted)

	Town	Metropolitan	Country	Total
1936				
January 1 to October 21.....	27,534,266	1,628,173	2,827,333	31,989,772
Week ended October 28.....	746,714	40,252	65,426	852,392
Week ended November 4.....	683,752	45,189	71,831	800,772
Total to date, 1936.....	28,964,732	1,713,614	2,964,590	33,642,936
Total to date, 1935.....	27,380,091	1,601,311	2,743,140	31,724,542
Increase or decrease in 1936 {	+1,584,641	+112,303	+221,450	+1,918,394
	= 5.8%	= 7.0%	= 8.1%	= 6.0%
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).

	Week ended October 31 £		Month of October			Aggregate Totals January 1 to October 31	
	1935	1936	1935	1936	Inc. or Dec.	1935	1936
No. of working days :			27	27			
BIRMINGHAM	£ 2,792	£ 3,090	9,738	12,314	+ 26.4	101,717	112,016
BRADFORD	1,275	1,111	4,331	4,844	+ 7.2	38,819	41,806
BRISTOL	1,415	1,357	5,742	6,096	+ 6.1	51,601	55,033
DUBLIN	4,976	5,178				231,395	243,526
HULL	814	788	3,558	3,928	+ 10.9	39,447	35,588
LEEDS	917	998	3,845	4,429	+ 15.1	28,736	30,113
LEICESTER	709	755	3,191	3,419	+ 7.1	247,323	265,467
LIVERPOOL	5,678	6,978	25,148	30,480	+ 21.2	421,528	438,151
MANCHESTER	11,012	11,100	44,093	50,207	+ 13.8	57,215	68,821
NEWCASTLE	1,540	1,490	5,202	6,511	+ 21.3	21,811	25,967
NOTTINGHAM	631	507	2,181	2,388	+ 9.4	37,952	42,991
SHEFFIELD	1,170	880	3,899	4,720	+ 21.0		
	32,929	34,210	110,924	128,936	+ 16.2	1,307,428	1,384,540

* 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. International Settlements in October 10. Latvia in October 17. Lithuania, Estonia, Danzig in October 24. Australia, Bulgaria, India, Jugoslavia, Norway, Poland, Portugal, Roumania, South Africa and Sweden in October 31.

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

	Nov. 7, 1935	Oct. 15, 1936	Oct. 22, 1936	Oct. 29, 1936	Nov. 5, 1936
U.S.F.R. BANKS					
Resources					
Gold Certificates on hand and due from the Treasury	7,063,160	8,581,380	8,609,330	8,635,830	8,650,840
Total reserves.....	7,306,160	8,845,850	8,873,350	8,913,830	8,911,550
Total cash reserves.....	223,630	751,330	233,550	265,820	249,350
Total bills discounted.....	6,800	8,160	6,170	6,110	7,080
Bills bought in open market.....	4,680	3,100	3.9	3.9	3,090
Total bills on hand.....	11,480	11,280	9,260	9,200	8,090
Industrial advances.....	2,430,200	2,430,200	2,430,200	2,430,200	2,430,200
Total U.S. Govt. securities.....	2,430,200	2,430,200	2,430,200	2,430,200	2,430,200
Total bills and securities.....	2,474,530	2,467,960	2,468,910	2,468,910	2,468,910
Total resources.....	10,371,810	12,268,710	12,106,940	12,065,570	12,048,650
LIABILITIES					
Federal Reserve notes in actual circulation.....	3,563,250	4,093,180	4,091,060	4,086,240	4,134,750
Aggregate of excess member-bank reserves over requirements.....	2,990,000	2,070,000	2,130,000	2,160,000	2,140,000
Deposits—Member-bank—					
reserve account.....	5,671,230	6,616,920	6,693,450	6,732,000	6,693,360
Government deposits.....	59,720	135,250	88,340	99,900	94,550
Total deposits.....	5,671,230	6,616,920	6,693,450	6,732,000	6,693,360
Capital paid in and surplus.....	298,710	7,000,900	7,008,060	7,051,550	6,888,000
Total liabilities.....	10,371,810	12,268,710	12,106,940	12,065,570	12,048,650
Ratio of total reserves to deposit and F.R. note liabilities combined.....	76.7%	79.7%	80.0%	80.0%	80.1%
U.S.F.R. BANKS AND TREASURY COMBINED					
Resources					
Monetary Gold Stock.....	9,714,000	11,003,000	11,008,000	11,031,000	11,058,000
Treasury and National Bank Currency.....	2,401,000	2,512,000	2,514,000	2,514,000	2,515,000
LIABILITIES					
Money in Circulation.....	5,754,000	6,316,000	6,311,000	6,302,000	6,378,000
Treasury Cash and Deposit with Federal Reserve Banks.....	2,655,000	2,556,000	2,491,000	2,490,000	2,487,000

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

	Nov. 7, 1935	Oct. 15, 1936	Oct. 22, 1936	Oct. 29, 1936	Nov. 5, 1936
Total gold reserves.....	2,993,060	3,256,130	3,321,240	3,307,040	3,303,310
Total bills discounted.....	4,890	6,020	5,130	4,950	5,580
Bills bought in open market.....	1,800	1,100	1,100	1,100	1,100
Total U.S. Govt. securities.....	741,820	645,240	645,240	645,240	645,240
Total bills and securities.....	756,120	658,700	657,780	657,780	657,780
Deposits—Member-bank—					
reserve account.....	2,691,650	2,848,890	2,919,750	2,920,450	2,918,850
Ratio of total res. to dep. and Federal Res. note liabilities combined.....	81.9%	84.7%	85.1%	85.0%	85.1%

FEDERAL RESERVE REPORTING MEMBER BANKS† In \$'s (000,000's omitted)

	Oct. 23, 1935	Sept. 23, 1936	Sept. 30, 1936	Oct. 7, 1936	Oct. 14, 1936	Oct. 23, 1936
Loans.....	7,931	8,648	8,753	8,703	8,695	8,751
Investments.....	12,391	13,962	13,929	13,904	13,873	13,820
Reserve with Federal Reserve Bank.....	4,563	4,891	5,023	5,117	5,248	5,350
Due from banks.....	2,234	2,302	2,363	2,346	2,433	2,389
Demand deposits.....	13,463	14,999	15,116	14,993	15,052	15,228
Time deposits.....	5,086	5,018	5,063	5,069	5,068	5,072
Government deposits.....	545	849	847	849	848	772
Due to banks.....	5,480	6,263	6,403	6,502	6,646	6,550

† Revised figures for banks in 101 instead of 91 leading cities. Demand deposits now exclude cash in hand or in process of collection.

RESERVE BANK OF NEW ZEALAND.—In £'s (000's omitted)

	Oct. 28, 1935	Oct. 5, 1936	Oct. 12, 1936	Oct. 19, 1936	Oct. 26, 1936
ASSETS					
Gold.....	2,801	2,801	2,801	2,801	2,801
Sterling exchange.....	16,841	16,846	16,826	16,842	16,845
Susidiary coin.....	218	168	168	165	157
Advances to the State.....	1,529	2,164	2,562	3,117	3,453
Investments.....	2,186	2,186	2,186	2,186	2,186
LIABILITIES					
Bank notes.....	8,950	11,295	11,325	11,330	11,480
Demand liabilities—					
Government.....	5,691	3,825	4,083	3,839	4,083
Other.....	5,182	7,309	7,402	8,112	8,040
Ratio of reserves to sight liabilities.....	99.0%	86.7%	85.2%	83.1%	82.0%

BANK OF CANADA.—In \$'s (000's omitted)

	Oct. 23, 1935	Oct. 7, 1936	Oct. 14, 1936	Oct. 21, 1936
ASSETS				
Reserve, of which.....	187,266	183,509	185,161	186,694
Gold coin and bullion.....	182,000	179,424	179,440	179,460
Dominion Government securities.....	106,644	143,508	144,246	144,998
LIABILITIES				
Note circulation.....	95,313	130,564	130,899	130,526
Deposits:—				
Dominion Government.....	19,147	13,712	15,929	15,881
Chartered banks.....	187,575	175,740	175,966	177,414
Ratio of reserves to notes and deposit liabilities.....	62.0%	57.3%	57.3%	57.6%

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

	Oct. 30, 1935	Oct. 9, 1936	Oct. 16, 1936	Oct. 23, 1936	Oct. 30, 1936
ASSETS					
Gold.....	71,989,792	62,358,742	62,358,742	64,358,742	64,358,742
Advances on Gold Coin.....	1,208,904	1,135,414	1,248,208	1,189,740	1,109,469
Commercial Bills.....	8,590,316	7,750,496	8,005,812	7,292,389	7,891,292
Treasury Bills.....	1,036,715	1,464,692	1,464,692	1,453,090	1,453,090
Bills bought abroad.....	3,511,393	4,471,751	4,022,291	3,704,896	4,115,383
Advances on securities.....					
Loans to State without interest.....	3,200,000	3,200,000	3,200,000	3,200,000	3,200,000
(a) general.....					
(b) provisional.....					
Negotiable Bonds.....	5,800,402	5,639,780	5,639,780	5,639,780	5,639,780
Sinking Fund Dept. Other assets (excluding forward exch.).....	3,537,530	3,878,085	3,728,879	3,647,146	3,899,938
LIABILITIES					
Notes in circulation.....	83,306,171	85,778,169	85,371,426	85,240,889	87,197,628
Public deposits.....	2,862,257	3,284,620	3,654,196	4,214,776	3,972,727

NATIONAL BANK OF EGYPT.—In £E (000's omitted)

Banking Department	Sept. 30, 1935	July 31, 1936	Aug. 31, 1936	Sept. 30, 1936
LIABILITIES				
Capital	2,925	2,925	2,925	2,925
Reserves	2,925	2,925	2,925	2,925
Government deposits	5,868	6,071	5,275	5,458
Other deposits	16,046	19,456	19,285	18,978
Other accounts	3,621	8,502	8,544	3,626
ASSETS				
Cash: Notes	1,294	1,156	1,512	1,724
Gold, silver, etc.	690	697	728	685
Money at call and short notice	1,199	1,063	965	721
Investments	20,505	25,296	24,200	23,143
Advances	4,214	2,863	3,230	5,034
Bills	975	994	884	1,024
Other accounts	2,508	2,810	2,435	2,582
Note Issues Department				
LIABILITIES				
Notes issued	22,700	19,800	20,900	25,000
ASSETS				
Gold	6,241	6,241	6,241	6,241
British Treasury Bills	7,230	4,344	5,444	9,544
British War Loan at par	7,730	7,715	7,715	7,715
Egyptian Government securities at market price	1,500	1,500	1,500	1,500

MONEY AND EXCHANGE RATES
LONDON MONEY RATES

	Oct. 29, 1936	Oct. 30, 1936	Oct. 31, 1936	Nov. 2, 1936	Nov. 3, 1936	Nov. 4, 1936	Nov. 5, 1936
Bank rate (changed from 2½% June 30, 1932).....	2½	2½	2½	2½	2½	2½	2½
Market rates of discount—							
60 days' bankers' drafts.....	1½-1½	1½-1½	1½-1½	1½-1½	1½-1½	1½-1½	1½-1½
3 months' do.....	1½-1½	1½-1½	1½-1½	1½-1½	1½-1½	1½-1½	1½-1½
4 months' do.....	1½-1½	1½-1½	1½-1½	1½-1½	1½-1½	1½-1½	1½-1½
6 months' do.....	1½-1½	1½-1½	1½-1½	1½-1½	1½-1½	1½-1½	1½-1½
Discount Treasury Bills—							
2 months'.....	1½-1½	1½-1½	1½-1½	1½-1½	1½-1½	1½-1½	1½-1½
3 months'.....	1½-1½	1½-1½	1½-1½	1½-1½	1½-1½	1½-1½	1½-1½
Loans—Day-to-day.....	1½-1½	1½-1½	1½-1½	1½-1½	1½-1½	1½-1½	1½-1½
Short.....	1½-1½	1½-1½	1½-1½	1½-1½	1½-1½	1½-1½	1½-1½
Deposit allowances: Bank							
Discount houses at call.....	1½-1½	1½-1½	1½-1½	1½-1½	1½-1½	1½-1½	1½-1½
At notice.....	1½-1½	1½-1½	1½-1½	1½-1½	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
1896	%	%	%	%	%	%	%	%
Oct. 8	1-1	1 1/2	1 1/2	1 1/2	1 1/2	2-2 1/2	2 1/2	2-3
" 15	1-1	1 1/2	1 1/2	1 1/2	1 1/2	2-2 1/2	2 1/2	2-3
" 22	1-1	1 1/2	1 1/2	1 1/2	1 1/2	2-2 1/2	2 1/2	2-3
" 29	1-1	1 1/2	1 1/2	1 1/2	1 1/2	2-2 1/2	2 1/2	2-3
Nov. 5	1-1	1 1/2	1 1/2	1 1/2	1 1/2	2-2 1/2	2 1/2	2-3

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

London on	Par of Exch. per £	Oct. 30, 1936	Oct. 31, 1936	Nov. 2, 1936	Nov. 3, 1936	Nov. 4, 1936	Nov. 5, 1936
New York, \$	4.86½-89½	4.88½-89½	4.88½-89½	4.88½-89½	4.88½-89½	4.88½-89½	4.88½-89½
Montreal, \$	4.88½-89½	4.88½-89½	4.88½-89½	4.88½-89½	4.88½-89½	4.88½-89½	4.88½-89½
Paris, Fr.	124.21	105.4½-88½	105.4½-88½	105.4½-88½	105.4½-88½	105.4½-88½	105.4½-88½
Brussels, Bel.	35.00(a)	28.87-29	28.87-29	28.87-29	28.87-29	28.87-29	28.87-29
Milan, L.	92.40	92.80-81	92.80-81	92.80-81	92.80-81	92.80-81	92.80-81
Zurich, Fr.	25.22½	21.27-29	21.26½-28½	21.26½-28½	21.26½-28½	21.27-29	21.24-28
Athens, Dr.	375	540-560	540-560	540-560	540-560	540-560	540-560
Hels'fors, M.	193.23	226½-227½	226½-227½	226½-227½	226½-227½	226½-227½	226½-227½
Madrid, Pt.	25.22½	Nominal	Nominal	Nominal	Nominal	Nominal	Nominal
Lisbon, Esc.	110	54-50½	54-50½	54-50½	54-50½	54-50½	54-50½
Amst'dam, Fl.	12.107	9.02-04	9.02-04	9.02-04	9.02-04	9.02-04	9.02-04
Berlin, M.	20.43	12.14-17	12.14-17	12.14-17	12.14-17	12.14-17	12.13-16
Registered							
Vienna, Sch.	34.58½	45½-50½	45½-50½	45½-50½	45½-50½	45½-50½	45½-50½
Bu'pest, Pen.	27.82½	25½-27½	25½-27½	25½-27½	25½-27½	25½-27½	25½-27½
Prague, Kc.	164½	137½-138½	137½-138½	137½-138½	137½-138½	137½-138½	137½-138½
Danzig, Gul.	25.00	25½-26½	25½-26½	25½-26½	25½-26½	25½-26½	25½-26½
Warsaw, Zl.	43.38	25½-26½	25½-26½	25½-26½	25½-26½	25½-26½	25½-26½
Riga, Lat.	25.22½	24½-25½	24½-25½	24½-25½	24½-25½	24½-25½	24½-25½
Bucharest, Lei	813.8	660-680	660-680	660-680	660-680	660-680	660-680
Const'ple, Pst	110	612½	613½	613½	613½	613½	613½
Belgrade, Din.	276.32	209-219	209-219	209-219	209-219	209-219	209-219
Kovno, Lit.	48.68	28½-29½	28½-29½	28½-29½	28½-29½	28½-29½	28½-29½
Sofia, Lev.	673.68	390-420	390-420	390-420	390-420	390-420	390-420
Tallinn, E. Kr.	18.159	17½-18½	17½-18½	17½-18½	17½-18½	17½-18½	17½-18½
Olo, Kr.	18.159	19.85-95	19.85-95	19.85-95	19.85-95	19.85-95	19.85-95
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
Alex'dria, Pt.	97½	97½-1	97½-1	97½-1	97½-1	97½-1	97½-1
Br. India Rup	18d.	18½-19	18½-19	18½-19	18½-19	18½-19	18½-19
Hong Kong, \$	24.58d.	14½-15	14½-15	14½-15	14½-15	14½-15	14½-15
Kobe, Yen.	24.58d.	14½-15	14½-15	14½-15	14½-15	14½-15	14½-15
Shanghai, \$	24.58d.	14½-15	14½-15	14½-15	14½-15	14½-15	14½-15
Singapore, \$	24.58d.	14½-15	14½-15	14½-15	14½-15	14½-15	14½-15
Batavia, F.	12.11	8.97½-9.00	8.98-9.00	8.97-9.07	8.98-9.02	8.97½-9.04	8.97-9.04
Rio, Mil.	15.89d.	2½-2½	2½-2½	2½-2½	2½-2½	2½-2½	2½-2½
B. Aires, \$	11.45	17.00-17	17.00-17	17.00-17	17.00-17	17.00-17	17.00-17
Valparaiso, \$	40	131½-131½	131½-131½	131½-131½	131½-131½	131½-131½	131½-131½
Mvideo, \$	51d.	25½-26	25½-26	25½-26	25½-26	25½-26	25½-26
Lima, Sol.	17.38	20.00-20	20.00-20	20.00-20	20.00-20	20.00-20	20.00-20
Mexico, Pes.	9.76	17.50-17	17.50-17	17.50-17	17.50-17	17.50-17	17.50-17
Manila, Pes.	24.66d.	18.50	18.50	18.50	18.50	18.50	18.50
Moscow, Rbl.	21.82d.	22-22½	22-22½	22-22½	22-22½	22-22½	22-22½
Engkok, Baht	21.82d.	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 8.23½ since dollar devaluation on February 1, 1934.
 (a) Prior to devaluation on April 2, 1935. (b) Official Rate. (c) Per cent. discount.
 (d) Latest "export" rate. (e) Official rate is 4½d. sellers. (f) Official rate is \$15 sellers.
 (g) Average remittance rate for importers. Rate for payments to the Bank of England:—(h) For account Controller of Anglo-Italian debts; (i) Under Anglo-Spanish Agreement; (j) Under Anglo-Turkish Agreement. (k) Nominal. (m) Approximate. Dealings in Roubles at 4½; French francs to 1 Rouble.

II.—Forward Rates (Closing quotations).

London on	Oct. 30, 1936	Oct. 31, 1936	Nov. 2, 1936	Nov. 3, 1936	Nov. 4, 1936	Nov. 5, 1936
New York, cent.						
1 Month	(a) 1½-1½	(a) 1½-1½	(a) 1½-1½	(a) 1½-1½	(a) 1½-1½	(a) 1½-1½
2 " "	(b) 1½-1½	(b) 1½-1½	(b) 1½-1½	(b) 1½-1½	(b) 1½-1½	(b) 1½-1½
3 " "	(c) 1½-1½	(c) 1½-1½	(c) 1½-1½	(c) 1½-1½	(c) 1½-1½	(c) 1½-1½
Paris, frs.						
1 Month	(a) 1½-1½	(a) 1½-1½	(a) 1½-1½	(a) 1½-1½	(a) 1½-1½	(a) 1½-1½
2 " "	(b) 1½-1½	(b) 1½-1½	(b) 1½-1½	(b) 1½-1½	(b) 1½-1½	(b) 1½-1½
3 " "	(c) 1½-1½	(c) 1½-1½	(c) 1½-1½	(c) 1½-1½	(c) 1½-1½	(c) 1½-1½
Amsterdam, c't						
1 Month	(a) 2-3	(a) 2-3	(a) 2-3	(a) 2-3	(a) 2-3	(a) 2-3
2 " "	(b) 4-5	(b) 4-5	(b) 4-5	(b) 4-5	(b) 4-5	(b) 4-5
3 " "	(c) 7-8	(c) 6½-7½	(c) 6½-7½	(c) 6½-7½	(c) 6½-7½	(c) 7-8
Brussels, cent.						
1 Month	(a) 1½-1½	(a) 1½-1½	(a) 1½-1½	(a) 1½-1½	(a) 1½-1½	(a) 1½-1½
2 " "	(b) 4-5	(b) 4-5	(b) 4-5	(b) 4-5	(b) 4-5	(b) 4-5
3 " "	(c) 6-3	(c) 5-4	(c) 5-3	(c) 5-4	(c) 5-4	(c) 5-4
Geneva, cent.						
1 Month	(a) 1½-1½	(a) 1½-1½	(a) 1½-1½	(a) 1½-1½	(a) 1½-1½	(a) 1½-1½
2 " "	(b) 4-5	(b) 4-5	(b) 4-5	(b) 4-5	(b) 4-5	(b) 4-5
3 " "	(c) 3½-2½	(c) 4-2	(c) 4-3	(c) 3½-2	(c) 3½-2	(c) 3½-2½
Milan, lire						
1 Month	(a) ...	(a) ...	(a) ...	(a) ...	(a) ...	(a) ...
2 " "	(b) ...	(b) ...	(b) ...	(b) ...	(b) ...	(b) ...
3 " "	(c) ...	(c) ...	(c) ...	(c) ...	(c) ...	(c) ...

(a) Premium, i.e. "under spot." (b) Discount, i.e. "over spot."
OVERSEAS BANK RATES

Changed From To	Changed From To
Albania..... June 15, 1936 7½ 7½	Oslo May 24, 1936 4 4
Amsterdam Oct. 19, 1936 3 7½	Paris Oct. 15, 1936 2½ 2½
Athens Oct. 14, 1936 7½ 7½	Prague Jan. 1, 1936 3½ 3½
Batavia July 1, 1936 4½ 4½	Pretoria May 15, 1936 4 4
Belgrade Feb. 1, 1936 6½ 4	Tallinn Oct. 1, 1935 5 4
Berlin Sept. 22, 1932 5 4	Riga Jan. 1, 1933 6 6½
Brussels May 14, 1935 2½ 2	Rio de Janeiro May 31, 1935 ... 3½
Bucharest..... Dec. 15, 1934 6 4½	Rome May 18, 1936 5 4
Budapest..... Aug. 28, 1935 4½ 4	Sofia Aug. 15, 1935 7 6
Calcutta..... Nov. 28, 1935 3½ 3	Stockholm .. Dec. 1, 1933 3 2½
Copenhagen .. Oct. 21, 1935 6 5	Swiss Bank .. places .. Sept. 9, 1936 2½ 2
Helsingfors .. Dec. 3, 1934 4½ 4	Tokio April 7, 1936 3-65 3-285
Kovno..... Jan. 1, 1934 7 6	Vienna July 10, 1935 4 3½
Lisbon..... May 5, 1936 5 4½	Warsaw Oct. 26, 1933 6 5
New York Fed. Reserve July 15, 1935 5½ 5	Wellington .. Mar. 2, 1936 3½ 2
Madrid Mar. 11, 1935 ... 2½	Irish June 30, 1932 3½ 3

Central Bank of Chile.—Discount rate for member banks, 4½%; discount rate for the public, 6%. (a) 5½% applied to banks and credit institutions. (b) 6% applied to private persons and firms.

NEW YORK MONEY AND EXCHANGE RATES
The Irving Trust Company cables the following money and exchange rates in New York:—

Call money	Nov. 6, 1936	Oct. 7, 1936	Oct. 14, 1936	Oct. 21, 1936	Oct. 28, 1936	Nov. 4, 1936
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	Nov. 6, 1935	Oct. 21, 1936	Oct. 28, 1936	Nov. 4, 1936
London—						
60 days	Dollars for £ 1	Old par	4.8666	4.8812	4.8812	4.88
Cable		New par	4.9112	4.8912	4.8912	4.888
Cheques		Old par	4.9175	4.89	4.89	4.888
		6.83	6.89	6.89	6.85	
Paris	Cents for 1 franc	23.54	16.90	16.84	16.8537	16.895
Brussels	Cents for 1 belga	32.67	32.50	23.985	22.965	22.965
Switzerland	Cents for 1 lira	8.91	8.10	5.26½	5.26½	5.26½
Italy	Cents for 1 mark	40.33	40.24	40.21	40.21	40.22
Berlin	Cts. for Austr. shlg.	23.82	18.84	18.73	18.72	18.72
Vienna	Cents for 1 peset.	32.67	32.68			
Madrid	Cents for 1 gulder	68.06	67.92	53.98	54.14	53.80
Amsterdam			21.96	21.84	21.84	21.825
Copenhagen	Cents for 1 kroner	45.37	24.72	24.58	24.58	24.57
Oslo			25.37	25.22	25.22	25.21
Stockholm						
Athens	Cents for 1 drachma	1.29½	0.94	0.89½	0.89½	0.89½
Montreal	Cents for Can. \$1	169.31	28.78	28.59	28.59	28.59
Yokohama	Cents for 1 yen	84.40	88.11	36.965	36.965	36.965
Shanghai	Cents for 1 dollar		30.20	29.62	29.62	29.62
Calcutta	Cents for 1 rupee	61.80		32.79	32.60	32.59
Buenos Aires	Cents for 1 peso		32.79	32.60	32.59	32.59
Rio de Janeiro, ...	Cents for 1 milreis	11.98	8.29	8.24	8.24	8.24

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 1935, compared with first half-year, 1934 :				
Gross increase or decrease	+ 263	+ 837	+ 534	+ 85
Second half-year 1935, compared with second half-year, 1934 :				
18 weeks to November 1, 1935	+ 312	+ 1,201	+ 713	+ 271
Weekly average second half 1935, latest week 1935 compared with 1934	+ 17½	+ 66½	+ 39½	+ 15½
18 weeks to November 1, 1935	+ 6	+ 47	+ 20	+ 21

LONDON TRANSPORT

Week ending October 31, 1936	1,075,000	1,075,000	1,075,000	1,075,000
Aggregate 18 weeks to October 31, 1936	1,075,000	1,075,000	1,075,000	1,075,000
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	1936
				+ or -	+ or -

INDIAN

Name	Weeks	Ending	Present Mileage	Gross Receipts for Week	Gross Aggregate Receipts
				1936	1936
				+ or -	+ or -

CANADIAN

Name	Weeks	Ending	Present Mileage	Gross Receipts for Week	Gross Aggregate Receipts
				1936	1936
				+ or -	+ or -

SOUTH AMERICAN

Name	Weeks	Ending	Present Mileage	Gross Receipts for Week	Gross Aggregate Receipts
				1936	1936
				+ or -	+ or -

* Converted at average official rate during week ended Oct. 31-17-00 pesos to the £.
 † Free market rate. ‡ Receipts in Argentine pesos. § Fortnight.
 ¶ Converted at official rate. †† Converted at "controlled free" rate.
 ‡‡ Converted at the "free" rate as a result of a decision of the High Court.

SUEZ CANAL RECEIPTS

Name	Weeks	Ending	Present Mileage	Gross Receipts for Week	Gross Aggregate Receipts
				1936	1936
				+ or -	+ or -

OTHER OVERSEAS

Name	Weeks	Ending	Present Mileage	Gross Receipts for Week	Gross Aggregate Receipts
				1936	1936
				+ or -	+ or -

TRAMWAYS WEEKLY GROSS RECEIPTS

Name	Weeks	Ending	Present Mileage	Gross Receipts for Week	Gross Aggregate Receipts
				1936	1936
				+ or -	+ or -

MONTHLY TRAFFICS

Company	Month	Ending	Dr. -	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

* Free of Income Tax. (s) Paid on a larger capital.

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	
					Pref. Amount	
					Ordinary Amount	
					Rate	
					Carried to Reserve, Depreciation, etc.	
					Balance Forward	
					Net Profit	
					Dividend	

(a) No comparable figure. (v) August 10, 1935, to June 30, 1936. (s) Ordinary dividend. (t) Deferred dividend.
 (b) Eleven months. (c) 51 weeks. (d) 1½ years. (e) Three years' dividend on 7 per cent. first cumulative preference shares.
 (f) Absorbed £26,343. (g) Represents 5 years' dividend up to July 31, 1936, on "A" preference stock. † Free of Income Tax.

COMMERCE AND TRADE

SURVEY OF COMMODITY MARKETS

The steady increase in the world demand for primary products was responsible for another active week on the majority of commodity markets.

Non-ferrous metals, in particular, attracted a good deal of interest, and quotations were marked up all round. The "cash" price of copper rose by about £2 to £44 7s. 6d. per ton, despite a further increase of 10 points in the quotas of the companies adhering to the restriction scheme. One of the factors influencing the rise of prices is the possibility of a marked decline in United States exports owing to increasing internal requirements. Lead and spelter were also dearer. Tin was marked up sharply under the influence of United States purchases, and on the news that the International Tin Committee had at last reached agreement with Siam. The latest developments in the markets for copper and tin are discussed in a Note of the Week.

Expansion of demand was also responsible for the continued

rise in rubber prices in the face of the considerable increase in supplies next year, when the higher export quotas will come into operation. The market in linseed and linseed oil, on the other hand, was again dull owing to the expectation of a heavy crop in Argentina and the uncertainty concerning the future price policy of that country. Among textile raw materials, American cotton is unchanged on the week, but the trend of quotations for jute and wool remained upwards.

Wheat prices suffered a slight setback, partly on improved harvest prospects in Argentina and Australia, but quotations for raw sugar tended to advance and competition at the Mincing Lane tea auctions was brisk at firm prices.

The downward trend of quotations for primary products in the United States was arrested this week. Moody's index of staple commodity prices rose from 102.1 (December 31, 1931 = 100) on October 28th to 103.6 on November 4th compared with 184.0 a month ago and 166.8 last year.

COAL

SHEFFIELD.—There is a steady home demand for all classes of industrial fuel, and orders for household qualities are more plentiful. The bagging trade for secondary sorts also shows improvement. Furnace and foundry coke continues in very strong demand. Supplies are short, contract deliveries accounting for the greater part of the output. On the export market conditions show little change. Prompt shipments are fairly steady, with prices firm.

NEWCASTLE-ON-TYNE.—The month has opened with unabated strength in all classes of screened steam coal, and there is little likelihood of any falling off in demand before next spring. Trade ahead is very good, large quantities of both screened and graded steam coal having been sold over the whole of next year to Scandinavia. Durham gas coals are now much firmer, while the coking and bunker coal position is improving.

GLASGOW.—Collieries are well booked for export until the spring of next year and, with home industrial activity well maintained, the outlook is quite bright. At the moment, however, the prompt position leaves room for improvement. The recent storms have accentuated the tonnage scarcity, and, as stocks are heavy, there has been some idle time at some of the pits. Better progress has, however, been made during the past day or two. Lanarkshire house coal was advanced by 1s. 6d. per ton, and medium-class qualities in Ayrshire by amounts ranging from 6d. to 1s. 6d. per ton.

CARDIFF.—Conditions on the Cardiff coal market show little change. Inland demand is fairly active, particularly for domestic and industrial coals, but export business continues comparatively quiet, and shipments are far below the normal value for this time of year. Last week total exports in the foreign and coastwise trades totalled only 332,000 tons, compared with 366,400 tons in the previous week and 389,588 tons in the corresponding week last year; since the beginning of the year the decrease, compared with the corresponding period in 1935, exceeds 2,000,000 tons. Washed and sized smalls are the only classes which are realising prices above the old schedule figures. The supply of large classes continues in excess of current demand. Coke is strong and in good demand, while quotations for patent fuel are steady.

IRON AND STEEL

LONDON.—The weekly report of the London Iron and Steel Exchange indicates that the iron and steel markets continue busy. In one or two departments business has been less active as consumers have largely covered their forward requirements and because producers have filled their order books as far forward as they care to sell. In most sections of the market, however, a considerable volume of new business is offering in the form of supplementary parcels from consumers who under-estimated their requirements when contracting for supplies earlier in the year.

The tightness in the pig iron market has become more noticeable, particularly in the foundry iron department, and a condition of scarcity is also threatened in hematite.

There is a heavy request for semi-finished steel, and, although producers are operating at capacity, they are experiencing difficulty in meeting the requirements of consuming industries. But the position in this market, although tight, is certainly better than in the corresponding period last year, when operations at many consuming works were hampered.

In the finished steel section a high rate of output is being maintained. The requirements of consuming industries, however, continue to increase, and heavy as production is, it is barely sufficient to keep pace with demand. The time required by works for the execution of an order is lengthening, and it has become almost impossible to place orders for structural steel for near delivery.

SHEFFIELD.—Business in the iron and steel market remains at a very high level. Many producers of foundry iron are fully booked for the first three months of next year and some even beyond. Very little material is available in the open market and any small parcels are immediately taken up. Consumers rely chiefly upon Derbyshire production of forge and foundry; there is merely a trickle from Lincolnshire and producers in that area are virtually off the market in Sheffield. An additional blast furnace has this week been put into operation in Derbyshire; this will ease a little the pressure for supplies. Makers of West Coast hematite are not at all desirous of making further bookings at present, except at a premium of around 10s. per ton. The position in East Coast mixed numbers is not quite so difficult, although makers are unable to accept the full volume of business on offer. The market for finished iron continues to show improvement in the absence of Continental business. Common and marked bars are the most active, demand for crown iron remaining somewhat slow.

There is an ever-increasing demand for basic steel billets which it is barely possible to meet, and acid billets are also in heavy request. Business in steel strip, bars and stainless sheets also is very active. At the moment all prices are unchanged, but the view is widely held that prices may be raised at the turn of the year owing to increased costs of production.

Sheffield set up a new record in the output of steel ingots and castings in September, the official returns showing production at 142,800 tons. Total output during the first nine months of this year was only 220,700 tons below the total for 1935, when production reached 1,388,000 tons.

MIDDLESBROUGH.—Shipments of pig iron from the Tees during October were 6,670 tons, against 6,906 tons in September. The quantity shipped coastwise during October was 3,865 tons, of which 1,990 tons went to Scotland, 1,050 tons to Wales, and 825 tons to other ports. Manufactured steel shipped last month was 29,870 tons, and manufactured iron 3,085 tons. Total iron and steel shipments during October were 39,625 tons, a drop of 6,600 tons compared with the previous month, and the smallest volume since February.

These figures indicate the pressure for material from home users. There has been an increase in the quantity of iron and steel imported into the Tees from abroad and coastwise, the quantity for the year ending October 31, 1936, being 55,167 tons, compared with 49,372 tons in the previous year. The quantities unloaded during the last twelve months consisted of 11,429 tons of pig iron, 39,333 tons of crude sheet bars, and 5,405 tons of plates, bars, angles, etc. The new import licences system came into operation this week.

Business in pig iron is quiet, as there is no surplus available for the market. Prices of foundry and hematite pig iron remained unchanged, although it is believed that hematite makers are seeking permission to demand a premium of 10s. per ton from home users. Meantime, merchants who have export contracts for hematite are unable to obtain delivery. Steelmakers are concentrating on fulfilling orders already booked.

constructional steel and shipbuilding requirements being very heavy. The scrap market is firmer with a strong tone, although users are adhering to the price of 60s. per ton, delivered. There is no difficulty in disposing of good Durham blast-furnace coke at 24s. 6d. per ton, delivered furnaces.

GLASGOW.—Demands on the steel makers in this district seem to be ever increasing. The steel plants in the West of Scotland, though working at capacity, are unable to meet the requirements of users. Considerable additions to plant are at present in progress, and it is hoped that it will be possible to increase output appreciably in several directions early next year. It is expected that new plant at Motherwell will come into operation in the course of the present week. Demands from the shipyards are now on a large scale, and heavy tonnages are also being taken up by the local structural and other engineers. At the sheet mills plants are fully employed, and the recent improvement in export business is maintained. Tube makers are also busy at the moment, and much of the available plant is in operation. Manufacturing industries in the Glasgow district have almost without exception well-filled order books, and there are prospects of regular employment for plant and men for months to come.

CARDIFF.—There has been a slight lull in the demand for tinplates, and works are not generally employed up to the authorised 65 per cent. of capacity. Home inquiries are relatively better than export demand, and shipments at Swansea last week were only 52,844 boxes, compared with 84,040 boxes in the previous week, and 65,406 boxes in the corresponding week last year. Prices are unchanged at 18s. 4½d. f.o.b. for inland business and at 18s. 9d. f.o.b. for export. The main strength of the galvanised sheet trade still lies chiefly in the domestic demand, and quotations are unchanged at £14 per ton for home delivery and £12 10s. f.o.b. for export. Steel sheet and tinplate bars were unchanged at £6 per ton, delivered.

OTHER METALS

COPPER.—Despite last week's increase in the production quotas, and a warning from Sir Auckland Geddes at the Rhokana meeting, the standard cash quotation advanced by 11 10s. 3d. to £44 5s. per ton on Wednesday—the highest since 1931. Sir Auckland reminded his hearers that producers wished to stabilise prices at a level which would stimulate consumption and that rapid decisions could be taken at any time "to ensure an adequate supply of copper for all needs." Hard on the heels of this warning came the news on Thursday that the restricting countries had decided upon a further 10 per cent. increase in quotas, to 105 per cent. of the standard tonnages—to be effective immediately. Although the market suffered a reaction on receipt of this news, the setback was short-lived and prices closed on Thursday at a slightly higher level than on the previous day. Although producers have given abundant evidence of their desire to check the rise in prices, it is not certain that the peak has yet been reached. Speculation is active and exports from the United States seem likely to reach negligible proportions in the near future. But when the increased supplies released by recent quota increases come on to the market, some reaction in quotations appears inevitable.

Sales on the London Metal Exchange: 3,000 tons on Monday, against 2,800 tons last week; 3,450 tons on Tuesday, against 3,800 tons last week; 3,900 tons on Wednesday, against 4,450 tons last week. Domestic spot was quoted at 10.40 cents per lb. in New York on Wednesday, against 9.97½ cents a week ago and 9.50 cents a month ago. Wednesday's official closing price for standard cash in London was £44 5s. to £44 7s. 6d., compared with £42 8s. 9d. to £42 11s. 3d. a week ago. Stocks of refined copper in British official warehouses at the end of last week, at 47,255 tons, show an increase of 275 tons, while stocks of rough copper, at 1,215 tons, show a decrease of 175 tons on the week.

LEAD AND SELLER.—The scarcity of supplies, to which attention has several times been drawn in this column, coupled with a strong buying movement, lifted the price of lead to over £20 per ton—the highest point since 1930. Should demand continue on its present scale, even higher prices would not occasion surprise; but a setback in demand might be followed by a sizeable reaction in quotations. The rise in lead has had some effect also on spelter prices, but the margin between the two metals—at £4 per ton—remains abnormally wide. World output of smelter zinc outside Spain, according to the *Metalgesellschaft*, fell from 124,014 metric tons in August to 120,090 metric tons in September. Despite this decline, however, production is still running ahead of current consumption.

Sales of lead on the London Metal Exchange: 1,200 tons on Monday, against 850 tons last week; 3,000 tons on Tuesday, against 1,750 tons last week; 3,000 tons on Wednesday, against 2,500 tons last week. The New York quotation on Wednesday was 4.90 cents per lb., against 4.70 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 £20 5s. per ton, compared with £18 13s. 9d. a week ago.

Sales of spelter on the London Metal Exchange: 1,300 tons on Monday, against 1,100 tons last week; 1,900 tons on Tuesday, against 1,550 tons last week; 2,800 tons on Wednesday, against 1,000 tons last week. Wednesday's quotation in East St. Louis was 4.85 cents per lb., against 4.85 cents the week before and 4.85 cents a month earlier. Wednesday's official closing quotation in London for "good ordinary brands" for shipment during the current month was £16 5s. per ton, against £15 1s. 3d. last week.

TIN.—After considerable fluctuations, tin prices rose sharply on Tuesday and Wednesday, closing on the latter day with a net gain on the week of £11 10s. in the cash price and of £10 5s. in the forward position. The monthly statistics published on Monday had not been encouraging and caused a setback on the market. During October, according to A. Strauss and Company, the visible supply including the Straits carry-over, at 16,952 tons, showed an increase of 1,858 tons on the month. Since the Arnhem carry-over also rose last month by 127 to 960 tons, the net increase in visible supplies was 1,985 tons. Nevertheless, a strong American demand and optimistic views regarding the future of the restriction scheme served to turn the tide, and forced up the cash price on the London Metal Exchange by £9 to £217 per ton on Wednesday—i.e. only 17s. 6d. below this year's peak. The forward quotation scored a rise of £8 5s. on Tuesday and Wednesday to £214 10s. per ton—a new record for the current year. A further rise of some £7 per ton took place after Thursday's meeting of the International Committee, when it was learned that an agreement had been reached with Siam and that this would shortly be submitted to the Governments concerned. No further details of the agreement are available as we go to press. The next meeting of the Committee was fixed for December 11th.

Sales of tin on the London Metal Exchange: 375 tons on Monday, against 150 tons last week; 600 tons on Tuesday, against 400 tons last week; 475 tons on Wednesday, against 600 tons last week. The New York quotation on Wednesday was 47.40 cents per lb., against 45.52½ cents a week ago and 45.00 cents a month ago. Wednesday's official closing

quotation in London for standard cash was £217 to £218 per ton, compared with £205 10s. to £206 a week ago. Stocks of tin in London and Liverpool at the end of last week totalled 957 tons, a decrease of 173 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 £14 5s. per flask of 76 lbs., as against £14 2s. to £14 2s. 6d. last week. Chinese antimony was quoted at £56 per ton ex warehouse, the same as last week. Chinese wolfram for "October-November" shipment was quoted at 28s. 6d. to 29s. 6d. per unit, c.i.f., the same as last week. Refined platinum at £9 15s. per ounce remains unchanged.

TEXTILES

COTTON.—Manchester.—The better feeling in the market has been maintained. In certain sections a considerable business has been done and producers have extended their order lists. Prices have gone against buyers. There has not been much change in raw cotton prices. There is some uncertainty concerning the American Government crop report due to be published on Monday next. The re-election of President Roosevelt has been interpreted as a bullish factor. Production of "outside growths," however, during the next twelve months will be substantial.

American yarn quotations have been advanced and an encouraging business has been done. Freer buying continues to take place in Egyptian qualities. The larger output of yarn is being well absorbed.

A large inquiry has been experienced in piece-goods, and some manufacturers have sold freely. Most producers are now in a position to hold firmly to quotations as longer engagements are now held than a month ago. A substantial demand has been met with for India with encouraging sales, chiefly in white yarn dhooties, light bleaching descriptions and fancies. More contracts have been arranged in special makes for Java and Singapore. Some improvement has shown itself in the offtake for Egypt, and steady buying has taken place in printed and dyed fabrics for South America and West Africa. Rather freer operations have taken place for the Dominions and the home trade in a wide variety of goods. Reports from most Lancashire towns are better than for some time and idle looms are being restarted.

COTTON PRICES

	1936				Corresponding Date	
	Oct. 14	Oct. 21	Oct. 28	Nov. 4	1934	1935
Raw Cotton—Mid. American..... per lb.	6.99	7.00	6.90	6.90	6.79	6.41
Sakellaridis Fully Good Fair						
Egyptian	10.94	11.03	11.55	11.37	8.64	9.35
Yarns—32's twist	11½	11½	11½	11½	10½	10½
40's twist	11½	11½	11½	11½	10½	10½
60's twist (Egyptian)	16½	16½	17	17	16½	16½
82-in. Printers, 116 yds., 16 by 16, 32's and 60's	s. d. 18 6	s. d. 18 6	s. d. 18 6	s. d. 18 7½	s. d. 19 0	s. d. 17 7½
36-in. Shirtings, 75 yds., 19 by 19, 32's and 40's	25 10½	25 10½	25 10½	26 0	24 0	24 9
36-in. ditto, 38 yds., 18 by 16, 10 lb.	10 4	10 4	10 4	10 4½	10 10	10 4½
36-in. ditto, 37½ yds., 16 by 15, 8½ lb.	9 4	9 4	9 4	9 4½	9 9	9 4½

JUTE.—Dundee.—Trading in the jute industry proceeds along satisfactory lines. Buyers in all sections are showing a fair interest and prices of all products are very firm, with a tendency to rise. Indian jute mills have already purchased a substantial proportion of their raw jute requirements for the present season, estimated at about seven million bales; it is estimated that they have bought four and a half million bales from a crop forecast at 8,711,000 bales. As other countries are calculated to have purchased 1½ million bales, the statistical position of the fibre is strong. Hence, quotations are more likely to rise than to fall during the remaining eight months of the season.

Quotations for Calcutta goods have improved, but there is still no sign of any agreement being reached concerning working hours between the of any agreement being reached concerning working hours between the associated mills and the "outside" mills. Production in India, however, though considerably greater for several months past, is only keeping pace with demand. Stocks of both hessians and heavy goods at the end of the month of October were smaller than at the end of September. Hessian stocks declined by 1½ million yards to 97 million yards and sacking stocks fell by 20½ million yards to 94½ million yards. A year ago stocks of hessians stood at 74½ million yards and stocks of sackings at 138 million yards.

The full group of Daisee-2/3 was sold this week at the advanced rate of £18 15s. per ton, December-January, and single marks were quoted at £19 2s. 6d., with Daisee-4 at £17 15s. for good marks and £18 10s. for full group. Tossa-2/3 was named at £19 11s. 3d. and four at £17 12s. 6d. full group, November-December. First Marks were more or less nominal at £21 15s., and good Lightnings ranged from £19 15s. to £20 5s., with Hearts at £19 2s. 6d., November-December.

Jute yarns are very firm at 2s. 1d. for common 8 lb. cops and 2s. 2d. for 8 lb. spools. Twist is being sold at 3½d., the lowest for 3 ply 8 lb. and sacking yarns from 2½d. for 24 lb. weight and 3½d. for 8 lb. chains. Rove is dearer and now mostly quoted at £20 for 48 lb. and at £16 10s. 200 lb., and the finer yarns are well foretold and named at 2s. 4d. for fourth grade 8 lb. warp. Carpet yarns are firm at 3½d. for 14 lb. warp.

A steady business is being done in jute cloth and prices are tending higher. Quotations are up ½d. to 2½d. for 10 oz. 40 in. and 2½d. for 8 oz. A feature is the large business that has been done in lineoleum hessians at considerably higher prices. Heavy goods are very steady.

Calcutta hessians are quoted at 16s. 11d. for 10 oz. 40 in. and at 13s. 4d. for 8 oz., November, and at 13s. 9d. and 13s. 4d. for December. Liverpool twills are in some demand at 42s. 9d. and "B" twills at 37s. 9d., November-March.

GRAIN MARKETS

WHEAT.—The firmer tendency noted at the beginning of last week was not maintained and prices in this country closed on Wednesday showing a further decline on the week. The movement is mainly attributable to improved crop prospects in Australia and Argentina, due to better weather conditions in those countries. Selling pressure of new Argentine and Australian wheat is increasing while Continental demand—apart from good Italian buying—has been rather quiet.

On Wednesday last, "December" futures were quoted in Chicago at 114½ cents per bushel, against 115½ cents the week before and 113 cents a month ago. Quotations in London, Wednesday: No. 1 Northern Manitoba, ex ship, 42s. 6d. per 496 lbs., against 44s. a week ago; No. 2 Northern Manitoba, ex ship, 42s. 3d., against 43s. 6d. a week ago. According to the *Corn Trade News*, total shipments of wheat and flour

last week totalled 1,516,000 quarters, against 1,555,000 in the previous week and 1,558,000 quarters in the corresponding week a year ago.

FLOUR.—In sympathy with wheat, flour prices have eased in the period under review. Wednesday's London quotations (excluding quota payments) were: Straight run, delivered Home Counties, 36s. 6d. per 280 lbs., against 37s. a week ago; delivered inner London, 36s., as compared with 36s. 6d. a week ago; Manitoba patents, ex store, 33s. 3d. to 34s. 9d., against 34s. 9d. to 36s. 3d. a week ago. Australian, ex store, 32s. 6d., against 32s. to 32s. 6d. a week ago.

BARLEY.—With the continuance of favourable crop prospects in Argentina and a slow demand, prices are again lower. "December" futures were quoted at 58½ cents per bushel in Winnipeg on Wednesday, against 59½ cents a week ago. Quotations per 448 lbs. in London on Wednesday were: "English feed" (new), at farm, 28s. to 29s., as against 29s. to 30s. a week ago; "English malting" (new), at farm, 34s. to 50s., against 34s. to 50s. last week; Californian (new), ex ship, 47s. to 58s., against 47s. to 58s. last week; Chilean, brewing, ex ship, 36s. 6d. to 42s., against 36s. 6d. to 42s. a week ago.

OATS.—While English oats are dearer this week, imported descriptions have eased in sympathy with the wheat markets. On Wednesday, "December" futures were quoted at 41½ cents a bushel in Chicago, against 41½ cents a week ago and 41½ cents last month. Quotations in London, Wednesday: "English Black" (new), at farm, 21s. per 336 lbs., against 20s. a week ago; "English White" (new), at farm, 21s., against 20s. a week earlier; mixed Canadian feed (Vancouver), landed, 20s. 9d. per 320 lbs., compared with 21s. 3d. last week.

MAIZE.—Prices are again easier. "December" futures were quoted on Wednesday at 95½ cents per bushel in Chicago, against 95½ cents a week ago and 94½ cents last month. Quotations in London, Wednesday: "Plate," landed, 22s. 9d. per 480 lbs., compared with 23s. 9d. a week ago; "Plate," ex ship, 21s. 9d., as against 22s. 9d. a week ago; "November," 22s., as against 23s. 1½d. a week ago; yellow maize meal, ex wharf, was quoted at £6 2s. 6d. per ton, as against £6 5s. to £6 7s. 6d. 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	Nov. 6, 1935	Dec. 31, 1935	Oct. 28, 1936	Nov. 4, 1936
Winnipeg (No. 1, Manitoba) —Cents per 60 lb.	65½	82½	85	84½	111½	108½
Chicago (No. 2 Winter) —Cents per 60 lb.	84½	98½	97½	75½	115½	114½

The visible supply of wheat in Canada amounts to 86,548,000 bushels, against 86,736,000 bushels last week, and 146,526,000 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 October 31	Cwts. 275,027	Cwts. 398,423	Cwts. 453,933	Cwts. 435,655
9 weeks to October 31	3,281,739	4,426,189	4,292,733	2,931,708
Average price of English wheat per cwt.	s. d. 4 9	s. d. 4 11	s. d. 6 1	s. d. 8 11

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
October 29, 1932	Cwts. 324,418	Cwts. 378,011	Cwts. 56,462	s. d. 5 7	s. d. 7 10	s. d. 6 2
October 28, 1933	275,027	493,148	48,927	4 9	9 8	5 6
November 3, 1934	398,423	494,560	52,823	4 11	9 1	6 6
November 2, 1935	453,933	521,894	51,147	6 1	9 0	6 2
October 24, 1936	433,293	549,676	72,161	8 8	10 3	6 9
October 31, 1936	435,655	503,604	70,101	8 11	9 11	6 11

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MONTREAL

OTHER FOODS

BACON.—A further reduction in the official rates was made last week and the market has since had a quiet tone. The official quotations (per wt. for No. 1 Sizable) which formed the basis for dealings on the London Provision Exchange this week were: English, 88s. to 90s.; Canadian, 80s.; Danish, 90s., as against 90s. to 94s., 84s. and 94s., last week. Arrivals in London last week included Danish, 12,646 bales; Canadian, 6,116; Dutch, 288; Lithuanian, 1,092; and Polish, 2,681; as against 12,889, 5,748, 998, 1,933 and 2,924 bales, respectively, in the previous week.

BASIC PIG PRICE.—The Pigs Marketing Board announced last week that in accordance with the provisions of the present contract, the ascertained price of green Wiltshire style bacon is 93s. 5d. 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 8s. 9d. 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 November is 12s. 2d. per score, against 12s. in October 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.

BUTTER.—After a rather quiet period, the market became much firmer at the end of last week and on Monday New Zealand and Australian salted were not offered. Prices show an all-round improvement. Quotations (per cwt.) on the London Provision Exchange on Wednesday were: New Zealand, finest salted, 106s. to 107s.; Australian, choicest salted, 106s.; Danish, 122s., compared with 98s., 98s. and 120s., respectively, a week ago.

CHEESE.—The market has had a firm tendency, quotations for New Zealand having recovered after last week's easiness. Quotations (per cwt.) on the London Provision Exchange on Wednesday were as follows: English, finest farmers, 82s. to 86s.; Canadian, finest coloured, 69s. to 70s.; and New Zealand, finest coloured, 68s., against 82s. to 86s.; 69s. to 70s.; and 66s. 6d., respectively, a week ago.

COCOA.—Since we commented on cocoa developments on page 204 in last week's issue of the *Economist*, the quotation has again risen by 1s. per cwt. to 39s. 6d., ex quay in Liverpool. Now, in last week's issue of *Gordian*, it was shown that world exports of cocoa beans during the season ended last September were 695,500 metric tons and imports 660,300 tons, leaving an export surplus of 35,200 tons. And, although stocks in the United States were recently estimated to be about 10,000 tons smaller than a year ago, there is no evidence of a coming shortage of cocoa beans. This view is strongly expressed in last week's issue of *Gordian*, according to which supplies of cocoa beans are sufficient "to cover requirements even if world consumption should still increase considerably." The spot quotation in New York on Wednesday was 8½ cents per lb., as against 8½ cents per lb. last week. In London, on Wednesday last, good fermented new crop, "November-January," was quoted 38s. 6d. per 250 kilos, c.i.f. Continent, against 37s. 6d. a week ago. Last week's movements of cocoa in London were as follows: Landed, 1,704 bags; delivered, for home consumption, 11,953 bags; exported, 101 bags; stocks, 126,834 bags, against 117,258 bags a year ago.

COFFEE.—The spot markets in London and New York have had a steady tone this week. On Wednesday, Rio No. 7 (cash) was quoted at

8½ cents per lb. in New York, as compared with 8½ 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, 34 cwt.; delivered, for home consumption, 259 cwt.; exports, 60 cwt.; stocks, 9,490 cwt., against 12,622 a year ago. Central and South American, landed, 39 cwt.; delivered, for home consumption, 2,047 cwt.; exported, 3,068 cwt.; stocks, 62,004 cwt., against 90,180 last year. Other kinds: landed, 4,774 cwt.; delivered, for home consumption, 4,400 cwt.; exported, 3,040 cwt.; stocks, 97,596 cwt., against 117,198 last year.

EGGS.—At the London Egg Exchange there was a good market for Colonial eggs at slightly firmer rates, but the higher-priced varieties—including English—were rather easier. At Smithfield, on Wednesday, English (ordinary packing, Grade I, about 15-15½ lb.) realised 20s. to 22s. per 120, as against 22s. to 23s. 6d. last week, while Danish (15½ lb.) made 16s. to 16s. 6d., as against 15s. 6d. to 16s. last week.

FRUIT.—Covent Garden market, says *The Fruitgrower*, appears to be settling down to the usual dull November period, although the decline in business is not quite so pronounced as in some seasons. The apple trade is rather steadier, most of the inferior produce having been cleared. English cookers are, however, still in abundant supply, and no improvement in prices can be recorded. Pears remain in steady demand. English hot-house grapes are also in more active request, but prices show no advance, owing to the heavy supplies of Belgian and Dutch grapes still arriving. English cobnuts are unaltered, but walnuts are cheaper. Chestnuts are arriving in large quantities from foreign sources. Oranges are a moderate trade, while lemons have further declined in price on heavier arrivals. Grapefruit prices remain easy and supplies are not clearing well.

MEAT.—Chilled beef and frozen mutton and lamb were in fair request at Smithfield this week, but trade in other descriptions was rather slow. On Wednesday last, Argentine chilled hindquarters were quoted at 3s. 6d. to 3s. 10d. per 8 lbs., as compared with 3s. 4d. to 4s. a week ago. New Zealand frozen mutton was 3s. 2d. 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 9,425 tons, an increase of 130 tons from the corresponding week last year. Beef and veal accounted for 4,710 tons, mutton and lamb 2,648 tons, and pork and bacon 1,242 tons, as compared with 4,805, 2,519, and 1,208 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 8 tons; stocks, 1,798 tons, against 1,467 tons a year ago. White, landed, 7 tons; delivered, 62 tons; stocks, 11,874 tons, against 15,188 tons a year ago.

RICE.—The spot price of Burma No. 2, cleaned, new crop, was 9s. per cwt., ex warehouse, on Wednesday, as compared with 8s. per cwt., a week ago. "November-December" in singles to Continent and U.K. was quoted at 7s. 10½d. per cwt., against 7s. 10½d. last week for "October-November." Movements in London during the past week were as follows: Landed, 29 tons; delivered, 218 tons; stocks, 2,278 tons, against 7,264 tons a year ago.

SUGAR.—The London spot market remains quietly steady. When the result of the Presidential election became known a firmer tendency developed on the New York market. The spot price in New York on Wednesday was 3-50 cents per lb., as compared with 3-39 cents per lb. last week and 3-40 cents per lb. a month ago. Wednesday's sales of raw sugar in London included December delivery at from 4s. 10½d. to 4s. 10½d. against 4s. 8½d. to 4s. 9d. a week ago. The movements of raw sugar at public warehouses in London and Liverpool last week were as follows: Imports, 14,380 tons, against 12,008 tons last week and 20,878 tons in the same week of last year; deliveries, 18,032 tons, against 19,137 tons last week and 17,884 tons last year; stocks, 95,639 tons, against 99,291 tons last week and 164,742 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 ended	Northern India	Southern India	Ceylon	Java	Sumatra	Africa	Total
Oct. 31, 1935.....	14-00	12-42	15-69	11-89	10-12	11-16	14-07
Sept. 24, 1936.....	13-88	12-04	13-29	10-75	9-95	11-48	13-29
Oct. 1, ".....	13-39	11-95	13-41	10-91	9-95	11-55	13-09
Oct. 8, ".....	13-22	11-92	13-82	10-91	9-95	11-55	13-09
Oct. 15, ".....	13-18	12-00	13-87	11-08	9-95	11-63	13-03
Oct. 22, ".....	13-24	12-08	13-96	11-32	10-07	11-59	13-12
Oct. 29, ".....	12-99	12-12	14-61	11-61	10-03	11-62	13-24

The quantities catalogued for the public auctions in Mincing Lane this week comprised 54,372 packages of Indian and 21,322 packages of Ceylon tea. At the Indian auctions on Monday and Wednesday there was a good demand for all descriptions, with quotations fully firm. Prices were generally higher at Tuesday's Ceylon sales, following an active demand and an improvement in quality.

VEGETABLES.—Supplies of tomatoes are now becoming more scarce and prices at Covent Garden are accordingly higher, states *The Fruitgrower*. Moderate supplies of cucumbers encounter a restricted demand. Madeira beans have declined in price, lettuce is very slow, and mushrooms are easy. Greenstuff continues abundant and sells at moderate rates. Celery is plentiful and, although selling well, makes only fair prices. Carrots, turnips and parsnips are a steady trade, with prices showing little variation. The potato trade at the various London markets shows few new features, but inferior samples have eased in price. At the Borough on Tuesday, quotations for best siltland King Edward were unaltered at 8s. to 9s. per cwt.

MISCELLANEOUS COMMODITIES

VEGETABLE OILS AND OILSEEDS.—Business in linseed continues very slow. Owing to the uncertain outlook and rumours that the heavy crop expected this season may prompt the Argentine Government to revise the minimum price guaranteed to growers in a downward direction, brokers are buying only to cover oil and cake commitments. Meanwhile, the latest official reports regarding the newly sown seed in Argentina are satisfactory; provided no untoward weather conditions intervene between now and harvest time, a yield of two million tons is expected by the trade. The balance of the old Plate seed is moving off steadily, and it is estimated that at the end of October only 170,000 tons was left for shipment, or 100,000 tons less than the quantity actually exported in the remainder of 1935. India has an exportable surplus about equal to that of a year ago. The quantity afloat for Europe is now 130,800 tons, against 140,800 tons last week, and that for the United States 93,600 tons, against 50,400 tons a year ago. Linseed oil is barely steady and late prices difficult to maintain.

Cotton seed is lower but steady, though export demand is poor and me demand only moderate. Business in Egyptian crude oil for January delivery ex Hull is reported at £24 10s. per ton, naked. Demand for oil cakes is not so good, but prices are steady.

POTASH.—Although exports of potash from Spain amounted to 2,549 metric tons in 1935 (against 267,305 metric tons in 1934 and 8,666 in 1933) the Spanish civil war has had no significant effect on world potash markets. The reason for this somewhat paradoxical situation is given in a German mining periodical, the *Deutsche Bergwerks Zeitung*. It there stated that the quota of Potasses Ibericas, one of the leading Spanish producers which ceased production at the beginning of the civil war, has been temporarily transferred to the non-Spanish members of the international potash syndicate. It is likely that a similar course was taken by the two other large Spanish potash groups—Union Espanola de Ex-

plosives and Minas de Potassa de Suria. Meanwhile, it is reported that the Spanish mines have not suffered any damage in consequence of the war, so that it will be possible to resume production immediately hostilities cease.

RUBBER.—Active trade buying was more than sufficient to offset the effects of profit-taking by speculators and prices show a further marked rise on the week. The spot price in New York on Wednesday was 17½ 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 8½d. per lb., as against 8½d. on the corresponding day last week. In forward positions, business has been done at 8½d. to 8½d. for "December" shipment, as against 8½d. to 8½d. a week ago. Stocks in London and Liverpool at the end of last week totalled 96,673 tons, against 97,730 tons a week earlier. A year ago stocks amounted to 170,541 tons.

WHOLESALE COMMODITY PRICES

UNITED KINGDOM

LONDON, November 4th				The prices in the following are revised with the assistance of an eminent firm in each department			
CEREALS AND MEAT				POTATOES—			
RAIN, Etc.—	s. d. s. d.			English King Edward	s. d. s. d.		
Heat—				per cwt.	8 0 9 0		
No. 2 N. Man. 496 lb.	42 3			SPICES—			
Eng. Gaz. av. per cwt.	8 11			Pepper, per lb.—			
Barley, Eng. Gaz. av. ...	9 11			Black Lampung	0 2½		
Wheat, No. 2 Burma, per cwt.	6 11			White Muntok	0 5		
480 lb.	22 9			Cinnamon—1st sort, per lb.	0 8½		
Our, Lon. stan. ex mill.	34 9			Clove—Zanzibar per lb.	0 8		
Rice, No. 2 Burma, per cwt.	7 10½			Ginger—per cwt.—			
Beef, per 8 lbs.—				African	65 0 85 0		
English long sides	3 4 4 2			Jamaica, ord. to good	60 0 85 0		
Argentine chilled hinds	3 6 3 10			Mace, 65s.—	0 11		
Mutton, per 8 lbs.—				Nutmegs, 65s.—			
English wethers	5 4 6 4			SUGAR—			
N.Z. frozen	3 2 3 8			(Duty, 11/8 per cwt.)			
Lamb, per 8 lbs.—				Centrifugals, 96, prpt.	4 10½		
N.Z. frozen	4 6 5 4			shipm. c.i.f. U.K./Cont.	16 9 18 9		
Pork, English, per 8 lbs.—	6 0 6 6			B.W.I., crystallised			
OTHER FOODS				Java, white, c. & f. India	Nominal.		
BACON—				Oct.-Dec.	Nominal.		
English—per cwt.	88 0 90 0			RYNED—London—			
Irish	86 0 91 0			Yellow Crystals	18 0		
Danish	86 0			Cubes	22 3 22 9		
Dutch	86 0			Crushed	20 6		
HAMS—				Granulated	18 1½ 18 6		
Canadian	92 0 96 0			Home Grown			
United States	92 0 95 0			TEA—			
BUTTER—				Indian—per lb.—			
Australian	108 0			Pekoe	0 11½ 1 2½		
New Zealand	108 0 107 0			Broken Pekoe	0 11½ 1 4½		
Danish	122 0			Orange Pekoe	0 11½ 1 9½		
CHEESE—				Broken Orange Pekoe	0 11½ 2 7½		
Canadian—per cwt.	69 0 70 0			Ceylon—per lb.—			
New Zealand	68 0			Pekoe	0 11½ 2 4		
English Cheddars	82 0 86 0			Broken Pekoe	0 11½ 1 6		
Dutch	46 0 52 0			Orange Pekoe	1 0½ 2 2½		
COCOA—				Broken Orange	1 0 2 4½		
British grown, (Duty, 11/8; foreign, 14/- cwt.)				TOBACCO—			
Accra, f.f.—per cwt.	38 3 38 6			(Duty, 9/6-10/8 per lb.)			
Trinidad	58 0 64 0			Empire growth, 7/5½			
Grenada	59 0 64 0			8/3½ (per lb.)			
COFFEE—				Virginia leaf—			
British grown				Common to fine	0 8 2 6		
4/8 foreign, 14/- cwt.				Rhodense leaf	0 8 1 10		
Santos sup. c. & f. cwt.	44 0			Nyasaland leaf	0 7 1 4		
Colombian, good	50 0 60 0			strips	0 9 1 6		
Costa Rica, med. to good	58 0 78 0			East Indian leaf	0 5 1 4		
East Indian " " "	50 0 68 0			strips	0 6 1 6		
Kenya, medium " " "	52 0 66 0			TEXTILES			
BGGs—				COTTON—			
English—per 120	20 0 22 0			Mid-American ... per lb.	6-90		
Danish	16 0 16 6			Sakelardis, f.g.f.	11-37		
FRUIT—Oranges—				Yarns, 32's twist	11½		
South African ... boxes	11 6 16 6			60's twist	17		
Brazilian ... boxes	13 0 15 0			FLAX—			
Lemons, Malaga ... cases	11 0 18 0			Livonian 2K ... per ton	67 0 67 10		
Sicilian ... boxes	10 11 11 0			Pernau HD.	65 0		
Apples: Amer (var) brls.	22 0 27 0			Slanez Medium 1st sort	76 10 77 0		
" (var) boxes	9 0 11 0			Manila P.C. ... per ton	nominal		
" Australian				Itanila, Nov.-Jan. "J2"	30 0		
Onions—				Sisal, African	25 0 26 15		
Valencia, case	11 0 13 0			JUTE—			
Egyptian, bag	10 0 40 0			Native 1st mks. ... per ton			
Grapes, Almeria, barrels	8 0 11 0			c.i.f. H.A.R.B.	£18 11/3		
Grapefruit, Jaffa	10 0 16 6			Danise 2/3 c.i.f. Dundee	£18 12/6		
LARD—				Nov.-Dec.			
Irish bladders	64 0 72 0			SILK—			
U.S.	62 0 65 0			Canton ... per lb.	6 0 8 3		

† 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)

	Nov. 6, 1935	Oct. 7, 1936	Oct. 28, 1936	Nov. 4, 1936		Nov. 6, 1935	Oct. 7, 1936	Oct. 28, 1936	Nov. 4, 1936
Wheat, No. 2, Winter, nearest future, Chicago, per bushel	97½	113	115½	114½	Sugar, Cuban Centrifugals, 96 deg., spot, per lb.	3-50	3-40	3-39	3-50
Maize, nearest future, Chicago, per bushel	59½	94½	95½	95½	Cotton, middling, spot, per lb.	11-45	12-36	12-12	12-25
Oats, nearest future, Chicago, per bushel	26½	41½	41½	41½	Rubber, smoked sheet, spot, per lb.	13½	16½	16½	17½
Rye, nearest future, Chicago, per bushel	49½	81½	83½	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)	80½	80½	80	Copper, "Electrolytic," Domestic, spot, per lb.	8-65	9-50	9-97½	10-40
Coffee, Rio No. 7, cash, per lb.	6½	7½	8½	8½	Copper, "Electrolytic," Export prompt, per lb.	8-87½	9-72½	10-20	10-62½
" Santos No. 4, cash, per lb.	8½	9½	10	10	Spelter, East St. Louis, spot, per lb.	4-85	4-85	4-85	4-85
Cocoa, Accra, nearest future, per lb.	4-69	7-48	8-12	8-18	Lead, spot, per lb.	4-50	4-60	4-70	4-90
					Tin, "Straits," spot, per lb.	52-50	45-00	44-57½	47-40

(a) Nominal.

THE FINANCIAL NEWS

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

MONDAY, NOVEMBER 9—THE OUTLOOK FOR TIN.—This article reviews the prospects for the Tin Industry, following the agreement just arrived at in Paris with Siam, as a result of which the conclusion of a Restriction Agreement to replace the present Scheme on its expiry at the end of this year is assured.

TUESDAY, NOVEMBER 10—LONDON TIN CORPORATION. Our Special Mining Correspondent, MINOTAUR, in his usual Tuesday article, analyses the position and prospects of this large Tin shareholding company on the basis of the present improved outlook for the Tin Industry.

WEDNESDAY, NOVEMBER 11—COTTON TEXTILE PROSPECTS. Once again interest has been stirred in the Cotton Textile Industry, both by better Manchester advices and by the recently announced reconstruction scheme for the Lancashire Cotton Corporation. This survey investigates achievement and prospects in the Trade up to date.

THURSDAY, NOVEMBER 12—THE BUCKET-SHOP PROBLEM. Recent intensification of Bucket-Shop activities has elicited widespread suggestions for the combating of this menace. In this article the various plans put forward are examined and the basis for a practicable solution of the problem is outlined.

FRIDAY, NOVEMBER 13—INDUSTRY AND NATIONAL DEFENCE. It is now nearly a year since THE FINANCIAL NEWS published its extensive survey of the then forthcoming Armament Programme and its effect on industry and individual companies. This series of articles, as those who read it will know, has since proved highly accurate in its forecasts and in its investment advice based thereon. But a review of the position in the light of the most recent developments will serve to fill up gaps which were then inevitably left open.

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(With this issue appears a Special Review of The British Engineering Industry.)

IN DEFENCE OF DEMOCRACY

We have had occasion in the past to criticise sharply Sir John Simon's conduct of foreign affairs. We have also had occasion to deplore the apathy which His Majesty's Government have shown towards the grave dangers which are threatening the world as we know it, both at home and abroad. It is all the more pleasure to welcome, in the Public Order Bill, the full text of which has now been published, a genuine and energetic attempt on the part of the Government, acting through Sir John Simon, to stamp out the new menace of deliberate provocation to violence in politics which has begun in recent months to poison the atmosphere of British democracy.

A brief recital of the provisions of the Bill will show that it has not been conceived in any spirit of timidity. It deals with a number of related subjects, which may conveniently be summarised under the four heads of Uniforms, Private Armies, Processions, and Disorder at Meetings. The much-discussed difficulty of defining a political uniform is avoided in the finest tradition of English law by not including any definition at all. The relevant clause merely says that anyone publicly wearing a "uniform signifying association with any political organisation or with the promotion of any political object shall be guilty of an offence." The courts will have to decide what does and what does not constitute a uniform "within the meaning of the Act," just as they decide scores of similar points of definition every day.

The section of the Bill on Private Armies is the crux of the whole matter. In effect, the Bill prohibits the organisation, training or equipment of persons for the purpose of enabling them to be employed either "in usurping the functions of the police or of the armed forces of the Crown" or "for the use or display of physical force in promoting any political object." Moreover, it is not the intention of the organisers which is the test; for the prohibition also extends to the organisation, training or equipment of persons

"in such manner as to arouse reasonable apprehension" that they are to be used for these purposes.

In themselves these provisions go a long way. But some of the supplementary clauses go a surprisingly long way further. The Government have evidently realised to the full the difficulty of securing the normal evidence against organisations which, by their nature, are secretive. It is accordingly provided that the acts and words of "persons appearing to be members or adherents of an association" shall be admissible as evidence, except only if it is proved that the persons in question are not actually members or adherents. Moreover, a Judge of the High Court may grant a comprehensive search warrant on the application of the police. Prosecutions under this clause are not to be instituted without the consent of the Attorney-General; but the penalties for contravention are heavy. The controllers and organisers are liable to imprisonment for two years or a fine of £500, or both, and the funds of the contravening association can be impounded for the benefit of creditors and persons who have subscribed in good faith, any balance being forfeit to the Crown.

The section on processions gives the police—acting on their own authority—power to impose conditions on the organisers of processions. Local authorities in the provinces, with the consent of the Secretary of State, may prohibit processions altogether. In London this power is given to the police and the Secretary of State acting together. Sir John Simon is thus giving himself the power, which hitherto he did not possess, of banning "marches" such as that recently attempted by the Blackshirts through the East End.

Finally, the Bill tightens up the law of meetings. It is to be an offence to carry "offensive weapons" at meetings or to use "threatening, abusive or insulting words or behaviour with intent to provoke a breach of the peace or whereby a breach of the peace is likely to be occasioned,"

whether at a meeting or in any public place. The Public Meeting Act of 1908 is also amended to give the police power to take the names and addresses of persons who, at meetings, "act in a disorderly manner for the purpose of preventing the transaction of the business for which the meeting was called together." This section is not, however, as full-blooded as some of the others, for it applies only to persons hostile to the convenors of the meeting. Nothing in the Bill would enable the police to take the names and addresses of "stewards" who use gross brutality towards peaceful questioners. Moreover, the police are not themselves to prosecute under this section, but are to hand over the names and addresses to the chairman of the meeting.

This, however, is the only exception to the statement that the Bill goes as far as any democrat could wish. Indeed, it may be questioned whether it does not, in some particulars, go too far. It is, of course, true that effective provisions for getting rid of Fascist and other private armies cannot be drafted without putting into the hands of the executive Government powers which might conceivably be used in a very different cause, for the suppression rather than the defence of freedom of speech. If democracy is to defend itself it must submit to a certain measure of discipline, to some limitation of individual freedom. Whatever is needed for the suppression of shirking armies, whatever their political faith or sartorial hue, will be supported by the overwhelming mass of public opinion, more especially now that we have it on the word of the Home Secretary that the funds of both Fascists and Communists have been "supplemented" from abroad. But it is reasonable to demand that not a word more than is necessary for this purpose shall be included in the Act in limitation of the freedom of the citizen.

In spite of a few criticisms which have been made, the Act as a whole emerges well from this test. Sir Oswald Mosley complained on Thursday that he was being made the object of discrimination. But if that is true, it is only because he alone has hitherto had the unwisdom to import into British political life the trappings of Continental totalitarianism. He stands entirely isolated in his plaintive objections; the three political parties are entirely at one in their support of the principles of the Bill, and it promises to have a speedy and smooth passage to the Statute Book. Once there, we trust that it will be administered in the same energetic spirit as has inspired its birth.

The British people are perhaps too prone to congratulate themselves on their own political wisdom. But on this occasion we believe that the whole world, or at least those remaining parts which are allowed to hold opinions, will rejoice to see Great Britain taking timely measures to protect that political freedom which is the most priceless gift to civilisation of the English-speaking peoples.

MR EDEN AND MR BALDWIN

IN the House of Commons on October 5th, and at the Guildhall on Monday, an *exposé* of British foreign policy was given by the Foreign Secretary and by the Prime Minister respectively. In both speeches an attentive listener can detect a new and welcome note. This change of tone is the more striking because it is audible simultaneously in the voices of the two Ministers of the Crown most closely concerned with foreign affairs, who can speak—when they speak the same language—with an authority not much less than that of the whole Cabinet. Their present unison is impressive, because—withstanding Mr Baldwin's well-known appreciation of Mr Eden's abilities—there has at times been a considerable difference of stress in their pronouncements, especially at the height of the Italo-Abyssinian crisis. This divergence has now disappeared; and the change which has brought the two Ministers' utterances into harmony has been mainly on Mr Baldwin's side. The Prime Minister has grown stiffer; the Foreign Secretary has not turned flabbier.

When we say that Mr Baldwin's tone at the Guildhall was stiff, we are not accusing him of being truculent; *a fortiori* not of being aggressive. His gesture was less spectacular, but not the less significant for that. For the Prime Minister on Monday clearly indicated the line at which—if

driven to it by the aggressiveness of countries on the war-path—he and his colleagues have made up their minds to stop retreating.

Such an indication of policy is welcome to Mr Baldwin's countrymen of all parties. During the past eighteen months no one has known whether there was any line at all in the Prime Minister's mind, or whether he would be content to go on retreating as far as the masters of Japan, Italy and Germany might care to push him. To-day we know that, even if Mr Baldwin was prepared for an unlimited retreat last year, he has now set himself a limit. It is desirable that this change in the temper of the Government at Westminster should be noted and taken to heart at Berlin, Rome and Tokyo.

On another occasion not long ago, Mr Baldwin described Fascism, accurately enough, as being the child of Communism; and the Fascist commentators who objected at the time to this account of the origin of their movement may now perhaps find some consolation in the reflection that Fascism, in its turn, seems in a fair way to producing a vigorous rival. Is it to be the "historic mission" of Fascism to poke and prod our sluggish Western Democracy into a new bout of vigour? If Fascism had not appeared on the scene in so aggressive a posture at such unpleasantly close range, it is possible that our Democracy might have died, by inches, of sheer self-complacency and inertia. But Fascism may have saved Democracy from this cow's death by threatening it with a death by violence—thereby stimulating it to fight for its life.

Every great nation has something to give the world. Freedom of the spirit is our contribution; let us see to it that we keep that flame bright at home, and that we are prepared, if necessary, to fight for it to the end.

On Mr Baldwin's lips, these words are a portent; and their meaning would appear to be that the Fascist Powers have overreached themselves in pressing the democratic Powers too hard.

The change of temper evident in Mr Baldwin's speech is probably common to this country and France; and this is the light in which we should read Mr Eden's warm reference to the "cordial relations" between the French and ourselves. If France and Great Britain now make a joint stand for the Democracy which is the breath of their life, then we shall be in a position to reject that exclusive choice between Fascism and Communism which the Fascists and Communists are working—in tacit collusion with each other—to force upon the rest of us.

When we turn from the general to the particular, we find both Mr Baldwin and Mr Eden still eager for the conclusion of a new pact in Western Europe between the Locarno Powers. But both Ministers took care to mention, once again, a condition which has always been laid down in the successive British proposals for a "new Locarno." A new pact in Western Europe must not be negotiated as an end in itself, but only as a preliminary to a settlement covering the whole of Europe. The same point was made in other language in the references in Mr Eden's speech to the relations between Great Britain and Germany. While welcoming the "repeated declarations in Germany of a desire for closer Anglo-German friendship," and hastening to add that "the desire is generally reciprocated in this country," Mr Eden went on to state "two conditions which are inevitably attached to any friendship which this country can proffer to any other country: they are that such friendship cannot be exclusive and cannot be directed against anyone else." Herr Hitler must often before have been given to understand that Great Britain will not be content with any settlement in Europe from which Eastern Europe is excluded, and that she has no intention of lending herself even passively to the furtherance of any military designs which may be harboured by the Government of the Third Reich. It has been Germany's policy to ignore these intractable elements of British foreign policy; but this time Mr Eden has spoken out in language which Herr Hitler cannot pretend to misunderstand. Nothing but good can come of a frank recognition on both sides that this country is not going to play the accommodating rôle in the European drama for which the Führer has cast her.

There was the same happy combination of suavity and frankness in what Mr Eden said about the relations between

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this country and Italy. He took note of, and welcomed, the assurances given by Signor Mussolini that Italy did not mean to threaten the British route through the Mediterranean; and his reply was:

"Nor do we. Our position is the same. I repeat the assurance that we have no desire to threaten, or intention to attack, any Italian interest in the Mediterranean."

But in the same context the Foreign Secretary declared that British communications in the Mediterranean waters were not a "short cut" but a vital artery of the British Empire. The unspoken implication of this contention would appear to be that this country does not mean to acquiesce in any alteration, to her disadvantage, of relative naval and air strengths in the Mediterranean area.

By such roundabout paths we come to the inevitable conclusion: re-armament. On this, Mr Eden and Mr Baldwin used almost identical words. They both condemned the present world-wide armaments-race as folly, and they both declared emphatically that this country had no choice in the circumstances but to join in. In saying this to-day, British Ministers are probably speaking for an overwhelming majority of their fellow-countrymen; for the conversion of the British public to this most unpalatable view has been one of the outstanding results of Signor Mussolini's Abyssinian adventure. But if all nations engaged in this folly are to be saved from some irreparable common disaster, re-armament must be restricted to accord with some measure of collective guarantee against any wanton aggressor. The welcome firmness of Mr Eden and Mr Baldwin should convince the other European Great Powers that such is the overwhelming temper of the British people.

BRITISH MONETARY POLICY A SYMPOSIUM

In view of the recent devaluation of the gold bloc currencies, and of the continued expansion of industrial activity in this country, we have invited a number of economists to state what monetary policy ought, in their opinion, to be pursued by Great Britain in the immediate future. We have asked them to assume (1) that Great Britain is in or near the "boom" stage of the trade cycle; and (2) that major disequilibria between different national currency values have been removed. This week we publish contributions from Mr H. D. Henderson, Professor Lionel Robbins and Sir Arthur Salter.

From Mr H. D. Henderson

There is no doubt, in my judgment, that we are now definitely in the boom phase of the trade cycle. In what ways may a boom serve to cause or to aggravate the depression that normally follows it? There are two main possibilities to be considered. First, the boom may generate a tendency towards rapidly rising prices, in which wages and prices may chase one another upwards, the so-called "vicious spiral." Second, it may entail a volume of

activity in the industries producing capital goods so high relatively to the output of consumers' goods that it cannot be sustained indefinitely.

The first of these phenomena is by no means an invariable feature of a boom. It played no part in the boom, such as it was, before 1929 which preceded the most disastrous depression on record. In view of the economically wasteful character of re-armament expenditure, it would not be surprising if we were to see a "vicious spiral" before the present boom ends. If so, it would be essential to check it, and better to do so soon rather than late. But we are as yet a long way from any such development. Prices are rising; but up to a point it is desirable that they should rise; and if they should show signs of rising unduly, an obvious remedy lies to hand which should be the first to be employed. During the depression various steps have been taken to safeguard producers, especially in the sphere of agriculture, against unduly low prices. This puts us now in a position by retracing these steps to abate a rising tendency of prices.

On the other hand, the second phenomenon to which I have referred is already present in a marked degree. If and when re-armament expenditure is seriously reduced, it is difficult to see how to avoid a large contraction in the aggregate volume of constructional activity, or how to contrive that this will not entail a general depression.

But the moral as regards policy in the meantime is far from clear. It would doubtless be possible by a drastic increase of interest rates to bring the private house-building boom prematurely to an end. It by no means follows, however, that the demand for houses thereby choked off would revive so as to come to our rescue when depression set in; and, if not, *cui bono?* Public housing schemes are in a different category; and something useful might be done by going slow with the "over-crowding" policy in the next few years, but getting ready to push it energetically when general activity slackens. But there are limits to the extent to which public works can be appropriately used as a trade cycle "tap"; and it would not be practicable, for example, to hold back the slum-clearance programme at this stage with this end in view.

To any proposal for "damping down" the boom I apply the test:—Will this help us in any way when depression comes? From this angle, I agree with those who hold that this is not the time for unbalanced budgets, and that we must be ready for further increases of taxation. But at this stage I see no advantage in a rise in interest rates. This may become necessary if a "vicious spiral" develops, but not otherwise. Nor, in my view, should we allow our policy in regard to interest rates to be affected by considerations of the foreign exchanges.

From Professor Lionel Robbins

In the present condition of the world there are certain advantages in a secular trend of rising gold prices. It would mitigate the burden of specific customs duties and should do much to produce a political atmosphere favourable to the reduction of obstacles to trade.

But I see no advantages in a rise of internal prices and costs at present in Great Britain. Indeed, I am sure that if such a situation develops we must expect a bad crash later on. At the present time there is real danger of the boom getting out of hand.

To avert this danger it is necessary to recognise its origin. The boom is an internal boom. It has been brought about partly by the prospects of extraordinary Government expenditure, partly by the persistence of conditions which have compelled all new capital coming forward to seek investment opportunities at home. The prices which are likely to rise too much are essentially internal prices.

Hence, while I should not be averse to the most vigorous use of the Bank rate if the situation appeared to warrant it, at the moment I favour other measures more suited to the peculiar nature of the local maladjustment.

I think it is fundamental that extraordinary Government expenditure should be met by taxes rather than loans. We should tax ourselves to the bone rather than risk further credit inflation. Government expenditure other than expenditure on re-armament should be slowed down. I would not favour severe credit contraction. But I think further expansion should be prevented.

At the same time, while we are thus damping down the internal boom, I hold that we should do everything to promote a revival of international trade. Presumably it is Utopian to hope for a lowering of the British tariff; only other people's tariffs are reprehensible! But it would be the most effective equilibrating measure at this juncture. I believe, too, that we should no longer obstruct such international lending as private individuals are willing to undertake. Anything which leads to a revival of international prices and a damping down of internal prices will prevent local maladjustments developing.

But, in order that such measures may be effective, it is essential that the sterling exchange should be maintained. Measures of tariff reduction or freeing of lending would be rendered useless if the sterling exchange were to sag. I am all for caution in approaching a final stabilisation. But I think we should recognise that situations in which there is an opposition between our domestic interest and the consolidation of international stability are not likely to be frequent in the immediate future. The restoration of international monetary stability is a major economic interest for Great Britain.

From Sir Arthur Salter

I agree with the two assumptions on the basis of which you invite me to express an opinion as to the policy which should now be pursued; viz. that we are some distance up on the upward movement of the trade cycle and also that a considerable degree of currency stability is now a possibility.

(1) I regard the prospect of the rising spiral, increasing cost of living, wages, costs of production, etc., as highly undesirable, especially in view of the industrial disputes by which it would be certain to be attended. (2) I do not consider that the time to initiate a rise of interest rates has yet come, and think this should be the last of the counter-acting measures to be tried, though it may become necessary later. (3) I should deplore a Budget which relied, under the above conditions, mainly upon loans rather than taxation. (4) I do not consider that exchange stability should be aimed at beyond the point at which it is consistent with the avoidance of "deflation" (this term being here used in a sense in which it is distinguished from such measures as are proposed in this note with a view merely to counteracting inflation).

In these circumstances I advocate the following policy:—

(1) The prices of articles entering substantially into the cost of living should be carefully watched, and any tendency to rise at once counteracted by the reduction of the relevant tariffs or by the increase of quotas.

(2) Tariffs should also be reduced, or quotas enlarged, where either "lower tariff" commercial agreements can thus be made so as to secure resulting expansion of exports equal to the increased imports; or where an industry has workers easily transferable to work involved in the armaments programme; or where the cost of a raw material of important industries, such as steel, may rise.

It need not be feared that encouragement of imports in such cases would weaken the balance of payments so as to increase the difficulty of maintaining a measure of exchange stability.

(3) I am still in favour of the currency policy of "conditional stabilisation" which I advocated in your columns in July, 1935 (an understanding such as that reached in relation to the franc was the first step then proposed)—i.e. a stabilisation which would stop short of the point at which an otherwise undesirable increase of deflation would become necessary.

(4) I believe that both central and local public works should where possible be temporarily slowed down, but that every preparation should be made to proceed with them at an accelerated pace immediately the boom begins to pass into depression. And other plans for public works, not now in hand, should be got ready for the same time: in particular, for the building of low-rental working-class houses, and for the improvement of our arterial road system.

(5) I think that there should be an increase in direct taxation, and think that a scheme for additional excess profits taxation might serve several useful purposes.

(6) The nest egg of the gold "profit" due to the depreciation of the pound should be reserved to assist the financing of accelerated non-armament public works, when the next depression begins.

I believe all these measures would be of a "corrective" character, and would together greatly mitigate the sharpness of the transition from boom to depression and enable the latter to be greatly relieved when it comes.

THE MECHANICAL AGE

MUCH is said and written about the mechanical age, and about the implications of technical progress. The benefits it has brought in the form of a higher standard of living and its dangers, if used for destructive purposes, are being eagerly discussed. But only occasionally does the public get a glimpse of the work of the engineer in his constant effort to speed up production. Occasionally, controversy about technical developments penetrates the thick walls of the drawing-office. Just recently, the industry has received a good deal of publicity during discussions on re-armament. More, perhaps, than most branches of activity, the engineering industry is always in a process of change. And much has happened since the Balfour Committee published its survey of engineering some eight years ago. In order to throw some light on important recent developments in the industry, we have prepared a special Survey of mechanical engineering, published with this week's issue of the *Economist*.

The engineering industry consists of many highly specialised branches of activity, and to some extent its various sections are almost independent of each other. Indeed, the industry really consists of a large number of separate industries, all of them using metals as their raw material.

The urge to do things more quickly and more cheaply was probably prevalent at an earlier stage in the modern development of this country than abroad. Britain soon became the "workshop of the world," and gathered the fruits of specialisation in the form of a rapidly rising standard of living almost throughout the nineteenth century. But with the growth of engineering skill and specialisation abroad, the industry in this country gradually lost its pre-eminence, though it is still leading the field in many individual branches. Engineering has just been through a period of acute depression, but is now again expanding vigorously. As our Survey shows, the engineering industry as a whole is subject to violent changes in activity. The Board of Trade index of activity in engineering and shipbuilding, for example, declined by about 30 per cent. between 1929 and 1933, while the *Economist* index of general business activity fell by only about 10 per cent. during this period. But in common with general activity, the level of output of engineering is now well above the pre-depression level. The reasons for the violent oscillations in the activity of the industry are not far to seek. During periods of depression, when industrial earning-power is low, many concerns have little to spend on keeping their productive equipment up-to-date. And,

since periods of depression are frequently accompanied by important technical changes, the demand for new equipment expands rapidly as soon as general recovery sets in and profits begin to rise. In contrast to productive equipment, demand for consumption goods is normally much more stable owing to the desire of individuals to continue their current modes of living. Just now, British industry is being extensively re-equipped, and engineers, therefore, are working at full speed. One of the present problems of the industry, revealed by our Survey, is the shortage of skilled labour. Between 1930 and 1934 the number of insured workers in general engineering declined from 592,000 to 523,000. In addition, a substantial number of workers lost in skill as a result of prolonged unemployment. Hence, the industry is unable to keep pace with the increase in demand for its products. In the machine-tool section, for example, there are now many firms which cannot offer delivery inside a year.

Since the Government's re-armament programme is largely concentrated on the metal working industries, many sections of engineering are being subjected to a considerable strain. It is not surprising, therefore, that the recovery in exports has been much less marked than the improvement in imports. After declining from £54.4 millions in 1929 to £27.0 millions in 1933, engineering exports rose again to £38.5 millions in the past year. But imports of machinery, mainly of a specialised kind, have always been substantial and have risen proportionately much more than exports. Thus, the value of imports of machinery during the first nine months of the current year, at £13.2 millions, was only about £1 million below the level of the corresponding period in 1929. The inability of the industry to secure a larger increase in overseas trade in machinery may have unfortunate consequences in the future, when the home market shows signs of declining.

Another interesting aspect of the industry brought to light by our Survey is the enormous technical progress made in recent years, which is already responsible for the growing intensity of the demand for modern equipment. Much has been done in recent years to improve the performance of machine tools, which has rendered existing equipment, though technically still efficient, inferior to modern tools. The same tendency is noticeable in the case of prime movers and boilers and in marine engineering. In the latter branch, for example, technical progress in the design of ship propulsion machinery has evoked a tendency towards replacement of both steam reciprocating engines and steam turbines by internal combustion engines. The consequential change-over from coal to oil has been accentuated by the substitution of oil-firing for coal-firing under boilers. Such far-reaching technical developments frequently mean the replacement of a considerable proportion of existing machinery.

Another development in recent years has been the growing mechanisation of activities hitherto done by human muscle. This tendency is especially noticeable in building. The use of factory-made parts such as windows and doors, hollow block floors and plaster board, has been on the increase, though progress in this country has been less marked than elsewhere. In the United States, for example, there are already a number of concerns which are beginning to supply complete factory-made houses. Machinery is also steadily increasing the comforts of domestic life. The refrigerator, for example, is rapidly rising to the position of a conventional necessity. Again, air-conditioning, which is already employed to some extent in the factory, the cinema, shops and restaurants, may soon penetrate residential buildings. The rapid mechanisation of the laundry industry indicates the quick response of the engineer to the increased demand for services which has been accompanying the rise in the general standard of living in recent years.

The importance of technical developments in engineering can scarcely be exaggerated. Unfortunately, there has recently been a tendency to canalise the ingenuity and adaptability of the engineer into the perfection of destructive equipment. It is to be hoped that by international co-operation this tendency, which is already distorting the structure of heavy industry in so many important countries, will be modified. Engineering, like science, is more fruitful in paths of peace.

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SPAIN'S ECONOMIC PROBLEMS

(BY A CORRESPONDENT)

THE next Government in Spain, whatever its political programme, will be judged, ultimately, by its success in ameliorating the economic lot of the Spanish people. To-day, the whole country, apart from a few localised centres of modern industry, is economically one of the most backward in Europe. Its progress has been hampered by a low standard of living, a fatalistic national temperament, a contempt for material goods (a product, largely, of clerical education), and a reluctance to undertake sustained mental or physical effort, due partly to racial and partly to climatic influences. For centuries, Spain based her economy on the possession of a large colonial empire. The loss of the last of her American colonies stimulated an effort to build up a self-supporting system, but the task was never carried to a successful conclusion.

A series of favourable events helped Spain for a time. In the Great War she secured the profits accruing to a neutral comfortably removed from the scene of action. The pressure of population was partially relieved by emigration, especially to South America. Certain sharply defined areas were industrialised, and, for some years before 1931 a moderate increase occurred in Spain's foreign trade. But the depression of the last five years, which has shaken the strongest nations, has ruthlessly revealed the cracks and crevices in her economic structure.

The first and most fundamental of her disabilities results from the sparseness of modern means of communication in a naturally difficult terrain. Geographically, Spain is a miniature continent, with pronounced physical barriers, tending to limit intercourse not only with the outside world, but between one district and another. Although the area of Spain is 2.14 times that of Great Britain, the country has only 15,800 kilometres of broad-gauge and 4,000 kilometres of metre-gauge railways—a total of 19,800 kilometres, against Great Britain's 32,000 kilometres. Roads, where they exist, are usually well built, but their total length is no more than 77,000 kilometres, against 285,600 kilometres in Great Britain. Population is most dense in the regions near the coast, where, even by modern European standards, conditions are relatively satisfactory and even progressive. Here are the national centres of industry and commerce, with an immediate hinterland devoted to intensive agriculture on well distributed holdings. The standard of living of the lowest classes is modest, but it has been relatively stable except in Galicia, where the size of the average holding is unduly small.

The situation of the central areas, however, stands in strong contrast. In these regions cultivation is not intensive, but extensive, the chief crops being wheat, olives and rye. Cattle raising is difficult owing to the deficiency of good pasture. A policy of high protection has tended considerably to increase the acreage under wheat, to the detriment of other cereals. The collapse of world wheat prices

thus had extensive repercussions on Spanish agricultural prosperity. At one time, the internal price of wheat was three times as high as the world price, and the accumulation of increasingly heavy unsold stocks induced the Government, in 1935, to introduce a system of control, based on special taxation and the imposition of production quotas. The problem, however, goes too deep for any extemporised solution.

The chief obstacle to progress has been the existence of large properties, on which a sparse population (about one-tenth as dense as in the coastal regions) works for low wages, and unemployment is endemic. For many labourers only 120 to 150 days' work is available in a year, and there were cases on record in 1935 where wages did not exceed the equivalent of 1s. a day. These conditions obtain in greater or less degree in Aragon, Castile, Estremadura, and Andalusia, where one frequently sees palatial buildings standing cheek by jowl with miserable hovels and even holes in the earth. The Republic, it is fair to say, has endeavoured to ameliorate these conditions, by the introduction of measures of agrarian reform. Between March and June of this year more than 100,000 families were settled on the land—mostly the "Junteros" of Estremadura, who own a pair of mules and cultivate the farm of a landowner, to whom they pay a given share of the harvest. The new policy, however, was interrupted by the outbreak of civil war before it had had time to proceed very far.

Spanish agriculture labours under at least one disadvantage peculiar to itself—namely, a serious shortage of water. Over 68 per cent. of the total area, cultivation is dependent on irrigation. Broadly, all land situated east and south of the line Barcelona-Huesca-Leon-Huelva is "dry." In

Roman and in Moorish times special communal arrangements for conserving water supplies were enforced. Under existing Spanish water law, which took definite shape in 1879, distribution is controlled by local representative bodies, whose decisions are enforced by special courts without power of appeal. In some areas, like the Province of Alicante, private property in water is non-existent; and even running water, or water lifted by pumps, on private property, is the property of the communal water authority. Under such conditions, collective farming on irrigated lands seems likely, in the long run, to produce the most satisfactory results, but its progress is impeded by many factors, not least of which is the low prevailing standard of agricultural knowledge.

If revolutions are compounded equally of human ambition and human misery, the recent course of events in Spain can be readily explained in economic terms. The Republic unhappily came into being at a time when external trade depression was superimposed on internal maladjustment. Agricultural products, which account for two-thirds of Spain's total exports, have seriously declined in volume and value. Many Spanish emigrants have been repatriated, and remittances from others—particularly in South America—which were formerly the largest "invisible" item in Spain's balance of payments, have virtually ceased. Exchange control has been as powerless in arresting currency depreciation as public works and high protection in preventing large-scale unemployment and a flight of capital. Political remedies, whether from Left or Right, cannot cure Spain's organic disease of economic under-development. The first task of any Government which aims at stability must be to remove the causes of under-consumption, which lie at the root of social unrest.

NOTES OF THE WEEK

Armistice.—Mr Baldwin yet speaks for his countrymen, when he speaks his own mind. "To-day, while we are still finding and burying the bodies of the men who fell in the War, the whole of Europe is arming. Could there be a more inconceivable folly for those of us who have the responsibility of governing the great countries of Europe? What good can come of it?" "There is no one in Europe to-day . . . who does not know what war in the long run means." "What can our duty be but to come together and save Europe?" "Every great nation has something to give the world. Freedom of the spirit is our contribution; let us see to it that we keep that flame bright." These words were spoken two days before the eighteenth anniversary of November 11, 1918.

The Depressed Areas.—Neither the publication of a record employment figure, nor the traditionally self-congratulatory character of the Prime Minister's Guildhall speech, has allowed the Government to forget the Depressed Areas this week. Plainly, the Cabinet's present inertia is seriously out of touch with public opinion. In the debate on the address on Monday neither Mr Ernest Brown nor Sir John Simon were able to promise anything beyond the continuance of the present Special Areas Act. And on Tuesday Mr Baldwin refused to see a deputation representing a further batch of "hunger marchers" from the West and North. A motion was then placed on the Order Paper urging that representatives of the marchers should be heard at the bar of the House. Mr Baldwin refused to agree to the discussion of this motion on Wednesday; and Mr Attlee moved the adjournment of the House. He argued that the marchers should not be refused a constitutional opportunity to state their grievances, and that no difficulty had been placed in the way of the Mining Association last summer when they wished to protest against the Government's Coalmines Bill. Mr Baldwin maintained in reply that it would be an undesirable precedent if any group of "marchers" was allowed to lay their

grievances before the House by other means than through the ordinary channels of representation. In principle Mr Baldwin is perhaps right; but the appearance of this week's marchers was an occasion on which it might have been expedient to make an exception. The Cabinet showed more statesmanship next day, when it was agreed that Mr Ernest Brown should see a deputation from the marchers.

Mr Malcolm Stewart's Proposals.—The third and final report of Mr Malcolm Stewart, the resigning Special Areas Commissioner, was issued on Tuesday. It is an admirable document—bold, imaginative and practical—and deserves to be very widely studied. Mr Stewart first surveys the schemes he has been able to assist under the provisions of the present Act. These include the creation of trading estates in Durham and South Wales, land cultivation schemes, afforestation plans, measures of social improvement, assistance to hospitals, and housing. Commitments up to a total of £7,200,000 have been accepted. Mr Stewart also pays a tribute to the work of the Ministry of Labour—particularly to its efforts to promote transfer—ence—and to the exertions of voluntary bodies. But he points out that all this combined effort has not produced any appreciable reduction of unemployment in the Areas, and he remarks that this is not unnatural since the Commissioner's present powers are not intended to enable him to produce any. He consequently thinks, in the first place, that the Commissioner's powers should be enlarged; and secondly, that the Government should take the initiative in adopting a whole series of new measures. They should aim not merely at improving the lot of the unemployed in the Areas and transferring them elsewhere, but also at the deliberate direction of new industries into the Areas. Mr Stewart does not think that there are fundamental economic reasons why new industries should come to London except in special cases. Accordingly, persuasion being "futile," and compulsion, in his opinion, is

inadvisable, he would "induce" industrialists to go to the socially desirable districts by two main methods. First, he would prohibit the location of further new factories in Greater London, unless some good reason for the choice of that area could be shown; and, secondly, he would make concessions in rating, income tax and finance in the Special Areas themselves. Over and above this, he recommends the following specific schemes: Government assistance for—and Government control of—oil-from-coal plants in the Special Areas; the installation of calcium carbide factories in South Wales; the resumption of the Severn Bridge scheme, whose abandonment in face of sectional opposition "filled" Mr Stewart with "dismay"; the development of a national park in South Wales; the opening up of communications with West Cumberland; the improvement of communication with the Tyne; and the alleviation of the rating burden on the Special Areas. Finally, Mr Stewart condemns the action of "certain manufacturers on the North-East Coast" in using tariff and monopolistic powers to block the Jarrow steel scheme. "The establishment of more economic manufacturing conditions in the future has been sacrificed to procure profits made available by the present good demand influenced by the granting of a materially increased tariff on imported steel and by the Defence Programme."

A Plain Duty.—The full details of Mr Stewart's proposals fully thought out proposals will demand mature consideration. But the general strategy he outlines is unquestionably the right one. In the first place, there is a convincing case for the removal of the present restrictions on the Commissioner's powers which preclude him from transgressing the ordinary Departmental "general standard" in making grants or from giving assistance to profit-making activities. Agriculture, he points out, though profit-making, is allowed subsidies: "I sometimes think that the Special Areas are at a disadvantage because there is relatively so little contact with, or common knowledge of, their difficulties compared with those that beset agriculture." Secondly, we have long held the opinion, now endorsed by Mr Stewart, that transference of labour away from the Special Areas should be supplemented by the deliberate diversion of new industries into the Areas. The high degree of "secondary" unemployment, unused social resources in the Areas, and the present low level of unemployment in the rest of the country, are compelling reasons for such a policy. And it may be that the restriction of factory building in Greater London, as well as the grant of special inducements in the Areas, would be the best way to carry it out. The whole strategy might well be organised by a Special Areas Commissioner with enhanced powers, or even by a newly created officer; and after reading Mr Malcolm Stewart's report, we must confess to great regret that he is no longer available for the job. At any rate, it is the Government's plain duty to take bold and determined action, particularly as its own tariff policy is partly responsible for the existing distress in the export industries. It does not even appear that as yet the Areas have obtained a very substantial proportion of defence orders. Yet the public is prepared, and indeed anxious, for the expenditure of whatever money has to be spent, and the cutting of whatever red tape has to be cut, in the task of reviving the Depressed Areas. And the first necessary step is for the Government to adopt the suggestion of a group of its own supporters in the House and remove the Special Areas Act from the Expiring Laws Continuance Bill.

The Cabinet and the Private Arms Trade.—On Tuesday, Mr Kingsley Griffith, on behalf of the Liberals in Opposition, moved an amendment to the King's Speech, regretting the absence from the Speech of any hint of "legislation to implement the Report of the Royal Commission on the manufacture of and trade in arms." Mr Griffith's impressive speech was based on the need for immediate action—and he appealed to Labour to support him—to implement those recommendations of the Royal Commission envisaging complete control over the whole field of manufacture and supply of armaments in the hands of

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what would amount to a supreme Ministry of Supply. (This was the subject of comment in a leading article in last week's *Economist*.) Mr Griffith said many people had warned Liberals that they might be "led up the garden" if they pressed for a Royal Commission; yet the latter's report now showed remarkable unanimity in its recommendations, most of which were positive. If the Government now accepted that report only in a negative sense—as justifying the Government in doing nothing—then the whole country would have been "led up the garden." He hoped the Cabinet would not ignore the Commission's strong urge for international agreement on arms limitation, as outlined in the American delegation's last proposals for such agreement, and he criticised Sir Samuel Hoare's recent utterances that seemed to foreshadow a *non possumus* attitude on the part of the Government, no matter what international agreement for limitation or reduction of armaments might be the subject of negotiation. He pointed out that our needs in the last war made complete control under a Ministry of Munitions inevitable; and he urged the Government to secure overwhelming public confidence by implementing this major positive recommendation of the Commission. All that Sir Thomas Inskip could promise was that the Government "will welcome an opportunity to consider the recommendations," and he hinted that the Commission's members had not the requisite knowledge of the intricacies involved in their recommendations. Such intricacies were, he said, now being studied by "a body of men well qualified to examine into this question." We agree with Mr Kingsley Griffith, Mr H. B. Lees-Smith, Mr Owen Evans and others: the Government will fail in their duty if they elect to take the Commission's negative recommendation on the nationalisation issue as a warranty for ignoring the impressive body of positive recommendations designed to remove patent faults in the present system.

Unco-ordinated Defence?—The real burden of the debates on Tuesday and Thursday on the King's Speech was the Government's defence programme and the by now familiar issue of its "co-ordination." Sir Thomas Inskip, Minister for Co-ordination of Defence, made an extremely intriguing, if unsatisfactory, speech, in which the following facts were thrown out. The tests in anti-aircraft fire with the new guns in the Mediterranean had been so satisfactory as to cause the Navy to review very favourably its attitude to the aerial danger. Our strategic position did not allow us to think of our Army as being only for home defence; it might have to be sent to the Continent, and even the Territorial Army might have to be sent there after the passing of the necessary Act of Parliament. There was no deficiency in recruiting for the Navy, and a surplus in that for the Air Force. As to the "single-link chain" of factories engaged on work for the Air Force, the Government might even have to modify this, in favour of manufacture and assemblage of machines in each factory, before a war broke out.

In war time the additional jigs and tools for the provision of and making of the whole machines will have been prepared and in war time, or possibly even before war time, it is intended that the whole of the six manufacturing firms will go over to complete production, the apparatus having been already provided.

The number of workers in the aircraft industry had doubled between April of last year and June of this. There were 6 squadrons now in this country, excluding the Fleet Air arm and squadrons abroad; and the programme provides such "reserves" strength as to enable this "first-line strength" to be greatly increased. Some supplies of equipment had not yet begun, but were expected to be in "the full tide of construction" in the early or middle part of next year. A Ministry of Supply with plenary powers could not now be envisaged, he said, for the (scarcely convincing) reasons that it would disorganise prices, costs and the export trade. Thursday's debate saw an impressive indictment by Mr Churchill of the Cabinet for their hesitation over, and unco-ordinated progress with, re-armament. He prophesied that by 1937 Germany would be so far ahead that we should not "catch up" unless we now expanded and accelerated the programme. This so much provoked Mr Baldwin that his lips were suddenly unsealed. He said the Government could not really re-arm in 1934 and 1935 in the face of public opinion; and that last autumn circumstances rendered re-armament acceptable to the country. But the electors last autumn surely accepted it only for support of collective resistance to Italian aggression against Abyssinia, and to possible future aggressors? What Mr Baldwin said comes near an admission that collective security was an opportune disguise under which re-armament could masquerade, to be dropped as soon as the election was thereby won.

* * *

Bomber v. Battleship.—On Friday of last week the report of the Committee of Imperial Defence's sub-committee on the battleship's vulnerability to air attack was issued (Cmd. 5301, 3d.). The two expert advisers to the small sub-committee were the First Sea Lord, Admiral Sir A. Ernle M. Chatfield, and Air Chief Marshal Sir Edward Ellington. The report admits that the sub-committee's most difficult problem was to assess the probable success of anti-aircraft fire from battleships. The Admiralty view is that ships can be so well protected by distribution of armour, etc., as to be immune to *fatal* air attacks. But the question has never yet been tested in practice. The sub-committee's view is that the truth lies somewhere in the middle between the two standpoints. They say that battleships could be crippled if only the attacking air force were strong enough; but they adduce in favour of capital ships the distances from enemy aerodromes at which our ships will have to operate in any future war. Another of their arguments in favour of retention and further construction of capital ships is the vulnerability of our trade routes in wartime if deprived of the protection of British capital ships and their heavy guns. The sub-committee decide against the view that enemy capital ships could be destroyed by any air force that we could build, and observe that, as long as other nations produce capital ships, Britain must have them. The cost of one capital ship is given as equivalent to that of 43 twin-engined medium bombers. The sub-committee sum up thus: "The advocates of the extreme air view would wish this country to build no capital ships (other Powers still continuing to build them). If their theories turned out well founded, we should have wasted money; if ill founded, we would, in putting them to the test, have lost the Empire." The sub-committee emphasise the need for further experiments and for the "fullest collaboration between the Admiralty and Air Ministry." The public will, we think, accept their conclusion without enthusiasm or conviction; for so long as a final judgment cannot be reached except by the experience of actual war conditions, the country cannot accept the extreme "Air" view and scrap its battleships, while other countries continue to build them (Germany for one has just decided to lay down a 35,000-ton battleship). But this conclusion does not invalidate the argument that it would be wise for us to scrap the battleship altogether if other countries could be persuaded to do the same.

The Role of Poland.—The return visit of the Polish Foreign Minister, Colonel Beck, to Mr Eden, which was paid this week, is a welcome manifestation of Anglo-Polish friendship. It also brings to the fore once again the equivocal position of Poland between Germany and Russia. Colonel Beck has always stood for German-Polish understanding since the day in January, 1934, when, with the late Marshal Pilsudski's concurrence, he negotiated the German-Polish ten-year pact. Since then the "forward" policy and tactics of the Nazis, both in Germany and in Danzig, together with their breathings-out of threatenings and slaughter against Russia, have combined to render both the ten-year pact and its chief architect somewhat doubtful in Polish eyes. Poland clearly cannot whittle away her independent sovereignty, the Corridor, Gdynia, Silesia, and the Gdynia-Silesia railway for mere Nazi protestations of friendship. She might soon find herself turned into a military highway to "the undeveloped regions of the East." Evidence of this reorientation in Polish foreign policy was forthcoming when General Gamelin was invited to visit Warsaw last August, and when General Smigly-Rydz returned that visit to Paris in September. These visits were followed by the French armament credits to Poland; and now this very week, while Colonel Beck was in London discussing Danzig and Eastern Europe with Mr Eden, General Smigly-Rydz, the supreme chief of the Polish armed forces, has, as we foreshadowed last August, received his Marshal's baton from President Moscicki. The new Marshal, who now has not only the old Marshal's mantle but also his baton, is known as a jealous guardian of Poland's independent foreign policy, and as desirous of better relations with the Little Entente and with Czechoslovakia. Colonel Beck told the press in London on Tuesday that Czech-Polish relations constituted no international problem, and that he considered the Central European problem could only be solved by collaboration between all the States in that region: the Little Entente three on the one hand and the Rome Protocol group on the other. Poland may now have a great rôle to play in European policy.

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Poland, Czechoslovakia and Roumania.—The relations between Poland and Czechoslovakia are decisive for really stable co-operation in Central Europe; and for this the good relations between Poland and Roumania may be of assistance. Colonel Beck's declaration in London this week that Polish-Czech relations are no international problem may herald a unanimity of view between Colonel Beck himself—who has always been Germanophile and invoked Czech treatment of the Polish minority as a justification of his cool attitude towards Czechoslovakia—and Marshal Smigly-Rydz, who aims at a firm understanding with Czechoslovakia with the help of France and Roumania. M. Krofta, the Czech Foreign Minister, declared in the Parliament last week that his country would prefer to conclude a gentleman's agreement with Poland over the Polish minority, without making it an international question—which accords well with Colonel Beck's words this week. The visit of the Roumanian Foreign Minister, M. Antonescu, to Prague and Warsaw may carry the process of reconciliation, with the decisive influence of Marshal Smigly-Rydz to help it forward, a long step further. After all, Poland's "minorities" record is not untarnished. It was Colonel Beck, who at the League Assembly in September, 1934, announced that Poland would no longer respect the minorities engagements which she concluded after the war with the Principal Allied and Associated Powers. If Colonel Beck returns from London to conclude a firm and durable understanding with Czechoslovakia, and thus with the Central European countries, he would greatly strengthen the influence of his country in the councils of Europe.

* * *

The Skoda Works.—The Czech Skoda Works form one of the most important armaments concerns on the Continent. In the depression of 1931 Skoda had to repay a short-term credit to the French Creuzot-Schneider armaments concern; and the Czech State had to assist them, receiving in return an option on 120,000 new Skoda shares,

divided into two parts. The first option on 60,000 new shares of Kc. 320 nominal at Kc. 550 (as compared with a current market quotation about Kc. 1,750 per share) expires on December 31st. This week Prague has been the centre of a lively discussion between those who desire the State itself to take direct participation in Skoda to the extent of the first half of the whole option, and those who wish this option to be taken over from the State by a private consortium. The Social-Democrats adhered to the first group; and those banks closely identified with the Agrarian Party to the second. The Social-Democrat *rappporteur* of the Chamber's Budget Committee, M. Remes, and Professor Macek, a deputy who is also a financial and currency expert, led the demand for the exercise of the State's option directly instead of its sale to a consortium. The question has been decided in favour of indirect purchase for the State by a banking consortium, led by the Anglo-Czech and Prager Credit Bank, in which the State participates. It is to pay back the State's 1931 advances by subscribing for the increase of Skoda's capital from Kc. 200 millions to Kc. 220 millions, i.e. an issue of 62,500 new shares. The consortium agreed not to place the new shares on the market—thus losing the right to the difference between the Kc. 550 price for each of the new shares and the Kc. 1,750 market price of Skoda shares. The second half of the State's 1931 option has longer to run, and it is not yet decided how that is to be exercised. Meanwhile, Creuzot-Schneider, the majority shareholder in Skoda, have agreed not to participate in this week's new issue, which therefore strengthens Czechoslovakia's own interest in one of the largest arms factories on the Continent. Further interest attaches to the official *communiqué* in Prague this week, which states that Skoda, in addition to the new issue, has now sufficient funds "to buy the shares of a foreign undertaking of an allied nature." This is reported to refer to extensive armaments and machine factories already erected by Skoda in Roumania. In this connection it is interesting to note that last Saturday's official decree in Roumania increasing the official gold price from 110,000 lei per kilogram to 153,333 lei—which only recognises the effective amount of current devaluation—allows the Roumanian National Bank's gold stock to be written up from about 11,000 million lei to about 15,000 millions. The Roumanian State is indebted to the bank already for about 2,940 million lei; but the "writing-up profit" over and above this debt falls to the Treasury, and it is stated that it will be used exclusively for re-armament and re-equipment of the army.

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Madrid Hits Back.—The incalculable fortune of war seems this week to have tipped the scale in favour of the Government forces who are defending beleaguered Madrid. A well-equipped relieving force arrived in the capital on Tuesday from Barcelona; and on Wednesday and Thursday General Franco's forces, who had been fighting a running battle on the south-west outskirts of the city, were forced to withdraw and rally their strength. Meanwhile, despite daily aerial and artillery bombardments of the capital, the Government air force seems to have taken the offensive again; General Franco's less numerous forces have certainly been significantly depleted in the close fighting of the last fortnight; and the General has issued another stern ultimatum to the Government. The rebel forces are still the better equipped with artillery, aircraft and tanks; but their supplies of munitions appear to be diminishing, while the Government's supplies are being gradually built up. As our Barcelona correspondent points out in his very interesting despatch on page 308, the Spanish Government now enjoys a greater degree of unanimity and the influence of Catalonia is increasing. It is becoming clearer that General Franco will be far from ruling Spain if he captures its capital; and he has not yet done even that, after three weeks of bitter fighting at its very gates.

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After the Deluge.—President Roosevelt's victory at the polls last week was so complete and decisive that the opposition to him, which had been so vocal before,

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has been shamed into silence. It is difficult to argue with 26,000,000 voters, and most Republicans, business men and financiers have given up the attempt. It says a great deal for the ingrained democratic habits of the American people that the bitter hatred of Mr Roosevelt which was shown in the election campaign has been turned overnight into acceptance of his victory and even into a modified promise of co-operation. The reaction of Wall Street has, as usual, been typical of the average business man. The President's victory was the signal, not for a sharp decline of prices, but for a startling rise which has since maintained itself. Whatever may have been said upon the hustings, it is now recognised that another four years of the New Deal will not entirely prevent the further progress of recovery or completely undermine the self-reliance of the American people. Indeed, now that the smoke of battle has cleared away, notice can be taken of the fact that, to judge by all the indications, recovery is proceeding as rapidly now as at any time since 1933. When profits are increasing, even the most hardened Republican cannot be induced to mark prices down because of a Democratic victory. Speculation has now naturally turned to the policy which the President will pursue during his second term. In general, of course, it will be "the mixture as before," but a lively interest is being shown in the precise nature of the ingredients. It looks as if circumstances are going to place the question of labour relations first on the agenda. Mr Roosevelt knows that he owes a large part of his victory to the support of organised Labour. The employers know this, too, and in some industries, notably in steel, they are attempting to ward off the threatened strikes by wage increases. Whether Mr John L. Lewis, whose object is the organisation of the steel-workers in an "industrial" union, will be appeased by this sop remains to be seen. It has also happened that, by accident, the first speech the President made after the election was on this same subject, but he wisely confined himself to generalities. The probability is that his second term will be less radical in economic policy than his first. If there are to be fireworks, they are more likely to come on the purely political issues, and pre-eminently on the issue of Constitutional revision.

* * *

Recovery in France.—The weakness in the forward franc, which is mainly due to psychological factors, has tended to divert attention from the solid industrial recovery which is now plainly beginning in France. A few weeks ago people were asking—rather prematurely—what had become of the promised revival, as they have asked in other countries in the weeks immediately following devaluation. A major economic change takes rather more than

a fortnight to appear. Already, however, not two months after devaluation, evidence of revival is beginning to accumulate; and our Paris correspondent reports a series of encouraging signs this week. Unemployment is significantly falling, contrary to the seasonal trend, which is usually upward at this time of year. Production of coal and iron and steel is rising steadily. During October, the month following devaluation, the number of loaded wagons on the railways was steadily increasing; large orders were being given for wholesale stocks; and the receipts of the big stores in Paris were substantially higher than they had been for many months. At the same time, as our Paris correspondent showed in his letter last week, retail food prices were hardly any higher than they had been before devaluation, although there was a considerable rise between May and September. The business omens are thus extremely favourable. It would appear that, despite the slow return of capital and the slow fall in the rate of interest, the adjustment of export and import prices has already begun to stimulate general revival. Possibly the over-valuation of the franc has not yet been entirely wiped out. But it has been sufficiently reduced to set recovery in motion. Meanwhile the full 1937 Budget figures show a deficit of about 3,500 million francs on the ordinary Budget, as well as a loan Budget, providing for public works, armaments and other items of about 21,500 millions (about £200,000,000). Improving revenues should do much to cover the gap; and various forms of borrowing will do the rest. The most remarkable feature of the French Budget, year in and year out, is the small proportion of revenue raised by direct taxation. About £300,000,000 is raised by indirect taxation (compared with about £400,000,000 in Great Britain), and about £80,000,000 in direct taxation (compared with about £300,000,000 in Great Britain). Yet the debt service in the French Budget takes about £170,000,000 in itself. Doubtless the Popular Front Government will do something to reduce the balance.

* * *

Quota and Boycott in Palestine.—Events in Palestine have again moved swiftly and in an untoward direction. On November 5th the Royal Commission left London for Jerusalem. On the same day in the Commons Mr Ormsby Gore said that the Government had rejected the suggestion that Jewish immigration into Palestine should be suspended while the Royal Commission was at work, but had accepted a recommendation from the High Commissioner that the half-yearly quota should be cut down from about 8,000 to 1,850—without any restriction on the "capitalist" class of immigrants, who have always been outside the Labour Schedule and exempt from any limitation on their numbers. This decision is a departure from the previous practice of His Majesty's Government, which has been to suspend immigration during the periods when successive commissions of inquiry were making their reports on the Palestinian facts. No doubt, the real ground for their unwillingness to suspend immigration this time is a natural and, so far as it goes, commendable disinclination to yield for the third time to force after an outbreak of Arab resistance. The decision has, in fact, been taken on principle, and the issue has been taken as one of principle by both the Jews and the Arabs. Much as they may dislike the severe reduction in the figure, the Jews evidently feel that the essential point for them is that the mandatory Power has refused to be coerced into a suspension of Jewish immigration by Arab "direct action." On the other hand, the Palestinian Higher Arab Committee have immediately retorted to the announcement in the Commons by deciding that the Royal Commission is to be boycotted by the Palestinian Arab community. Thus, neither of the two grounds for his decision which Mr Ormsby Gore mentioned in the House of Commons seems likely to hold. The two grounds were that a total suspension of immigration would be unjustifiable for economic reasons, and that it would be likely to prejudice the Royal Commission's work. It is now certain that the Royal Commission's work will not be

facilitated by the Government's compromise, while on the other hand the Jews are protesting that the reduced quota is inadequate for Palestine's economic needs.

* * *

Self-Liquidating Restriction?—It is encouraging to find evidence of a disposition among the administrators of restriction schemes to accept the implications of a rising market. Within the last three weeks the International Committee has raised the rubber restriction quota for the first half of 1937 to 70 per cent.; the copper quota has been increased to 105 per cent., and this week the tin quota has been unexpectedly increased to the nominal figure of 105 per cent. for the last three months of 1936. There is, of course, no common basis of comparison between these different figures. The "standard" is progressive and realistic in the rubber plantation industry. The tin quota is based on a 1929 figure which understates the present capacity of the largest productive area. The basis for copper is a conventional figure which leaves the Rhodesian companies with a 40 or 50 per cent. margin of capacity when they are producing at "100 per cent." Even this week's tin figure (which caused a net fall of £10 in the price of the metal, after its publication on Wednesday) is composed, by a convenient arithmetical fiction, of 90 per cent. firm production for all the main participating countries, plus 15 per cent. representing the division between Malaya, the Netherlands East Indies, and Nigeria of Bolivia's "surrendered" arrears. As Bolivia has hitherto failed to produce even 75 per cent. of her standard tonnage, and Nigeria is also in arrears, the decision is equivalent to the giving of a freer hand to those countries which are physically able to produce more. All three schemes, in short, are on the way to becoming self-liquidating, with the passing of the emergency which called them into being. The recovery in prices from the lowest point touched during depression has been most striking, and the ability of efficient producers to operate at a reasonable level of profit—to say no more—is no longer even a matter of argument.

	Lowest Price during depression	Price November 11	Change from Lowest
Rubber, per lb.	1½d.	8½d.	+411
Copper, per ton.....	£25	£43 13s. 9d.	+ 75
Tin, per ton	£100 7s. 6d.	£232 10s. 0d.	+124

Although all three schemes are to continue in being, the policy of those concerned seems likely to ameliorate, in prosperity, the danger of effective maintenance of a vested interest created during depression. This week's news of the shipping industry tends in the same direction. Tramp shipping, Mr Runciman announced on Wednesday, is again to have a maximum subsidy of £2 millions, but the regulation providing for reduction on a rise in freight rates is to be retained, and the industry is "expected to make plans on the general assumption" that no subsidy will be paid after the end of 1937. Whether this decision will be cheerfully accepted remains to be seen. The course of our Note shows clearly that the industry, if not exactly prosperous, has in general less need of a taxpayer's prop to-day than a year ago. During the past twelve months our index has risen by 9 per cent., and the recovery from the lowest point touched during depression has been as much as 32 per cent.

* * *

Employment in October.—That industrial activity in this country continues to grow apace is evident from the latest employment returns of the Ministry of Labour. On October 26th the number of insured persons in employment in Great Britain attained the record figure of 11,103,000—21,000 more than the revised figure of 11,082,000 for September, and 599,000 more than a year ago. The improvement in employment was shared by the coal mining, engineering, shipbuilding, metal goods manufacture, wool textiles, cotton and hosiery industries; but, against this, there was a decline, mainly seasonal in character, in hotel and boarding-house service, building and public works con-

tracting, and in the transport and distributive trades. Variations in the incidence of unemployment by industries are shown in the following table:—

NUMBER OF INSURED PERSONS UNEMPLOYED IN GREAT BRITAIN

	Oct 21, 1935	Sept. 21, 1936	Oct. 26, 1936
Coal mining.....	219,043	192,082	176,755
Iron and steel manufacturing.....	35,657	26,077	24,952
Engineering.....	79,802	53,571	50,511
Metal goods manufacture.....	44,384	35,139	32,454
Shipbuilding and repairing.....	62,187	43,209	41,096
Building.....	142,315	117,899	127,492
Public works contracting.....	125,896	114,696	117,231
Cotton.....	84,907	66,523	60,619
Woolen and worsted.....	18,121	20,239	16,960
Hosiery.....	6,868	9,791	6,921
Tailoring.....	24,592	29,341	20,215
Textile bleaching, dyeing, etc.....	19,560	17,670	15,901
Hotel, boarding-house, etc., service.....	73,627	55,670	73,677
Distributive trades.....	212,308	181,657	188,429
Road transport services.....	36,765	28,511	32,302
Shipping service.....	41,816	31,867	34,682
Dock, harbour, etc., service.....	48,284	41,862	44,492
All persons registered.....	1,916,390	1,624,339	1,611,810

During the month the total of unemployed has been reduced by 12,529 to 1,611,810—the lowest figure since March, 1930. Once again the biggest reduction in unemployment occurred in the Midlands, North-Eastern and North-Western districts of Great Britain, whilst the South-Eastern and South-Western districts and Wales suffered a further increase. In addition, London registered a substantial increase in unemployment this month. An encouraging feature of the unemployment returns is the steady absorption of juvenile labour; during the year ended October 26, 1936, the Juvenile Employment Bureaux have been instrumental in filling 2,686,089 vacant situations.

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Iron and Steel Boom.—The output of steel ingots and castings, as recorded by the British Iron and Steel Federation, reached an all-round record last month. Production rose from 1,027,000 tons in September to 1,060,500 tons last month, compared with 907,300 tons a year ago, and 889,800 tons during the corresponding month in 1929. The output of pig iron increased from 650,800 tons to 670,300 tons between September and October, compared with 544,300 tons last year and 688,700 tons in 1929. But although imports of iron and steel are now running at a higher level than last year, the industry is still having difficulties in meeting the rapidly growing requirements of consumers. Even in the finished steel section demand is in excess of capacity, and there is a tendency for deliveries against contracts to fall in arrears. Meanwhile the pressure of home demand is hampering export business. The industry would do well to heed Mr Bruce Gardner's warning (expressed at Tuesday's dinner of the London Iron and Steel Exchange) against the neglect of export business, which may again become essential at some future day.

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Rising Shipping Freights.—The marked improvement in shipping conditions since last August continued during the past month, our shipping freight index for October showing an increase of 5.5 per cent. over September and of 12.3 per cent. over the corresponding month a year ago:—

	Average, 1913	October, 1935	August, 1936	September, 1936	October, 1936
European waters.....	110.0	100.4	100.9	102.2	113.0
North America.....	113.1	87.1	95.3	95.0	96.8
South America.....	123.4	87.7	89.5	93.4	102.6
India.....	106.3	110.0	102.6	108.3	110.6
Far East and Pacific.....	117.4	96.8	99.5	104.0	109.1
Australia.....	127.9	95.3	97.0	98.8	103.6
Total.....	116.3	97.2	97.5	100.3	105.9
1913 = 100.....	100.0	83.5	83.8	86.2	91.1

As will be seen from the next table, freight rates rose on all the principal routes.

	Index No.	Inc. or Dec. Points		Index No.	Inc. or Dec. Points
Home trade.....	94.3	+ 4.3	South America:—		
Bay—outwards.....	121.1	+ 3.7	Outwards.....	72.0	+ 9.5
Bay—homewards.....	154.8	+ 33.8	Homewards.....	133.2	+ 9.0
Mediterranean:—			India—outwards.....	84.2	+ 2.1
Outwards.....	91.0	+ 5.0	India—homewards.....	137.0	+ 2.6
Homewards.....	122.3	+ 13.4	Far East, etc.....	109.1	+ 5.1
North America.....	96.8	+ 1.8	Australia.....	103.6	+ 4.8

Meanwhile, the indications point to the maintenance, if not to a further increase, in freight rates. Business in all the leading home trades, with the exception of the United States and the St. Lawrence, remains active. The expansion of the demand for accommodation is due, in no small measure, to the increase in the requirements of primary products by industrial countries a tendency which is likely to continue.

* * *

Sterling and International Prices.—The advance in wholesale prices continues. In England during the past fortnight the complete *Economist* index number has risen by 1.1 per cent., while the primary products index has risen by 2.2 per cent. In the United States the Irving Fisher general index number has advanced by only 0.2 per cent., but primary products have risen by 4.2 per cent. French wholesale prices are still rising, the past fortnight's increase being 1.6 per cent.

SEPTEMBER 18, 1931 = 100

Date	Economist Indices			U.S.A., Irving Fisher	France, Statistique Générale	Italy, Milan Chamber of Commerce	Germany, Statistisches Reichs- amt
	British Complete (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 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	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	143.3	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	119.6	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	121.9	89.9	95.9
Oct. 14th	121.8	144.5	159.6	165.0	121.8	96.4	95.9
Oct. 28th	122.3	145.3	160.6	167.1	121.5	100.3	95.9
Nov. 11th	123.6	145.7	161.1	167.1	122.5	102.1	95.8
	125.0	148.9	167.8	167.7	122.8	103.7	95.9*

* These figures relate to November 4th.

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	Oct. 14, 1936	Oct. 28, 1936	Nov. 11, 1936
Cereals and meat.....	64.5	81.5	82.0	80.8
Other foods.....	62.2	62.0	62.5	63.7
Textiles.....	43.7	62.2	63.6	65.1
Minerals.....	67.4	84.7	86.0	88.9
Miscellaneous.....	65.8	77.4	77.8	78.3
Complete index ..	60.4	73.8	74.6	75.5
1913 = 100.....	83.1	101.6	102.7	104.0
1924 = 100.....	52.2	63.8	64.5	65.2

Movements in British wholesale prices were irregular. There was a slight but general reaction in the cereals and meat group. In the other food group there were advances in tea, coffee and butter. Cotton is cheaper, but there were advances in wool, flax and jute. Non-ferrous metals are considerably higher than a fortnight ago. Among miscellaneous materials, hides were cheaper, but there were advances in linseed oil, tallow, rubber and sulphate of ammonia.

OVERSEAS CORRESPONDENCE

From our Correspondents in each centre

UNITED STATES

THE SOCIAL SECURITY ACT

In the closing hours of the election campaign, the Social Security Act became an issue in a curiously oblique way. The principles of the Act had been approved by both parties, and the Act itself was passed by Republican as well as Democratic votes in Congress. However, it was part of the "must" legislation, and although carefully drafted, was passed with so little discussion that few persons outside of Congress were familiar with its provisions. Under the pension (Old Age Benefit) section, contributions begin on January 1, 1937. Both employers and employees pay 1 per cent. of payrolls, and the employee's contribution is deducted at source. It would appear that few workers were familiar with the contributory feature, and the announcement by employers that deductions would begin in January provoked a storm of protest from diverse quarters; and an Act which had passed Congress almost without debate belatedly became the centre, not of discussion, but of extravagant controversy.

The Old Age Benefit feature of the Social Security Act presents formidable problems of administration, and although the Act becomes effective in two months the forms for registration have not yet been issued. Approximately half of the employed population is affected, say 26 millions. Entrepreneurs, farmers and farm labourers, domestic servants, and governmental employees do not fall under the plan, the last category because pension schemes for them are already in operation, as is the case with railway workers. As the project exists, the beneficiary neither pays in, nor acquires an interest in, a stated sum; rather he and his successive employers pay in a percentage of his weekly wage (initially 1 per cent., rising gradually to 3 per cent. each). The benefit is an individually computed annuity based upon the payments made by and on behalf of each individual worker. The task of registering so many persons, and verifying their birth dates in the remaining weeks of the year, in a country where even such elementary identification papers as birth certificates are possessed by few, to say nothing of the problem of keeping weekly records in order over a period of years, is far beyond anything ever previously undertaken by the clerical machinery of the Federal Government. Actual benefits under the plan are not initiated until 1942; and it is highly probable that in the interim the Act will be amended to some simpler form.

BUSINESS EXCELLENT

October appears to have maintained approximately the level of recent months, although it seems that the autumn pick-up in the motor industry has been a little slower than was anticipated. Perhaps this is attributable to the waning effects of last June's Bonus payments. Otherwise business is excellent by any standards. The non-ferrous metals have been strong, and in fabricated lines there are almost universal rumours of stiffening prices. Forward buying is more frequently mentioned than for a very long time.

Although the price indices show little change from last spring or from a year ago for that matter, the tone of the price structure is quite different. It would be too strong to say that the United States is in a seller's market in anything except labour; but it is clear that it is no great distance from such a state. As yet there has been no problem of securing deliveries, but in some types of heavy machinery (a branch of industry almost prostrate a year ago) the time required for prospective delivery is beyond a year. Such considerations are essential elements of a price system, but our indices can hardly be expected to be sensitive to them, especially indices largely dominated by agricultural prices, subject to incidental annual influences.

The September Federal Reserve Index of industrial production, at 109, has made a new high, almost 20 per cent. above a year ago, and 50 per cent. above September, 1934, just two years ago. The index of manufactures at 110 is in contrast with 69 in September, 1934. September, however, brought no conspicuous change from the preceding summer months—the absence of a seasonal summer recession flowed evenly into the absence of a marked seasonal autumn upturn. This statistical statement rather obliterates the fact that the actual operations of the motor industry in September were at only about half the rate of August.

BUSINESS INDICES
1923-25=100. (Adjusted for seasonal variations)

	Sept., 1936	Aug., 1936	Sept., 1935
Industrial production, total.....	109	108	91
Manufactures.....	110	110	92
Minerals.....	101	98	87
Construction contracts, total.....	61	62	43
Residential.....	49	46	25
All other.....	70	75	58
Factory employment.....	88.9	88.9	81.9
Factory payrolls.....	81.0	81.1	71.7
Freight car loadings.....	72	70	62
Department store sales.....	88	86	81

Over the year, payrolls have risen slightly more than employment, but the persistently stable relation between the two suggests that although hourly rates have generally been restored to or raised above the pre-depression level, weekly money wages are somewhat lower with the lower cost of living as the compensating factor. The net result to the worker is a shorter work-week, with about the same real wages. In at least some industries there is evidence that this combination has resulted in an increase in labour costs per unit of output.

The foreign trade figures of September showed, as usual for that month, a sharp increase of exports, and although the import figures also rose, the result was a small export surplus of \$4.5 millions. The remarkable sensitivity of the American public to the balance of merchandise trade is equalled by their apathy towards the general visible balance; silver imports in September were \$8 millions and gold imports \$172 millions. The following table shows the movement of recent months:—

FOREIGN TRADE OF THE U.S.
(\$000,000)

Merchandise Exports		
July.....	1935	1936
August.....	173	180
September.....	172	178
Nine months.....	199	220
	1,568	1,732
Merchandise Imports		
July.....	177	194
August.....	169	192
September.....	162	216
Nine months.....	1,501	1,765

In both years the trade very nearly balanced, in contrast with the former large export surplus. Imports continue to show a tendency to rise a little faster than our exports; but these minor fluctuations of the merchandise balance continue to be dwarfed by the enormous imports of the precious metals—for the nine months of the current year amounting to \$765 millions of gold and \$147 millions of silver. In both, the figures are a little under the corresponding period of 1935, but not enough so to be indicative. These imports, of gold at least, continued unabated in October, although the London gold price at the fixing, converted into dollars at the then rate, has scarcely deviated from \$34.77—a figure which would not suggest a profitable shipment. So far, it does not appear that the American Stabilisation Fund is following any procedure radically different from that of the past.

NEW YORK, November 3.

FRANCE

BEGINNINGS OF BUSINESS REVIVAL

In their annual Congress, the moderates of the "Alliance Républicaine" of M. Flandin condemned the activity of the Communists. They declared themselves favourable to a dissolution of Parliament, a possibility which had already been envisaged by the Radical-Socialist leader, M. Chautemps before the Congress at Biarritz. That Congress however, decided to continue its support of the present Cabinet. M. Blum, on the other hand, declared to the Socialist Congress that he was well satisfied with the evolution of his economic experiment. He also replied to the latest reproach of the Communists that he was being too lenient with capitalist "magnates."

Meanwhile, signs of a business revival are perceptible; the decline in unemployment was nearly 5,000 between October 10th and 31st, compared with an increase of 13,000 in the same period of 1935. The decline is principally in the textile and leather industries. There has also been an increase in railway traffic (loaded waggons in the month between September 30th and October 27th were 52,000 higher than in 1935); and an increase of 15 to 20 per cent. in the turnover of the Paris big stores, compared with 1935. This was mainly an increase in volume rather than price. Devaluation is thus producing its favourable effects both in trade and on the Stock Exchange. Prices of international and French industrial shares are very strong. Rentes, however, are sluggish, and a spasmodic pressure on the franc seems to show that the return of exported capital is proving slow partly for political reasons and partly because of the Budget deficit.

The re-assembly of Parliament was tranquil. Its chief business is the voting of the Budget, which may entail heated debates. The Budget shows that the crisis in France's finances must be mainly attributed to military expenditure. The public debt charge now represents a percentage of total expenditure which, allowing for devaluations, conversions, etc., is no higher than in the 1913 Budget, when it was 1,200 millions in a Budget of 5,000 millions. But war pensions and re-armament to-day account for over 30 per cent. of total expenditure. This extraordinary expenditure cannot be covered by other means than loans and an increase in tax receipts.

HUGE DEFENCE EXPENDITURE

The deficit now stands at 5,000 million francs. An astute presentation of the accounts and a reform of financial, economic and fiscal policy are therefore necessary to restore confidence. There will consequently be an ordinary Budget, virtually balanced, showing 48,000 millions of expenditure and 44,396 millions of revenue. These estimates merely require a reasonable increase in the revenue estimates of 3,500 millions (which should accrue from the rise in prices, the revival in business and the proposed fiscal reform). The huge total of "extraordinary armament expenditure" will be removed from the ordinary Budget; and a "Pension Fund" will take over war pensions. There will nevertheless remain a deficit of 3,500 millions on the ordinary Budget. But it is pointed out that 50 per cent. of this deficit is the result of fiscal concessions, and the total of 3,500 millions is equal to the annual debt amortization charge.

There still remains, however, a deficit of 21,500 millions over and above this. The various elements of this deficit have been classified under four heads (apart from the ordinary Budget); and each item is covered by a special form of borrowing.

Deficits	Million Fr.	To be covered by
Ordinary Budget.....	3,561	Treasury Bonds.
Re-armament.....	9,502	National Defence Bonds.
Public works.....	2,500	Loans with the aid of the
Pension fund.....	1,000 to 2,000	Caisse d'Amortissement.
P.T.T., railways, etc.....	7,000 to 8,000	Departmental loans.

Total..... 25,000

The total deficit is considerable, though not very much higher than the deficit of recent years. Actually, the French public debt was increased by more than 70,000 millions during the rule of the deflation Cabinets. Nevertheless, if M. Auriol is to obtain these 25,000 millions (to which one must add 3,000 millions of loans coming to

maturity in 1937) he must propitiate savers and take measures favourable to a recovery of business and an increase of fiscal receipts. The declared principle of the Government's Budget Bill is as follows: "To stimulate the creation and the circulation of wealth; . . . to ask more from the very rich and less from the workers, middle classes, consumers and large families; . . . and to render the fiscal system more equitable and more simple." But, though the Bill includes certain measures favourable to the "average capitalist," such as the suppression of the 10 per cent. Laval cut in rentes interest, there are counterbalancing measures such as increased income tax, the imposition of a 50 per cent. tax on the railway reserve funds, etc. The tax on reserve funds (legal or obligatory reserves being excluded) will tend, like the American tax, to increase distributions to stockholders.

The Budget Bill is thus plainly marked by some effort towards redistributive taxation; but coming from a Socialist Minister of Finance it should be considered moderate. In general, though certain political and financial aspects of the French situation are discouraging, a better atmosphere is discernible, resulting from devaluation and the decline of the strike disturbances. Dishoarding has also begun.

PARIS, November 12.

GERMANY

THE FOUR-YEAR PLAN AND LABOUR

The Four-Year Plan and the associated food difficulties are bringing an inundation of regulations and restriction in the domains of raw materials, labour, foreign exchange and prices. The Minister of Economy has come to an agreement with the Director of the Labour Front that Plan questions shall be discussed and jointly regulated by the Organisation of Business and the Labour Front. The chief question between these departments will probably be labour. Some comment was aroused by the fact that General Göring ignored the Labour Front in his special Four-Year Plan organisation.

The necessity for planning construction on a basis of priorities has been officially recognised, and is in part already under way. The principle, as expressed by the Institute for Trade Research, is that works for national defence shall be treated as most pressing. Works for the fulfilment of the Four-Year Plan are to come second, and settlement and house construction third. It seems certain from company reports that the output of iron, steel, cement and some other materials cannot be materially increased beyond the present high quantities. The present production of cement, about 1,200,000 tons a month, is declared to be the maximum possible, although the demand, in particular for motor roads, is increasing. Motor-road construction is withdrawing from cultivation a great deal of land. An ordinance of the Ministry of Labour empowers municipalities and communes to prevent building or excavation whenever such works would impede construction designed in the public interest.

The Commissioner for the Four-Year Plan this week issued six ordinances regulating the supply of skilled labour. Public and private iron and building concerns are required to take on apprentices in reasonable proportion to the number of their skilled employees. In stated conditions the consent of the competent Labour Office must be obtained before additional employees are engaged. The employment of a certain number of persons aged over forty is made compulsory. Public and private construction plans that exceed stated dimensions must be officially registered. Here the aim is to provide where necessary for priority of

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execution or for the rationing of materials and labour. The recruiting of workers by means of anonymous advertising is forbidden. Trained metal and building workers who are at present engaged in other industries may be returned to their proper vocations. It is declared that compulsion is not intended. But employers in such cases are obliged to report; whereupon the Labour Offices will negotiate with them and with the employees for transfer of the latter to their proper spheres. The now compulsorily carried "work books," which register the holder's customary occupation, and in a sense bind him to it permanently, are an efficient instrument for enforcing this regulation.

During the past fortnight numerous restrictions in the domains of foreign exchange and foreign trade have been announced. In general, regulation has become much more severe. The obligation to deliver up holdings of foreign currency is now extended to everything of higher value than two marks' worth of token coins. Postage stamps may not be exported. Arbitrage transactions in foreign securities have been almost entirely stopped, with the consequence of sharp declines in the Bourse quotations of these securities. New restrictions have been imposed on concerns (including foreign concerns with offices in Germany) which have assets abroad. In foreign trade all "compensation" transactions of value under Rm. 50,000 have been prohibited.

Every effort is being made to keep prices down. Success, however, is imperfect, in so far as the ultimate consumer is concerned, and unbearable hardship is imposed on traders. It is admitted implicitly in many official utterances, and it appears plainly in bank reports, that the very high production cost of the raw materials must raise the general price level very much unless it can be counteracted by price-cutting in other quarters.

This in part explains present attempts to reduce or at least to stabilise the prices of foodstuffs. As foodstuff prices to the primary producers cannot be cut, the wholesale and retail traders are to suffer. Drastic measures are being taken, and violent threats are being uttered against price offenders. In connection with the revival of the office of Reich Prices Commissary, penal servitude has been introduced—for the first time—as a punishment for price offences, and trials of such offenders are to proceed before the Special Courts which were established in March, 1933, for dealing severely with crimes against the nation and the State.

"KULAKS" AND "HYENAS"

The temper and the terminology of Soviet Russian officialdom in regard to "kulaks" and "speculators" have been entirely taken over, not with the effect of adding to the amenities of German life. A Secretary of State in the Ministry of Justice does not hesitate to attack an alleged group of "hyenas on the battlefield," who will be "annihilated," "extirpated" or "exterminated."

It is remarkable that a Government which claims to have popular support in unexampled measure, never thinks of appealing to the public spirit of citizens, but prefers coercion; and it is painful to see how citizens who in other countries would be rightly regarded as worthy and respectable are denounced as criminals in Germany.

The present unbearably high prices are entirely a consequence of Government policy. Ironically enough, the petty retailers are the worst sufferers. Most traders in this class were vehement supporters of the Nazi movement; and they expected benefits from its triumph. In fact, though they got protection against competitors by way of an embargo on the opening of new shops, their position is worse than ever. To those of them—a great many—who are already miserable and hungry, the prospect of penal servitude for charging an extra profit on eggs is not so very dreadful.

A new Reich loan in the customary form of Treasury certificates was announced last week. This transaction was expected, but uncertainty about the conditions depressed the share market for a time. The conditions differ little from those of the last loan of July, 1936; but the amount, Rm. 500 millions, is Rm. 200 millions smaller.

Apparently the present moment was chosen because of the unexpected return of the money market to liquidity. Money was tight for months after the issue of the July

loan. In October it became easier. The circulation of Gold Discount Bank promissory notes, which had fallen to Rm. 30 millions in September, increased in October to Rm. 407 millions. In November so far money has been plentiful. Nevertheless, only one to ten per cent. instalment of the new loan is to be paid in this year. Slight signs of an improvement in the capital market are visible.

The commercial banks' resources are being pushed ever more into the foreground in discussing methods of financing the Four-Year Plan. Dealing with the problem of long-term investment of bank funds in industry, an authority usually considered competent remarks that "after the meagre years of the State boom" the banks "are hungry for risk-taking with its profitable results."

BERLIN, November 11.

SPAIN

PRESIDENT AZAÑA IN BARCELONA

THE presence of the Spanish Republican President, Señor Azaña, in Barcelona, and the formation of a new Government with the entry therein of the Anarcho-Syndicalists, are the two outstanding political developments of the Spanish situation. Señor Azaña's stay in Barcelona is variously interpreted, and some unkind things are being said about his failure to be at the seat of Government in moments of peril. Señor Azaña is a calm, philosophic sort of person quite capable of ignoring accusation or harsh criticism, as was well demonstrated in the post-rebellion period of 1934, when, although pursued and imprisoned by the Right Government, he declined to say one word in his own defence until completely exonerated and set at liberty by the Supreme Court itself. Then he wrote a damning book, "Mi Rebellion en Barcelona."

The atmosphere of anarchy prevailing in Madrid, which must have been torture for an intellectual with the sensibilities of Señor Azaña, could well explain his desire to depart from the capital for a time. A man of order, constructive in his outlook, he was in the position of seeing the republic of his dreams attacked, on the one hand, by the forces of treason, that is to say the rebels; and his handiwork undermined and torn down, on the other hand, by the forces with whom he would never compact, namely, the Anarcho-Syndicalists. Discussing the situation with your correspondent a short time ago, Señor Azaña warmly denied the charge that he had had an understanding with the Anarcho-Syndicalists in return for their electoral support.

It may be well, however, that Señor Azaña's departure from Madrid has obeyed other motives which will come to light in due time. It has already had the effect of slowing down the headlong rush of the Catalan Government toward the assumption of well-nigh plenary powers without consulting Madrid. It is now accepted as a fact that on the fatal night of July 19th Señor Azaña had hopes of coming to an understanding with the insurgents and thus saving Spain from the horrors and bloodshed which have ensued. But a slip-up occurred between the resignation of the Quirogas Government at midnight and the formation of the short-lived Barrio Cabinet about three hours later. It was this Cabinet which, it seems, was to have come to an understanding with the insurgents. But something mysterious and fatal occurred which made it impossible for Señor Barrio to accomplish his mission.

Was Señor Azaña let down by one of his trusted lieutenants to whom he remarked on learning the truth: "Me has matado!" ("You have killed me!")? Señor Barrio refused to continue, and there is even doubt whether he and his Cabinet ever took office. Another Cabinet, that of Señor Giral, was formed, being but a continuation of that of Señor Quirogas. It has been noted that Señor Azaña has held singularly aloof from the revolutionary forces in Madrid. He has steadfastly refused to treat with the Anarchists. Whatever he must feel about the treachery of the military and their kind, he has with dignity refrained from harsh references to them. The rebels, taking note of this note of moderation in their radio broadcasts, also

commented upon it with a moderation not habitual with them. Can it be that Señor Azaña still hopes to save something of Spain from the wreckage; still hopes that a favourable moment will present itself for coming to an understanding with the rebels? "I am the President of all Spaniards," he has emphasised.

ANARCHO-SYNDICALISTS' POLICY

In the meantime Señor Azaña has had to bow to realities and permit the entry into the Government of the Anarcho-Syndicalists, who now hold four Cabinet posts. Their new Minister of Justice, Señor Juan García Oliver, together with Señor Bonaventura Durruti, form the "Big Two" of the Anarchists at Barcelona, their stronghold. Responsibilities and a sense of realities have undoubtedly had a moderating influence on the Anarcho-Syndicalists, who in the past have been anti-political and anti-State. They then refused to have anything to do with other workers' organisations, preferring to act single-handed in carrying out their revolutionary enterprises. In the first few years of the republic they set in motion five violent and bloody revolutionary movements.

Now for nearly two months they have been collaborating with the Catalan Government and have accepted a programme of "collectivisation" which not only is not the "liberating Communism" of the Anarchists, but is not even orthodox Socialism. While accepting the socialisation of large industries and land holdings, the programme recognises the property of the private owner, and so, in the last analysis, is bourgeois. There has been a feeling that the Anarchists were merely "playing possum," that they were collaborating with the Government during the war emergency, but would promptly again show their teeth when it should be terminated.

The Catalan Government has been fighting against fearful odds to bring order out of chaos. Step by step, and with careful diplomacy, it has battled its way from the position of being a ridiculed and disdained "rubber stamp," apt only to ratify what the proletarian organisations saw fit to do, to the present position of having these same proletarian organisations, now somewhat tamed, in alliance with it and solemnly pledged "to accomplish the agreements and decisions of the Generalitat Council, using all our influence and all the powers of our organisation to bring this about." This is undoubtedly putting an end to subterranean government and to the campaign of terrorism which in Barcelona has cost perhaps four thousand lives and at least twice that number in Madrid. It is only fair to say that much of this terrorism was the work of gangsters bent upon robbery or vengeance. Other killings were sanctioned by secret revolutionary committees. A large number of popular tribunals have now been created to deal speedily with crimes "against the revolution," such as engaging in Fascist activities or having intelligence with the enemy.

While on the subject of "revolutionary terrorism," it must be said with regret that the reports in even the most responsible London Press have been quite one-sided. This is largely due to the fact that correspondents on the Government side were in the midst of these doings and honestly reported them, while the undoubted atrocities of the rebels have been committed away from view and also well covered up. Your correspondent talked with a refugee from Saragossa, who told of daily killings and tortures, and said that the total of executed could not be less than two thousand. How the rebels summarily executed 290 Government militiamen at Toledo is well known. It is accepted as a commonplace that they bombarded at sight Red Cross hospitals and trains; so that the Red Cross sign is no longer displayed on the Government lines.

On the other hand, some quite irresponsible and poisonous stories are being sent out about "red" atrocities. Thus, a writer in England has stated that men, women and children were being nightly tortured in Barcelona. This is completely untrue. Another correspondent, sending his message from Gibraltar, reported that 100 persons had been thrown from windows at Malaga, and in another message stated that scarcely a business or professional man was left in that city. From a United States naval intelligence officer who investigated the affair at Malaga, your correspondent learned that while

a search of houses was going on the cry was raised that Fascists had invaded the town. In a panic, the Government supporters threw several persons—certainly not more than ten—out of the windows. As to the second charge, investigation reveals that there are plenty of business and professional men at Malaga carrying on as usual.

BARCELONA, November 10.

HUNGARY

A MODERATE GOVERNMENT

THE new Government has met with the approval of both Houses of Parliament. It seems that the new Prime Minister, Dr. Darányi, inspired confidence not only in his own party, but among the various Opposition parties. The cautious financial policy of the previous Government will be continued, and the objective will be the maintenance of the purchasing power of the pengő and the balancing of the Budget. This appears to be within sight for the first time since 1931. In foreign policy the new Government intends to aim at economic collaboration with all Hungary's neighbours. In domestic affairs, electoral reform is in the forefront of political discussions, and the future of the Government will largely depend on how this thorny and long-delayed problem is solved.

In spite of the excellent reception of the new Government, the political situation is full of pitfalls, and both energy and tactics are necessary to keep all elements satisfied. So far, Dr. Darányi has shown remarkable skill and determination in assuming real leadership among the various factions of his own party. Much depends on the attitude of Dr. Eckhardt, the leader of the Independent Farmers' Party, the largest opposition party in Parliament. Count Bethlen, the former Prime Minister, has a considerable following among all the parties, and there is little doubt that his counsels will not pass unheeded in a Parliament where he has been a leading figure for more than twenty years. The Social Democrats, with their 14 seats, have practically no political influence; on the other hand, by the force of his strong personality, the Liberal leader, Dr. Rassay, will certainly continue to play an important rôle, to which his fine record of fifteen years of unbroken struggle for democracy entitles him. The Legitimists have a rather weak representation, but they have adherents in practically all political parties.

The devaluation of the gold currencies did not affect the position of the pengő, which for several years has been for all practical purposes a managed currency. The introduction of a uniform surcharge of 53 per cent. for convertible currencies over and above the old gold parity of the pengő marked a virtual devaluation of 35 per cent. in December last. As more than half of Hungary's foreign trade is conducted with countries whose currencies are not freely convertible, the authorities did not feel that the time had come for a new *de jure* stabilisation on gold.

The present elastic system of export premiums and import surcharges adequately meets the situation, though an important proportion of Hungary's foreign trade is temporarily held up by the devaluation of the franc and the lira. Negotiations for the necessary adjustments are proceeding.

THE NEW EXCHANGE POSITION

In trade with France, Switzerland, Italy and Czechoslovakia, the premiums and surcharges hitherto applied in Hungary have been lower than the 50-53 per cent. standard rate ruling where non-clearing countries with freely-convertible currencies (e.g. Great Britain) are concerned. This is, in certain cases, because the payment-agreements in force did not permit Hungary freely to dispose of the proceeds of the exports, and in others because the official quotation of the currency did not allow sufficiently for a decline in its internal purchasing power. There is thus a margin within which adaptations are possible. The National Bank announced on October 9th that the premium and surcharge on lire would be 40 and 43 per cent., over and above the new official rate, and on Czechoslovak crowns 45-46½ per cent. With Switzerland and France, negotiations are proceeding for

the resumption of trade on a basis permitting the application of the standard rate of 50-53 per cent.—the rate applicable in the case of sterling and dollars—in place of the 38-41 per cent. that ruled heretofore.

In trade with Germany, a premium of 18 per cent. is the ruling rate over and above the old parity of the mark. This means that a devaluation of 25 per cent. in the mark is already assured in German-Hungarian trade. As, in the first half of the year, more than a quarter of Hungarian exports went to Germany, the future of the mark is very important. In order to minimise exchange risks, the authorities are anxious that exports to Germany should not exceed imports, and they have achieved that end this year.

The Stock Exchange is experiencing a continuous boom. Leading share prices have doubled in the last two years, and are at the highest point since 1930. The yield of the most popular shares at the present prices is often less than 3, or even 2, per cent. The yield of fixed-interest securities, however, is about 6 per cent.

BUDAPEST, November 1.

CHILE

GENERAL RISE IN PRICES

A CERTAIN economic stringency has developed in Chile during this year, which suggests that the volume of business has reached or soon will reach its peak. The feature of the year is the almost general rise in the prices of articles of prime necessity, affecting agricultural produce as well as articles of national manufacture. The rising tendency has been noticeable in recent years, but it has now become so accentuated that the increase in the cost of living is a serious problem for the authorities.

There are three factors responsible for this trend in prices. The inflation which began in the middle of 1931 and lasted till the beginning of 1933 brought about a complete lack of balance, on the one hand, between domestic and foreign prices, and, on the other, between the nominal value and the real value of social income. It would be difficult to find another country where the foreigner can live as cheaply as in Chile. It is still possible to lunch or dine at good restaurants for more than three weeks at a total cost of £1; the monthly rental of a comfortable apartment or a chalet in the capital fluctuates between £5 and £6. In a recent article, the President of the Banco Central de Chile, Don Guillermo Subercaseaux, made an interesting comparison. He said, "In London, the income derived from a capital of £7,000 is relatively small, almost insignificant. In Chile, this same amount of money converted into Chilean pesos would make the owner a millionaire with an income on which he could live quite comfortably." This enormous disparity suggests that the increase in domestic prices must continue until a new balance is struck, and is one of the reasons for the increase in the cost of living in Chile.

The considerable rise in prices this year is also due to another factor. Immediately after inflation had terminated at the beginning of 1933, a general reaction in business began. To-day the physical volume of business has reached a higher level than in 1929; nevertheless, business development has entered upon a phase of stringency. The third factor must be sought in the fall in the exchange value of the peso. In the course of the current year, the quotation of the dollar in the open market has increased by 15 per cent. and that of the pound sterling by 18 per cent., comparing in both cases present quotations with the average for the year 1935. This increase is certainly in part due to the decline in the purchasing power of the peso in the country, and also to the considerable increase in the demand for these exchanges, as compared with a relatively reduced supply, for purposes of importation and especially for travel.

As a result of the rise in prices, the problem of salaries has become increasingly difficult. Between the middle of 1931, when deflation terminated, and to-day, the cost of living has increased by more than 40 per cent. Wages and salaries have also been increased somewhat; but this in-

crease has been very small, and there is still a wide margin for improvement before the old purchasing power of such income can be restored. In a recent speech, the President of the Republic, Señor Alessandri, appealed insistently to the agriculturists and industrialists to improve voluntarily the situation of their labourers, for on this question the maintenance of peace in the country very largely depends.

Figures for recent months disclose that the building industry continues to display great activity. Imports have continued to increase and in a larger proportion than exports. The wholesale trade shows a tendency to limit or restrict the payment facilities afforded to its *cliente*. The banks, in turn, are adopting a more cautious credit policy; since May last, bank advances have declined somewhat. The movement on the Stock Exchanges is strongly speculative, especially in all classes of mining shares. Stringency is developing in the money market.

The Budget recently approved by Congress is theoretically balanced; revenue and expenditure figure therein at 1,395 million pesos, but 85 per cent. of the revenue is derived from direct and indirect taxation, whose quota in the Budget has been increased progressively in order to replace the revenue from nitrate and the copper industry which to-day is allotted to the Caja Autónoma de Amortización to serve the external debt. In a message to Congress, the Minister of Finance strongly criticised the policy of creating new expenditure, which the Government considers unnecessary. The Minister has stated that possibly the 1937 Budget "will be the last balanced Budget that can be presented, unless Congress radically change their attitude to public expenditure."

SANTIAGO, October 28.

LETTER TO THE EDITOR

THE DEPRESSED AREAS

TO THE EDITOR OF THE ECONOMIST

SIR,—All who are interested in the welfare of the Depressed Areas should be grateful to you for the two brilliant articles which have recently appeared in your columns. They have been lent additional point by to-day's publication of Mr Malcolm Stewart's report. We feel, however, that there is one important consideration which has been insufficiently stressed both by your correspondent and by Mr Stewart: the fundamental distinction between subsidising inefficiency and easing the period of transition to new employment. The basic idea of *laissez-faire* is to obtain the utmost advantages of specialisation. But specialisation necessarily means rigidity, and in changing conditions the problem of trying to relieve the distress caused by rigidity without losing the full advantages of specialisation becomes of overwhelming importance. It is right that the full blast of change should not fall on a small number of people; but their troubles should be mitigated not by measures which encourage them to stop where they are but by helping them to move into new employment.

The further difficulty, however, then remains that a policy of transfer started in a district must have so depressing an effect on those industries and people that are left that there can be no chance of new industries establishing themselves there. The existence of the present transfer policy is itself sufficient to explain the reluctance of new industries to move to the Depressed Areas. The transfer remedy, therefore, must be abandoned as a general policy. It must be confined to those parts which are quite hopeless, but there it must be pushed to the limit.

On the other hand, very often business men may be deterred from settling in the Areas, because of fears of labour troubles, high rates, or other high cost elements, which are in fact baseless. A satisfactory Depressed Areas policy must be based on a knowledge of the order of magnitude of the importance of this factor and to which areas it applies. Such knowledge is not at present available, so far as we know, but even without it, it emerges clearly that any general policy, applied to the Depressed Areas indiscriminately, whether it be a policy of transfer, of subsidy, or worse still of both together, cannot but be bad; for it fails to realise the distinction between uneconomic palliatives, which, however, encourage confidence, and measures which relieve distress while increasing mobility. It is only fair to point that this inevitable problem must render the difficulties of any authority dealing with the Depressed Areas much greater; in particular it underlies the "orthodoxy" of the Government about which your correspondent complains.

But the Government's protectionist policy is unlikely to render areas, depressed because of the decline in world trade, more prosperous.

Yours faithfully,

P. T. BAUER,
A. M. STAMP.

Cambridge, November 11th.

BOOKS AND PUBLICATIONS

AN ATTACK ON 'SOCIALISM'

PROFESSOR MISES' well-known attack on Socialism* (first published in 1922) is here translated into fluent and readable English. Ordinary English readers, Socialist or otherwise, will be astonished by the manner of Professor Mises' book. For his argument is of an extreme and uncompromising character seldom encountered in English controversy. Everything that could possibly be represented as Socialism is to Professor Mises wholly and unconditionally bad; every departure from Socialism is wholly and unconditionally good. Professor Mises condemns absolutely not only nationalisation, "planning," and State control of industry, but redistributive taxation, health insurance, unemployment insurance, trade unions and labour legislation. Indeed, he is even prepared to argue that health insurance creates disease; that capitalist monopolies are on balance good because they restrict production of exhaustible raw materials; and that the functions of a post office might very well be better performed by private enterprise.

The most important economic argument in Professor Mises' book is his contention that rational economic calculation would be impossible in a Socialist community on the ground that if there were no private owners of the means of production, there would be no price of land or capital goods, and consequently no means of reckoning costs. The weakest point in his argument here is his assertion that the managers of a public corporation could not effectively conduct business, or trade in capital goods, unless they were personally shareholders. His critics will doubtless reply that the corporations would buy and sell capital goods, and that the managers might conceivably be paid on a partly profit-sharing basis.

Professor Mises' arguments have already been made familiar in this country by the recent symposium "Collectivist Economic Planning," edited by Professor Hayek. It is doubtful whether the translations of his own book adds much of substance to the argument. It was worth translating, however, if only to demonstrate how different is the Teutonic mind's approach to social problems from that of the compromising English. One may, perhaps, hope that Professor Mises' pupils will sometimes read Marshall and Mill.

SHORTER NOTICES

"*Ideology and Utopia.*" An Introduction to the Sociology of Knowledge. By Karl Mannheim. London: Kegan Paul. 280 pages. 15s. net.

Professor Mannheim's aim is to lay bare the social content of individual thought; to get away from subjective philosophical analysis, and to establish the main social patterns of thinking. Broadly, he divides "thinking for social action" into two kinds; ideologies, which are thought-patterns crystallised by social monopolistic groups into coherent, but rigid, systems, whose object is to stabilise society by conserving the "social absolutes" of the past; and Utopias, which are thought-patterns hammered out by social groups who, baulked of their desires in the society to which they belong, elevate wish-fulfilment into a system of categories fundamentally opposed to those of the ideology current at the time.

In the challenge-and-response dialectic which thus becomes inevitable in society, former absolutes—norms of social thinking—are dogmatised by the ideologists, while antithetical absolutes are raised by the Utopians. There ensues a sifting, chaotic, social epoch: a tussle of conflicting social absolutes in groups of individual minds. Such was the struggle between canonical and secular thought in the Renaissance; such is the state of human thought to-day in Western society. Professor Mannheim's challenging analysis, first written seven years ago in German, is here presented to English readers with an excellent introductory chapter on the approach to the problem: the sociology of human thought. It is a "difficult" book; the author assumes as voluminous a knowledge in the reader as he clearly possesses; but, in the present state of Western society, his is a valuable and important work. The bibliography is the best we have yet seen for any sociological study.

* "Socialism." By Ludwig von Mises. Jonathan Cape. 521 pages. 18s.

"*Motive and Method in a Christian Order.*" By Sir Josiah Stamp. The Epworth Press. 248 pages. 6s.

This volume, Sir Josiah Stamp tells us, as a Fernley Hartley Lecture, "is not directed to economists, nor very definitely to the general reader, but rather to the younger generation of preachers." In the most specifically economic chapter of the book, Sir Josiah examines "motive in the economic life." He argues the orthodox case for regarding "profit" as simply the remuneration of certain types of service connected with risk-bearing. "So long as there is an element of uncertainty in the supplying of demand, there must be profit." Sir Josiah consequently deprecates the use of the phrase "the profit motive."

He then considers "the examination of the Christian motive," and concludes with a note on Social Credit. Here he endorses the criticisms which have commonly been made of both the theory and practice of Major Douglas's plan.

In general, Sir Josiah Stamp does not rate the advantage to be gained by a redistribution of incomes very high, and he is sceptical of the practicability of a social ownership of profit incomes.

"*Men, Money and Markets.*" By M. D. R. Leys. (London) Cobden-Sanderson. 258 pages. 5s.

This book is an elementary introduction to economics, and embraces a very wide range of subjects. The most satisfactory chapters are those dealing with certain aspects of financial organisation, where a number of technical terms are clearly explained, and the problems of paper money, bills of exchange and company promotion are presented in a lively and stimulating manner.

The rest of the book is rather uneven. An attempt is made to summarise the development of the theory of value, and to give an explanation of capital, wages, profit, rent and interest. Such a task is inevitably difficult, and Miss Leys does not altogether succeed in linking up her discussion with any coherent theory of value, and some parts of it are left hanging in the air. This leads to a lack of precision in the distinction drawn between capital as a tool and capital as a sum of money, and to the confusing separation between ordinary and economic rent. There is a tendency also to identify profit with the payment for risk bearing, and to ignore the difficulties inherent in interest. There are a number of irritating slips, e.g. on page 163, where the total amount of the Exchange Equalisation Account is incorrectly given, and on page 131, where one of the joint stock banks is mis-named. In the field of applied monetary practice Miss Leys is an admirable expositor, but the more controversial points of theory can hardly be described concisely in a book of this length.

"*Co-operative Insurance.*" By N. Barou. P. S. King and Son. 383 pages. 15s.

This comprehensive and valuable, if rather solid, work is a survey of co-operative insurance in all its aspects. After discussing the nature of insurance, and the shortcomings of popular and profit-making insurance, the author outlines the principles of the co-operative branch of the trade. He then describes the work of co-operative insurance institutions all over the world, and estimates their future possibilities.

BOOKS RECEIVED

Coal: Its Constitution and Uses. By W. A. Bone and G. W. Himus. (London) Longmans, Green & Co. 631 pages. 25s. net.

Peace Offering. By A. C. Johnson. (London) Methuen & Co., Ltd. 210 pages. 5s. net.

Zero Hour. By R. Freund. (London) Methuen & Co., Ltd. 257 pages. 10s. 6d. net.

Alternative to Rearmament. By J. Griffin. (London) Macmillan and Co., Ltd. 215 pages. 6s. net.

England Since the Industrial Revolution. A Simple History, 1815-1935. By J. Hampden Jackson. (London) Gollancz. 312 pages. 4s. 6d. net.

Recent Economic Changes in New Zealand. By W. B. Sutch. (Wellington, N.Z.) Whitcomb & Tombs, Ltd. 164 pages. No price stated.

The Development of the Business Corporation in England. By B. C. Hunt. (London) H. Milford. 182 pages. 10s. 6d. net.

Lloyd's Calendar, 1937. (London) The Corporation of Lloyd's, E.C.3. 849 pages. 3s. 6d. net.

MONEY AND BANKING

THE BANKS' CASH RATIOS

THE October returns of the ten English clearing banks present several interesting features. The first is that in October the banks bought more bills and securities, and also lent more money to their customers. In particular, their advances have risen since August by £15 millions. Part of these additional loans may arise from the prevailing Stock Exchange activity; but there is no doubt that the trade revival is now at the stage where it is reflected in an increased demand for bank credit. The actual October position is illustrated in the following table:—

(In £ millions)						
	Oct., 1935	Sept., 1936	Oct., 1936	August, 1936	Sept., 1936	Oct., 1936
	(a)	(a)	(a)	(b)	(b)	(b)
Capital and reserves	125.7	125.8	125.8	131.8	131.8	131.8
Acceptances, etc.	93.7	95.3	96.1	103.5	101.8	102.9
Deposits (including undivided profits, etc.)	1,998.5	2,143.0	2,164.8	2,208.8	2,219.7	2,243.3
Total liabilities	2,217.9	2,364.1	2,386.7	2,444.1	2,453.3	2,478.0
Cash	201.1	218.5	215.7	230.0	226.1	223.6
Cheques, balances and items in transit	53.3	54.8	58.7	56.4	56.9	60.4
Money at call	136.5	153.5	150.1	157.7	161.2	158.9
Discounts	295.3	334.2	341.1	343.7	342.1	349.2
Investments	610.2	604.3	611.4	625.7	632.7	640.0
Loans and advances	758.7	835.1	845.1	857.2	862.5	872.9
Investments in affiliated banks	25.1	25.2	25.2	25.2	25.2	25.2
Cover for acceptances, pre-mises, etc.	137.7	138.5	139.4	148.2	146.6	147.8
Total assets	2,217.9	2,364.1	2,386.7	2,444.1	2,453.3	2,478.0

(a) Excludes District Bank.

(b) Includes District Bank.

The other interesting point is that for the first time within living memory the aggregate ratio of cash to deposits for all the banks has dropped below 10 per cent. The October ratio is 9.95 per cent., so that the drop cannot be described as large. Even so, it justifies some examination.

First, let us examine the cash ratios of the different individual banks. These are shown below:—

Big Five		Others	
	%		%
Barclays	9.99	Coutts	8.77
Lloyds	9.25	District	10.13
Midland	10.36	Glyn, Mills	9.95
National Provincial	10.00	Martins	10.14
Westminster	10.19	Williams Deacon's	10.05

For the Big Five alone the ratios vary from 9.25 per cent. for Lloyds to 10.36 per cent. for the Midland Bank. This range is not large, although some people may feel a little surprised that it is the Midland Bank which comes at the top of the range. The first point to consider is, what are the merits, if any, attaching to the ratio of 10 per cent.? We doubt very much if a slight reduction would have any serious effect upon public opinion. The real feeling of the public to-day is that the British banks survived the years 1929-33 with hardly a casualty, while the banking systems of practically every other country in the world had to deplore numerous tragedies. At the moment, therefore, opinion is convinced of the impregnability of the British banks, and even if they allowed their cash ratios to fall to 8 per cent. it is doubtful if public opinion would either understand the significance of the reduction or exhibit any alarm.

There is, however, a more practical side to the maintenance of some minimum cash ratio by the joint-stock banks. The cash held by the banks to-day takes two forms: "till-money," consisting of coins and notes held at every branch and also at certain centres throughout the country; and balances held by the banks with the Bank of England, which shows them in the Bank Return as "bankers' deposits." Obviously every clearing bank's

branch must keep sufficient cash in its till to meet the likely demands of its customers. These vary, and to some extent can be foreseen; but as a general rule the actual currency held by the joint-stock banks needs to be about 5 per cent. of their total deposits. The function of a bank's balance at the Bank of England is to provide the funds needed to settle any sum due each day on the result of the day's clearing. Here again, while the actual turnover at the clearing is enormous, each bank's payments and receipts, on the whole, tend to balance. Again, a bank can usually foresee if, owing to one or two big operations by its customers, it is likely to lose large amounts through the clearing; and it can provide against them by calling money from the market. Nevertheless, to take an example from experience in a recent week, the total sum passing through the clearing is of the order of £800 millions a week, or say, £140 millions a day. The share in this daily amount of a single member of the Big Five might be about £25 millions, or 6 per cent. of its deposits. If we admit, again, that payment and receipts would usually balance, so that the margin coming in or out would be only a small fraction of this total turnover of £25 millions, it still appears that, if a bank is to avoid all risk of being "caught short," it ought not to let its balance at the Bank of England drop below 2 or 3 per cent. of its total deposits. This means that, as a matter of banking practice rather than of tradition and psychology, the cash held by the banks in the form both of currency and balances at the Bank of England ought not to fall below 8 per cent. of their deposits. Thus, apart from public opinion, there are limits to which the traditional 10 per cent. cash ratio could be reduced.

We come now to the underlying causes of this drop in the cash ratio. The first is the expansion in clearing bank earning assets, which is automatically balanced by an expansion in deposits. The second is the drop since September in clearing bank cash. The following table shows clearly that this was due to a temporary transference of funds from bankers' to public deposits:—

Date*	Bank of England					Floating Debt	
	Gold	Notes in Circulation	Public Deposits	Bankers' Deposits	Securities	Tender Treasury Bills	Floating Assets†
Sept. 2 ...	£ mill. 245	£ mill. 446	£ mill. 18	£ mill. 101	£ mill. 115	£ mill. 630	£ mill. 195
" 9 ...	246	446	20	100	114	625	213
" 16 ...	247	445	15	102	111	621	223
" 23 ...	248	445	10	108	112	621	219
" 30 ...	249	449	50	61	112	619	219
Oct. 7 ...	249	451	25	84	110	619	219
" 14 ...	249	448	32	82	109	619	237
" 21 ...	249	440	38	81	108	615	242
" 28 ...	249	443	28	86	106	608	243
Nov. 4 ...	249	447	27	85	110	603	255
" 11 ...	249	447	15	98	109	603	286

* Four days earlier for floating debt items. † In banking department only.
‡ Cumulative total of 13 weeks' issues by tender. § "Tap" issues of Treasury bills plus Ways and Means Advances from public departments. ¶ Owing to the end of the quarter and the resulting discontinuity in the weekly floating debt returns, figures for these two weeks could not be calculated.

This has now been rectified, for this week's Bank return shows that public deposits have returned to their normal level, while bankers' deposits are once more nearly £100 millions. Still it is a little disconcerting that conditions can arise whereby the banks' cash can be depleted, even if only for five or six weeks. Also the floating debt return indicates a substantial increase in the floating assets of the Departments, so that apart from fluctuations in public deposits, the Departments are obviously accumulating liquid resources. This cannot be due to post-devaluation purchases of sterling by the Exchange Equalisation Account, which has been quiescent since the middle of October. It looks rather as if it is due to official sales of Funding Loan designed to "clear the decks" for a new Government issue.

This recent temporary contraction in bank cash is more a warning than a sign of a definite change. It is a warning

that in pursuing their policies of cheap money, stimulation to trade, stable prices and exchanges, and debt refunding, the authorities have so far been fortunate in finding them compatible with each other. This good fortune may not last now that depression has given place to recovery, especially if debt refunding has now to be combined with re-armament financing. Technical methods which proved successful in rescuing the nation from depression may not be so efficacious when cheap money has to be pursued during a time of expanding demand for credit, and if any difficulty arises, it is the joint-stock banks rather than the authorities who will have to bear the brunt of the dilemma. These are matters which the authorities ought to be considering to-day.

FINANCIAL NOTES

Anglo-Italian Clearing.—The protracted negotiations between Great Britain and Italy have now ended, and the result appears in two new Agreements, dealing respectively with trade and exchange clearing. The Trade Agreement is comparatively simple, for its main object, in which it succeeds, is to ensure that we recover at least a proportion of our former export trade to Italy. Also we have avoided the danger of committing ourselves too far ahead, for the Agreement can be terminated at the end of June, 1937. The Clearing Agreement is much more complicated, as it had to provide for outstanding debts due to British traders. These debts are divided roughly into three classes. Class (A) covers debts for goods and freight incurred after March 17, 1935, and before November 18, 1935—that is during the currency of the 1935 Agreement. Class (B) covers similar debts prior to March 18, 1935, and those arising during the sanctions "interregnum," from November 18, 1935, to July 14, 1936. Class (C) covers non-commercial debts. All debts arising since July 14, 1936, rank as "new trade." The procedure is that in Italy special "lire arrears accounts" are established, known as "A," "B" and "C." Off-setting "sterling arrears accounts A, B and C" are established in London. There are also a "lire new account" and a "sterling new account," which are fed by the proceeds of new trade. Finally a "sterling general account" is established. All sums due by Italians are paid into the appropriate lire account. In England, payments are made first into the sterling general account, and the money in this account is then allocated as follows:—

18% to sterling arrears account "A"
9% to sterling arrears account "B"
3% to sterling arrears account "C"
70% to sterling new account.

Next, at the end of every quarter, a balance is struck between the sterling new account and the lire new account, and this is to represent Italy's export surplus for the quarter. This surplus is re-allocated as follows:—

60% to sterling arrears account "A"
30% to sterling arrears account "B"
10% to sterling arrears account "C"

There are numerous subsidiary provisions, but these are the main channels by which sterling is to be made available for the discharge of outstanding debts to British creditors. These arrangements hold out hopes that outstanding British claims will be met within the next few years, and show that they are not to be sacrificed to Italy's need for new imports. The British authorities are to be congratulated upon having taken a firm stand which has ended in their securing as satisfactory an Agreement as was possible under the circumstances.

The Foreign Exchanges.—There was heavy pressure on the franc at the end of last week, due to rumours that the franc would be let down to the bottom limit of the present devaluation. This would be equivalent to Frs. 23 per dollar, and at \$4.88 to the pound it would equal Frs. 112½ per pound. As a result of this pressure the one month's rate widened to Frs. 2 discount, or 23 per cent. per annum, while the three months' rate went to Frs. 3

discount, or 11½ per cent. per annum. Money was very tight in Paris over the week-end, as everyone was short of francs. The market has been steadier this week, with the French authorities buying spot francs at Frs. 105.15, but one month's francs remain at Frs. 1½ discount, or 17 per cent. per annum, so that obviously considerable nervousness is felt over the short-run view. Sterling has hovered between \$4.87½ and \$4.88½. Early in the week there were some speculative offerings of dollars inspired by the rumours that President Roosevelt was going "to do something more for silver," but these have now been scotched. Swiss francs have been very steady, but three months' guilders have strengthened to 6 cents discount. It is thought in London that American bankers have been drawing bills against Dutch credits and discounting them for guilders in Amsterdam. The guilders are then sold spot and repurchased forward. This operation brings in a profit of 3½ per cent. on the "swap," less the cost of drawing and discounting the bill, and so gives American bankers a nice turn. It also shows that New York is regaining confidence in the guilder.

The Money Market.—Funds have at last been released from public deposits, and so money has become easier. One or more of the clearing banks was calling every day this week, but there was only a moderate demand for loans.

	Oct. 22, 1936	Oct. 29, 1936	Nov. 5, 1936	Nov. 12, 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	1-1	1-1
Discount rates:—				
Treasury bills	1-1-1	1-1-1	1-1-1	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.

The banks are ready buyers of mixed parcels of December and January Treasury bills at ½ per cent., and some of the banks are also buying late January and early February Treasuries at the same rate. There is no demand for early Januarys, and so the banks will not take "running" Januarys (i.e. bills maturing on any date in that month) at less than ½ per cent.

The Bank Return.—The note circulation is practically unchanged, so that few of the notes which went out at the end of October have yet returned. Notes were equally slow in returning a year ago, so that there is no need to suspect any additional foreign hoarding since last week.

	BANK OF ENGLAND				
	Nov. 13, 1935	Oct. 21, 1936	Oct. 28, 1936	Nov. 4, 1936	Nov. 11, 1936
Issue Department:—	£ mill.	£ mill.	£ mill.	£ mill.	£ mill.
Gold	196.5	248.7	248.7	248.7	248.7
Note circulation	401.4	440.1	442.7	447.1	446.6
Banking Department:—					
Reserve	55.9	69.6	66.9	62.5	62.9
Public deposits	15.8	37.6	27.6	27.2	14.9
Bankers' deposits	92.9	81.4	86.5	85.3	98.0
Other deposits	36.7	41.1	41.4	41.8	41.6
Government securities ...	83.5	79.9	80.2	82.0	80.4
Discounts and advances ..	11.1	6.7	6.6	7.7	8.6
Other securities	12.6	21.6	19.5	20.0	20.3
Proportion	38.4%	43.4%	43.0%	40.4%	40.7%

There has been a big movement of funds from public to bankers' deposits, and public deposits are now down to their normal level for the first time since the end of September. This movement was in reality due to the heavy Government dividend payments on November 1st, but it was off-set in last week's Bank return by the fact that there were no Treasury bill maturities on Monday and Tuesday, November 2nd and 3rd. Up to November 4th, therefore, payments for new Treasury bills were greatly in excess of maturities, and so all the funds released in dividends were temporarily re-absorbed. They have now emerged.

THE STOCK EXCHANGE

AMERICAN RAILROAD PROSPECTS

APPROXIMATELY twelve months ago (see the *Economist* of October 19, 1935, page 761) we discussed the responsibility of Fate and Congress for the tardiness of recovery on the great American railroads. We suggested, nevertheless, that prospects were sufficiently good to justify a policy of selective investment, particularly in the shares of those companies which had been steadily reducing their accrued maintenance arrears. In the interim, railroad securities have had a substantial rise on Wall Street. Although the Standard Statistics Index of railroad securities stands at only 59.2 per cent. of the 1926 figure, its proportionate rise during the past year has been greater than that of either industrials or utilities. An investment of \$1,000 in the 32 railroad stocks in the Standard Index made in the middle of October, 1935, would be worth \$1,700 to-day. What are the prospects of a further advance at a time when a full and fair recovery wind is blowing?

It is a commonplace to say that traffic receipts have failed to increase to the same extent as the production of steel and manufactured products during recent months. That there is a definite time-lag between recovery in the production of raw materials or manufactures and rail transport movements is now well established, whether the curves be ascending or descending. Nevertheless, there has been a steady rise in car-loadings, marked by "peaks" in July and September. An increase of no less than 28.1 per cent. was recorded in the week ended September 26th last. Recently the railroads have even been concerned regarding the adequacy of the supply of certain classes of empty cars. Apart from the March figures, which were affected by floods, the progress of car-loadings each month has been consistent. The monthly figures are given below:—

	Increase 1936			Increase 1936	
	No. of	%		No. of	%
	over 1935			over 1935	
January	4	8.4	June	4	13.0
February	5	7.1	July	4	27.0
March	4	0.4	August	5	19.5
April	4	10.5	September	4	16.4
May	5	16.1			
			39 weeks to Sept. 26th		13.3

For the first half of October the same trend was continued. A national forecast of tonnage to be rail-hauled, published early in October, estimated a continued rise for the fourth quarter of the year, ranging from over 20 per cent. in the Great Lakes territory to 5 per cent. in the Middle-West with an average for the whole country of about 10 per cent.

Despite the reduction of passenger fares, which was imposed on the Eastern railways by the Interstate Commerce Commission, the percentage increase of receipts has kept ahead of the increase in car-loadings. This is due largely to the continuance of the so-called "Emergency Charges," which were extended from June last to the end of December. The Commission, however, did not allow their indefinite extension into 1937 and beyond. The high level of freight receipts nevertheless represents a remarkable achievement, particularly as a large number of individual rates have been lowered to retain traffic against road and water competition—the latter including transport on the canalised rivers, such as the Mississippi, and intercoastal trade via the Panama Canal. In both cases, enormous capital expenditure by the Federal Government, upon flood control and harbour improvements (largely undertaken to relieve unemployment), has assisted the railroads' competitors. The return of President Roosevelt suggests the possibility that further large relief projects may be carried out.

The latest detailed figures of the grouped operating results of Class I railroads (i.e. those earning more than \$1 million per annum) for the first eight months of this

year provide a general impression of the extent of recovery:—

CLASS I RAILWAYS—UNITED STATES		
	First Eight Months, 1936	Increase over corresponding period of 1935
Revenue:		%
Freight	2,093,261,772	17.8
Passenger	270,876,889	14.7
Mail	61,047,529	2.2
Express	36,517,379	8.5
All Other	111,554,078	13.7
Total Operating Revenues	2,573,257,647	16.7
Operating Expenses:		
Maintenance of Way and Structures	301,124,601	15.5
Maintenance of Rolling Stock	511,102,586	14.8
Traffic	66,252,849	5.2
Transportation	912,911,149	11.5
General	104,503,163	11.2
Other expenses	20,154,202	13.2
Total operating expenses	1,916,048,550	12.8
Net operating revenue	657,209,097	30.0
Taxes	204,542,689	26.5
Operating income	452,666,408	31.7
Operating ratio	1936, 74.46%	1935, 77.07%
Rate of Return on Property Investment	1936, 2.30%	1935, 1.66%

The lines operated by these railways total about 237,000 miles, representing a decrease of about 1,200 miles on the previous year. It is safe to claim that no American railroad of interest to the British investor is excluded.

Several interesting movements are disclosed by this table. For instance, it will be noted that the rate of increase in taxation is more rapid than for gross receipts. The continuous rise in taxation (though it bears some relationship to earning power since it is based, in certain States, on gross receipts) is disturbing. The main interest, however, lies in the expenditure figures. The future financial prosperity of the American railroads depends primarily upon their ability to retain a large percentage of gross receipts as net revenue. Large programmes, however, are now being undertaken to overtake arrears of expenditure, chiefly renewals, which would normally have been carried out during the past five years. Unlike most of the British railways, the American companies operate no renewals funding system, to equalise expenditure on renewals over good years and bad. None but the most fortunate of the large railroads would deny that there are still heavy arrears to be overtaken both upon permanent way and on rolling stock. The extent to which such expenditure will be undertaken in the coming year will primarily depend upon the extent to which traffic increases, and, secondarily, on the policy adopted by the individual Boards.

The prospects for the future may also be considerably affected by the policies to be adopted by the President and Congress. Last week's election result may well have its reactions on the net revenues of the American railways. That the President realises the value of an adequate and efficient rail transport system cannot be doubted, but it seems probable that the railroad trade unions will exert continuous pressure upon him and upon Congress for a further improvement in working conditions, rates of pay (although these are at their maximum), and pensions. The railways may, therefore, have to face serious demands for a National Pensions scheme, a six-hour day, full crew laws and other policies which make operation more costly.

It is, therefore, a matter for surprise that the election results did not produce an immediate fall in American rail stocks. The market presumably argued that the progress of trade recovery would offset the possible effects of such legislation; but Wall Street frequently takes a short- rather than a long-term view on railroad stocks. At present, negotiations are being carried on between the railroads,

representative traders' organisations and the Interstate Commerce Commission to readjust the freight rates on certain commodities, so that the conclusion of the Emergency Charges at the close of the year will not result in a serious and sudden loss of revenue. Although there is, as yet, no adequate regulation of the rates charged by water carriers, the work of the Motor Carrier Division of the Interstate Commerce Commission is developing satisfactorily, and there is good reason to suppose that the worst features of cut-throat road competition may be eliminated by the middle of 1937. Railroad financing during the first nine months of 1936 exceeded \$721,250,000, of which approximately \$691,300,000 was raised on long-term bonds and notes, and the balance by short-term financing. Of the total, however, no less than \$500 millions was issued for refunding purposes and the balance for new capital expenditure. These figures show a considerable increase over those of the preceding four years.

Although the basic position of the railroads is thus improving, differences between the financial results of individual railways are clearly likely to be more pronounced during the coming fifteen months than during the last few years, owing to the wide variations in maintenance and renewals policies, and to differences in economic conditions over the whole continent. The figures which follow illustrate the varying degree of success attained by certain important companies in retaining gross traffic as net income during the first nine months of this year:—

(in \$'000)				
FIRST NINE MONTHS EACH YEAR				
Railroad	Total Operating Revenue		Net Railway Operating Income	
	1935	1936	1935	1936
Eastern Trunk Lines:—				
Baltimore and Ohio	104,198	123,297	17,252	21,147
New York Central	225,938	261,539	23,365	32,680
Pennsylvania	269,598	320,017	49,853	59,098
Pocahontas Lines:—				
Chesapeake and Ohio	82,139	98,065	27,034	36,218
Norfolk and Western	55,805	67,305	17,855	23,493
Southern Lines:—				
Illinois Central	70,695	82,236	7,525	9,840
Louisville and Nashville	54,756	65,046	9,565	13,443
Southern	60,284	69,843	9,097	13,398
Western Lines:—				
Atchison	97,357	112,241	10,052	10,889
Burlington	58,987	70,649	3,867	7,952
Great Northern	58,061	65,235	14,966	16,244
Milwaukee	66,547	79,982	742	4,954
Southern Pacific	118,320	143,052	11,631	18,719
Union Pacific	94,063	109,204	10,495	12,979

A year ago, attention was drawn to the satisfactory "retention" possibilities of a number of lines, represented in the table, including the Chesapeake and Ohio and the Norfolk and Western Railways. The subsequent movements in stock prices shown in the following table, have justified this close watch on the net revenue position:

Company	Income after Fixed Charges		Stock (and 1935 Dividend)	Prices			
	1929	1935		Mid-Oct. 1935	Highest 1936	Lowest 1936	Latest
Chesapeake & Ohio	(\$'000) 32,192	(£'000) 31,039	Com. (\$2.80)	44½	77½	51	75½
Norfolk & Western	41,907	25,358	Com. (\$10.00)	187½	308½	210	307½
Pennsylvania	101,378	23,850	Com. (\$1.00)	27	44½	28½	43½
Louisville & Nashville	13,726	4,129	Com. (\$2.50)	42½	102½	57½	96½
Union Pacific	49,256	18,535	Pref. (\$4.00)	86	99½	90½	97½
			Com. (\$6.00)	94½	148½	99½	138½
Atchison, Topeka & Santa Fé	61,037	9,554	Pref. (\$5.00)	82½	106½	90½	105½
			Com. (\$2.00)	47½	88	59	75½
Reading	15,509	5,714	Com. (\$2.00)	34½	50½	35½	47
Southern Pacific	47,435	2,347	Com. (nil)	18½	47½	23½	42½
Great Northern	25,669	7,110	Pref. (nil)	25½	46	32½	41½
New York Central	78,277	115	Com. (nil)	22½	49½	27½	44½

In Wall Street's present mood, it would be rash to set a term to the possibility of further improvement in prices. The investor on this side, however, may feel that distance tends to sharpen the distinction between promise and achievement. The economic situation of the United States remains favourable, and the traffic trend is good. But as earnings tend towards "normal," the claim of renewals and other costs may intervene before the stockholder receives his share. The outlook for the next twelve months suggests that discrimination by the investor will provide the best prospects of cash return and capital appreciation.

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INVESTMENT AND COMPANY NOTES

Bucket Shops and Property Companies.—Question time on Tuesday evoked two important statements from the President of the Board of Trade, the first on protecting the public against "bucket shops" (known at Westminster by the more sedate title of share-pushers), and the second on the recent increase in the number of undertakings registered under the Industrial and Provident Societies Act. The news that Mr Runciman intends to appoint a Departmental Committee to consider the operations of share-pushers will be widely welcomed, for as we recorded last week, there is no lack of evidence—inevitable, it seems, in a period of intense Stock Exchange activity—that the "bucket shops" are operating on a large, and apparently well co-ordinated, scale. The announcement of the personnel of the Committee will be awaited with interest. Meanwhile, the public must rely upon the publicity which has been given to the share-pushers' activities, although it must be confessed that comment in the Press and elsewhere has not proved sufficiently penetrating to check the evil. The Official Report of the same day contained an exchange of questions between Mr Brendan Bracken and Mr Runciman regarding industrial and provident societies. Recent property company registrations which have sheltered under the wing of the Industrial and Provident Societies Act can hardly claim to be industrial, and it is widely feared that some may not merit the second adjective. The Act was intended to provide a simple means of incorporation for local or quasi-philanthropic organisations, whose operations did not require the full-scale publicity, nor the strict legal safeguards, enjoined by the Companies Act. For some time, it has evidently been exploited by organisations, for which it was not devised, to avoid the rigours of company law. It offers a number of conveniences in this respect. There is no obligation to issue a prospectus for capital issues; the information which must be registered is less detailed; and the Registrar has no power to intervene except upon non-compliance with the simple requirements of the Act. He is in no way responsible for the *bona fides* of such undertakings, nor can he compel the directors to supply intending subscribers for debentures or shares with the range of financial information which the Companies Act requires. Recent booklets issued by certain of these property concerns have put a persuasive, rather than a descriptive, case for their securities, on which yields quite out of keeping with adequate security are offered. But closer inspection has revealed no information on vital points—such as the total valuation of the properties held, by whom they were valued, what interests the directors previously had in them, and the type of charge which the company holds. If, to these dangers, we add that of limited marketability (to say the least) in the securities, it is clear that the Committee of Fixed Trusts were fully justified in their reference to the matter, and that some restriction should be devised.

The Outlook for Tin Shares.—The news that the tin restriction scheme is to be renewed removes the major uncertainty in the share outlook. Investment policy can now become positive, instead of purely defensive. Although the Committee has shed no light on the provisional agreement, the market has thus found sufficient comfort in the mere assurance that restriction is to be continued. This week's runaway dealings to over £240 a ton (it will be remembered that the quotation was as low as £175 last July) was followed by a substantial reaction on Wednesday. But the final gathering of Siam into the fold, on terms reported to be reasonable, suggests that the wrong side of £200 will not be seen, in the absence of some calamity, for a long time. As in the rubber market a week ago, general optimism has given itself free rein in an indiscriminate marking up of share prices. But the factors which should determine any rational choice of companies for investment purposes are broadly similar. The average price of tin from January to the beginning of November has hardly been in excess of £200. This

compares with a figure of £225 for the whole of 1935. In the coming year, therefore, substantially higher returns per ton, than the 1936 level, should be enjoyed. Until Wednesday's announcement of an increase in the quota, the prospect for company outputs was somewhat more obscure. Average quotas in 1936 have amounted to just under 90 per cent. of standard. Consumption, however, has more than kept pace, and little real progress has been made towards the figure of 25,000 tons, which represents a reasonable volume of stocks. Nor is there any likelihood of a falling-off in demand; on the contrary, consumption is expanding under the same impetus which is common to all base metals. This week's decision to raise quotas by the somewhat considerable amount of 15 per cent., to 105 per cent. of standard, for the last quarter of this year, marks a recognition of the fact that, in the absence of further supplies, the financial stringency which disgraced the tin market for many months was likely to appear anew. Though it would be optimistic to expect this level of output to be retained during the whole of 1937, it is highly probable that a considerably higher average quota will be recorded. Companies best situated to benefit from the double blessing of higher prices and higher output are the efficient, fairly low-cost producers with an elastic response of profits to changes in price. A selection of such producers is presented in the accompanying table.

Company (and Share Denomination)	Latest Costs per ton	Equity Capital per ton of output	Ord. Divs. 1935	Latest Ord. Divs. 1936	Present Share Price	Yield on Div. Latest Full Year
Ayer Hitam (5/-)	53	290	17½	26	s. d.	%
Ipo (16/-)	53	220	12½	18½	18 0	6.9
Kamunting (5/-)	40	340	20	8(e)	38 8	8.2
Malayan Tin (5/-)	57(a)	131(b)	45	57½	41 3	6.7
Pengakalan (5/-)	34	283	17½	10(e)	13 9	7.0
Petaling (2/4)	23(c)	100(d)	45	50(e)	22 0	6.4
Renong Tin (1/-)	65	226	10	20	43 9	4.7
Southern Kinta (5/-)	38	270	12.4	20.1	18 0	9.1
Southern Malayan (5/-)	42(a)	100(b)	22½	35(e)	27 0	5.6
Sungei Way (2/4)	48(a)	200(b)	20	25(e)	7 0	4.2
United Tin Areas of Nigeria (2/6)	56	321	Nil	17½	4 9	6.7

(a) Costs for year ending June, 1935. (b) Calculated on output for year ending June, 1936. (c) Costs for year ending October, 1935. (d) Calculated on estimated output for year ending October, 1936. (e) Interims for 1936.

The striking diversity of dividend yields, which is a characteristic feature of tin share valuations, will again be noticed. On the whole, however, the figures do not suggest that prospects have been unduly discounted by the recent rise in share quotations. It must be remembered that most of the cost and output data on which the table has been constructed refer to a period which includes a fair part of 1935, when production was at a considerably lower level than that now current, or than that which may be expected over the coming year.

Foreign Bond Movements.—Although the average level of the 114 foreign bonds included in the "Municipal and General Securities" index has advanced by nearly 3 points to 102.5, inspection of the component series shows that the improvement is due wholly to the sharp recovery, after a sustained period of hesitation, in bonds whose interest is not being met in cash in London:—

AVERAGE JAN.-JUNE, 1934=100									
Month	Europe	Near & Far East	Egypt	South and 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									
Sept.	92.3	97.2	97.2	82.0	71.7	79.4	88.1	100.7	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	81.9	76.6	88.1	88.1	101.0	74.5
Dec.	91.6	102.2	99.8	83.6	78.5	89.9	89.9	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
March	95.1	109.9	99.2	100.2	85.9	96.7	100.0	103.7	95.3
April	97.6	110.0	99.7	101.3	87.9	98.0	100.8	104.7	95.5
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	102.8	95.1
July	94.7	110.6	100.9	99.1	89.2	96.7	99.8	104.4	95.0
August	95.1	113.2	100.7	99.3	89.8	97.0	100.7	105.7	95.3
Sept.	94.7	110.7	99.9	98.8	89.0	96.4	99.7	104.3	94.8
Oct.	95.2	111.7	99.7	105.3	93.0	102.3	102.6	104.3	100.6

† These are current totals. From August, 1935, to April, 1936, 62 unde-faulted, 52 defaulted bonds.

Defaulted bonds, in fact, regained their average level of January-June, 1934, at one bound, and the regional analysis shows that South American State issues have made the greatest contribution. Chinese issues also improved, but Japanese bonds were unchanged.

British Celanese Meeting.—If British Celanese had been running on an even keel of ordinary dividends, shareholders would have welcomed their chairman's review of output capacity, excise policy and patent litigation, at this week's meeting, as an informative contribution to public knowledge of an interesting industry. But as no ordinary dividend has ever been paid, and there are gross arrears of £1,912,500 (9s. per share) outstanding on the company's £4,250,000 of second preference shares, shareholders may be excused a certain preoccupation with the subject of earning power. And here Dr. Dreyfus's speech was, beyond question, disappointing. Last year, in a period of record production, the company's earnings, excluding all arrears, covered approximately ten months' dividend, less income tax, on the second preference shares. And in the current year, four months' working has given estimated profits "somewhat lower than those for the same period of the previous year," but approximately the same as the average for the whole year. If earnings became stabilised on this level, the company would not merely be in no position to overtake past arrears of second preference dividend, but would be regularly piling up new arrears. Shareholders may question whether the board, neglecting the bumper earnings which remain so persistently round the next corner, should not speedily produce a capital reorganisation scheme based on existing pounds, shillings and pence. Such a scheme might deal with balance-sheet items (such as "Goodwill, Patents and Patent Rights"—£1,913,118) whose valuation, under current conditions, is debatable. It might include a funding scheme for second preference arrears. It might face the question whether some downward readjustment of second preference rights was not expedient and equitable. Whether, finally, it would leave the 10s. ordinary shares (now quoted at 9s. 6d.) with more than a token valuation would be made apparent.

Baldwins Capital Proposals.—As recently as 1932 there were no less than eight classes of senior and junior security holders in Baldwins Limited, and even to-day there are three debenture issues (amounting all told to £2,197,252 bearing interest between 5 and 6½ per cent., and redeemable by October, 1938), two classes of preference shares totalling £587,271, and over £2 millions of equity capital. The proposals issued this week should further clarify this complicated structure. Holders of the "A" and "B" preference stocks are asked to sanction the issue of a new class of pre-preference shares, ranking ahead of the "A" preference stock, and limited in total to 60 per cent. of all the junior issued capital. Some £1,500,000 of the new preference capital is to be issued, carrying a 4½ per cent. dividend, to redeem the debentures, and the balance of cash will be provided by an issue of ordinary shares to existing holders. This operation will reduce the charges at present ranking ahead of the preference and ordinary capital by £81,848. Of the three debenture issues, one is repayable in January, 1938, and two in October, 1938, but it would appear that the Board intends to make an offer to the holders (if the present proposals are approved), presumably to effect prior redemption. The scheme, in principle, appears unexceptionable. The position of the existing preference and equity shareholders will be strengthened, by a reduction in pre-preference charges and the elimination of any charge upon the assets. It will not be necessary, at the present price of the ordinary shares, to issue more than £250,000 nominal, and the capital structure will be much simplified. There seems no justification, in short, for the market's reaction in putting the 4s. shares down from 15s. to 14s. 3d.

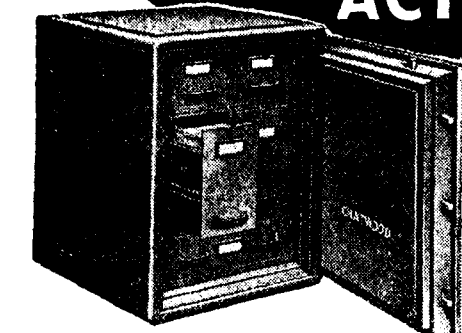
Ansell's Brewery Progress.—The profits record of this brewery is among the most cheerful in the industry. It is now enhanced by the highest dividend yet paid (25 per cent.) a 50 per cent. bonus issue and a cash issue of 1 for 2 on handsome bonus terms. Shareholders can thank the growing prosperity of the Midlands for this excellent result. Trading profits, at £619,237, are treble those for the year 1932-33. Such results, backed by the recent Mitchells and Butlers' figures, have a significant bearing on the possible experience of other Midland breweries, including Wolverhampton and Dudley. Ansell's disclosed profits, moreover, are struck after charging depreciation, which is no doubt determined on a satisfactory scale. The following table shows the profit allocations for recent years:—

	Years ended September 30		
	1934	1935	1936
Total income	346,240	537,776	619,237
Income tax and fees ...	40,011	64,237	79,078
Interest and redemption	44,235	44,232	44,232
Preference dividend.....	17,500	17,500	17,500
Ordinary Shares:—			
Earned	244,494	411,807	478,427
Paid	142,179	224,358	249,287
Earned %	28.9	46.8	55.1
Paid %	15	22½	25*
Reserves	56,000	190,000	225,000
Carried forward	312,375	309,824	319,964

* Also 498,575 £1 shares to be issued as bonus (1 for 2 held), and 498,575 further shares to be offered (1 for 2 held) at par.

Provisions for reserves are again more generous, though the allocation of £100,000 to general reserve will leave a net depletion of the fund by £400,000 when the forthcoming bonus issue is made. Although the proportion of earnings distributed has always been low, the current level of profits suggests that the capitalisation of reserves is by

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now appropriate. The new cash issue is to finance the Thomas Plant acquisitions and further development, though the balance sheet shows a strong liquid position. The extension of properties is shown in the increase from £2,456,091 to £2,886,117 in licensed properties, while an advance in creditors of 68 per cent., to £517,787, includes the balance of purchase consideration for recent acquisitions. The £1 shares are quoted at £10, equivalent to £5 3s. ex rights, and offer a prospective yield on a 25 per cent. dividend of £4 16s. 9d. per cent.

New Issues in October.—The new issue market having woken up with a start from its short and unrestful summer sleep, has lately revealed a scale of activity which approaches boom conditions. Since the September figures appearing in the following table include over £6,000,000 of new money for the L.C.C., the contrast with past months is the more marked:—

(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			
August, 1935	Dr. 200	949	1,670	Nil	2,419
August, 1936	Dr. 150	2,949	3,712	Nil	6,511
September, 1935	Dr. 200	2,638	2,291	Nil	4,729
September, 1936	Dr. 200	7,305	448	Nil	7,553
October, 1935	Dr. 600	2,425	854	Nil	2,679
October, 1936	Dr. 150	19,772	4,404	Nil	24,026
(New Basis)					
August, 1935	Dr. 200	9,520	2,105	Nil	11,425
August, 1936	Dr. 150	12,887	4,779	Nil	17,516
September, 1935	Dr. 200	6,582	4,749	Nil	11,131
September, 1936	Dr. 200	10,379	5,382	138	15,699
October, 1935	Dr. 600	7,345	2,355	Nil	9,100
October, 1936	Dr. 150	37,849	4,633	Nil	42,332

Activity has not only been greater, but also more general in character. Corporation issues, despite their waning reception recently, account for over £10,650,000 of the October total. Other issues covered a wide variety of industry, the emphasis being laid less heavily on a real or alleged connection with defence. An interesting sign of the hope of good things still to come was the Philip Hill and Partners issue and a number of small placings by investment trusts. But the Morris placing is destined to become a classic instance of the physical stamina of the "House."

Actuaries' Investment Index.—The further progress recorded in the Actuaries' Index of 178 industrial equities mainly reflects the movements at the end of the previous week, rather than any determined advance this week. The index stands at 91.3, compared with 90.7 a week ago, and 90.2 a month ago (December 31, 1928=100). The corresponding yield figures are 3.52, 3.54 and 3.58 per cent. respectively. The movements of selected groups are illustrated below:—

Group (and No. of Securities)	Prices (Dec. 31, 1928 = 100)			Yield (%)		
	Month Ago (Oct. 13)	Week Ago (Nov. 3)	This Week (Nov. 10)	Month Ago (Oct. 13)	Week Ago (Nov. 3)	This Week (Nov. 10)
Building Materials (5)	107.0	105.1	106.0	4.67	4.75	4.74
Coal (7)	112.7	114.7	118.5	3.21	3.07	3.04
Electric Light and Power (16)	135.1	134.2	133.3	3.78	3.80	3.83
Motors (5)	59.9	62.1	62.8	3.94	3.86	3.81
Electric Supplies (10)	150.5	158.5	160.0	3.61	3.49	3.46
Home Rails (4)	83.9	82.5	85.5	1.28	1.31	1.29
Breweries and Distilleries (21)	156.6	154.7	160.2	3.76	3.82	3.70

"Wet stocks," to use a convenient Americanism, have been active on good reports from the brewery trade, and a marked rise has been recorded in Distillers units. Home Rails have made renewed progress (the index of

course, is calculated on prices before the traffics are available) and a further rise in coal shares puts them nearly 6 points higher than a month ago, and 27 points higher than the opening level this year.

Mexican Eagle Strike Settlement.—On the afternoon of Friday, October 16th, a sharp fall occurred in Mexican Eagle shares, on rumours of labour troubles, but inquiry at the offices of the London financial agents of the company revealed that no information had been received, and that no statement was being issued. An agency message followed almost immediately, however, confirming the rumour. A week later the market was afflicted by unofficial report and counter-report that the strike had been settled, and considerable fluctuation resulted in the shares, in conditions ideally suited for bear operations. Then the production figures told the story of a 21 per cent. fall for the week ending October 17th, and a further drop occurred in the shares owing to the absence of official news regarding the position. November opened with continued official silence, but towards the end of last week a sudden burst of speculative buying occurred, despite the large open position which was revealed at the end-October carry-over. On Friday, November 6th, an agency message announced that the strike had been settled, and the shares rose by 1s. 7½d. This news became generally known on Saturday, but last Monday morning the London financial agents announced that reports of a settlement were incorrect, and difficult dealing conditions inevitably resulted. In the evening, however, an official statement was issued, after the strike had been in operation for four weeks, to announce its settlement—representing, in fact, the only positive official news on the situation. It will be recalled that when the Amatlan case was proceeding twenty months ago, the shareholders gave an impressive demonstration in support of the company's attitude regarding the Mexican claims. Investors may feel that the release of adequate official information, on this occasion, might have been a graceful return for past favours—for it would at least have obviated erratic movements in a market at the mercy of rumour.

Burma Corporation.—Considerable realisation of Burma Corporation shares ensued after the chairman's announcement at the last annual meeting on the development position and on the capital repayment of one rupee per share. The outlook has been materially improved by the recent recovery in base metals; but the manager observes that analysis of the ore reserves statement must take account of the information given by the chairman last December. The estimate of 3,914,280 tons reserves at June 30th last shows a decrease of 51,000 tons, but average values, except in the case of copper, are somewhat higher. At last year's rate of exhaustion the tonnage represents about eight years' supply. The latest results were favourably affected by the rise in base metal prices, and the Corporation was once more able to dispose of lead stocks in addition to current production. Revenues were adversely affected by the fall in silver resulting from the pricking of the American bubble, and the average price for the second half of the year was barely 20d. per ounce, against nearly 29d. during the first six months. The conjunction of favourable factors with the expanded scale of operations has produced a £273,000 increase in net profit, as the following table shows:—

	1933-34	1934-35	1935-36
Ore mined	449,550	445,290	468,900
Yield, refined lead	70,560	70,560	70,560
Yield, fine silver	5,892,050	5,775,913	5,847,000
Working profit	522,760	710,590	1,078,250
Sundry revenue	42,230	46,740	38,040
Depreciation, etc.	114,510	89,370	75,450
Taxes and duty	117,700	155,740	255,370
Net profit	332,780	512,220	785,460
Per cent. earned	3.3	5.0	8.6
Per cent. paid (free of Indian and British tax)	3.1	4.7	8.3
Reserve funds	149,390	179,390	179,390
Carried forward	16,970	23,110	46,890

The dividend disbursements totalled £761,670, against £476,070; and as the capital has been reduced by repayment, the percentage works out at 8½, as against 4½. Two dividends, totalling 12 annas, were paid, as against 7½ annas for the preceding year. No further addition is made to the reserve fund, but a somewhat increased balance is retained. Investments have been further reduced to just under £30,000, while cash amounts to £712,270 against £1,127,850 owing to the capital return. The results of exploration show that no improvement has occurred in the position at depth on the main ore bodies, but fairly encouraging results are reported in the upper levels and some subsidiary ore bodies. On the basis of last year's dividends, the 9 rupee shares yield about 7½ per cent. free of British and Indian income taxes.

Pahang Consolidated.—Although the directors of this company have consistently criticised the tin restriction scheme, it has inevitably benefited other Malayan producers during the latest year. This, however, is not an argument either pro or con restriction. Last year a substantially increased quantity of ore was treated of slightly lower grade; and, thanks to the increased quota, the company produced 2,300 tons of metal, against 1,640 tons for the previous year, which was sold at a somewhat reduced average price. The accounts receive a windfall arising from the realisation of 404 tons of metallic tin, representing the final Buffer Pool distribution, the cost of which had been borne in preceding years. Net profits were accordingly increased from £76,540 to £173,600, covering a 40 per cent. payment on the ordinary and 15 per cent. on the preference shares, compared with 15 per cent. and 12 per cent. respectively for the previous year. The preference shares thus received their full participating rights. The cash position is good, and development has slightly increased the ore reserves. On the basis of last year's dividend the ordinary shares, even at their recently enhanced price, yield approximately 8 per cent. In view of the further increase in the production quota this yield is undoubtedly satisfactory.

Lake View and Star.—Although the profits for the year ended June 30 last actually exceeded those of 1933-34, shareholders received only 52½ per cent., against 57½ per cent. This apparent anomaly arises from the changed treatment of mine development. In the previous year only £9,630 was charged against revenue, and £62,950 was debited to special development. Last year the charges were £39,120 and £26,980 respectively. The improvement shown in profits—£478,410 against £380,930—was principally due to the absence of serious interruption to operations, which adversely affected the 1935 results. Moreover, earnings were increased by the successful re-treatment of tailings on the Associated property, and the cost ratio showed some reduction. By the inclusion of low-grade material, the ore reserves have been increased to 3,197,200 tons, but the value is 1.83s. lower. Mr John A. Agnew, at Thursday's meeting, emphasised that both average grade and tonnage were conservatively estimated, and that reserves could be kept five years ahead of milling operations.

Other Company Results.—An analysis of the reports of 43 other companies appears on page 339. The upward trend in brewery profits is reflected in the rise in *Bristol United Breweries* profits from £89,933 to £93,543. *Brown Bayley's Steel Works*, whose profits, at £123,542, are more than doubled, has thus been able to pay off preference dividend arrears to July 31, 1935. The full report of *John I. Thornycroft* points out that the repair and maintenance of the "Queen Mary" has been entrusted to that firm. Although the dividend is maintained at 7½ per cent., *Enfield Cycle* profits have fallen slightly, from £18,922 to £18,095. *Fairfield Shipbuilding and Engineering* report a substantial increase of 13½ per cent. in profits, to £51,244. *Short Brothers (Rochester and Bedford)* have raised their dividend by 10 per cent. to 30 per cent., though profits of £75,971

have increased at a smaller rate. Although the *Joshua Hoyle* report refers to continued trading difficulties, recent progress has converted a small loss into a profit of £17,318, which has been applied towards the £20,000 depreciation provision. *Lewis Berger* profits show the moderate increase of £5,736, the latest net earnings being £147,127. The dividend is increased from 15 to 16 per cent. Although *Imperial Smelting* profits rose from £145,428 to £159,836, the report emphasises that the higher profits are not commensurate with increased operations, owing to heavier administration costs and depreciation. *Hawker Siddeley Aircraft* has declared a 30 per cent. dividend for the initial trading period, with a 10 per cent. scrip bonus. *Dennis Brothers* have declared a final dividend, making 166½ per cent. for the year, compared with 150 per cent. for the previous year. The *Unilever* interim dividend is maintained at the sterling value of 30 Dutch cents, or 8d. per £1 stock. *Tate and Lyle* have declared a final dividend of 14 per cent., making 18½ per cent. for the year.

Company Meetings of the Week.—On later pages of this issue will be found the reports of the following company meetings:—Central Argentine Railway, Argentine Great Western Railway, Central Uruguay Railway Company of Montevideo, Manila Railway (1906), Bengal Nagpur Railway, Imperial Airways, Parnall Aircraft, London Maritime Investment, Phoenix Investment, Chung-loon Rubber Estates (1932), Bukit Kajang Rubber Estates, Birmingham Small Arms, Lake View and Star, and Consolidated Tin Mines of Burma. At the Imperial Airways meeting, Sir George Beharrell explained the nature of the company's progress, both in volume of traffic and in type of craft. He also discussed some details of the Government scheme for carrying the whole of the letter mail within the Empire by air, giving examples of the intended schedules. Viscount St. Davids, at the Argentine Great

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CAPITAL PAID UP	£2,500,000
RESERVE FUND	£2,500,000
CAPITAL UNCALLED	£7,500,000
	£12,500,000

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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 1936				Prices, Jan. 1 to Nov. 11, 1936				Name of Security	Price, Nov. 4, 1936	Price, Nov. 11, 1936	Rise or Fall	Yield Nov. 11, 1936	Prices, Year 1936				Prices, Jan. 1 to Nov. 11, 1936				Name of Security	Price, Nov. 4, 1936	Price, Nov. 11, 1936	Rise or Fall	Yield Nov. 11, 1936
High	Low	High	Low	High	Low	High	Low						(a)	(b)	(c)	(a)	(b)	(c)							
94 1/2	80 1/2	87 1/2	83 1/2	British Funds				Consols 2 1/2%	85 1/2	85 1/2	...	2 18 3	45 1/2	35 1/2	5 1/2	5 1/2	Bank of N. Zealand £1	38/9	40/-	+1/3	4 0 0				
118 1/2	109 1/2	116 1/2	113 1/2	Do. 4% Red. at par on or after Feb. 1937 (m)				116	116	...	2 18 6	38 1/2	37 1/2	6 1/2	6 1/2	Bank of England Stk.	380	380	...	3 3 2					
103 1/2	97 1/2	102 1/2	100 1/2	Convers. 2 1/2% 1944-49				101 1/2	101 1/2	...	2 18 6	48 1/2	48 1/2	6 1/2	6 1/2	Barclay B. (£1)	79/6	80/-	+6d	3 3 3					
107 1/2	100 1/2	105 1/2	103 1/2	Do. 3%, 1948-53				104 1/2	104 1/2	...	2 18 6	48 1/2	48 1/2	6 1/2	6 1/2	Barcl. (Dom. &c.) A £1	48/-	48/6	+6d	2 3 0					
112 1/2	100 1/2	108 1/2	104 1/2	Do. 3 1/2% after 1961 (s)				108	108	...	2 18 6	48 1/2	48 1/2	6 1/2	6 1/2	Bk. of Australasia (£5)	42 1/2	43x	+	3 17 0					
114 1/2	102 1/2	110 1/2	106 1/2	Do. 4 1/2% 1944-44				110	110	...	2 18 6	48 1/2	48 1/2	6 1/2	6 1/2	Bk. of Montreal (£100)	27 1/2	27 1/2	...	2 16 6					
124 1/2	112 1/2	121 1/2	117 1/2	Do. 5% 1944-64				118	117 1/2	-1/2	2 18 6	48 1/2	48 1/2	6 1/2	6 1/2	Bk. of N.S. Wales (£20)	27 1/2	27 1/2	...	2 16 6					
106 1/2	98 1/2	104 1/2	101 1/2	Funding 2 1/2% 1956-61				93 1/2	93 1/2	...	2 16 6	101/-	78 1/2	6 1/2	6 1/2	British Overseas A £5	97/6	97/6	...	6 12 0					
112 1/2	111 1/2	114 1/2	113 1/2	Funding 3% 1959-69				102 1/2	102 1/2	...	2 18 6	15 1/2	12 1/2	7 1/2	7 1/2	Chtd. of India (£5)	15 1/2	15 1/2	...	4 10 0					
110 1/2	110 1/2	117 1/2	113 1/2	Funding 4 1/2% 1960-90				117 1/2	118	...	2 18 6	16 1/2	13 1/2	8 1/2	8 1/2	Comel. Bk. of Aus. 10/-	15 1/2	15 1/2	...	4 0 0					
114 1/2	110 1/2	118 1/2	114 1/2	Victory Bonds 4 1/2%				116	116	...	2 18 6	98 1/2	82 1/2	12 1/2	12 1/2	Dist. of A. £5, £1 pd.	91/3	92/6	+1/3	3 12 0					
114 1/2	110 1/2	118 1/2	114 1/2	War L. 3 1/2% after 1952 (p)				106 1/2	106 1/2	...	2 18 6	98 1/2	82 1/2	12 1/2	12 1/2	Do. B £1 fully pd.	97/6	97/6	...	3 1 0					
104 1/2	100 1/2	103 1/2	101 1/2	Local Loans 3%				98	98	...	2 18 6	11 1/2	10 1/2	18 1/2	18 1/2	Eng. Scot. & Aust. £5 3/4 pd.	97/6	97/6	...	3 1 0					
86 1/2	76 1/2	83 1/2	80 1/2	Austria 3% 1933-53				102 1/2	102 1/2	...	2 16 9	110 1/2	95 1/2	3 1/2	3 1/2	Hambros £10, £24 pd.	111 1/2	111 1/2	...	3 18 0					
95 1/2	76 1/2	89 1/2	83 1/2	India 2 1/2%				74 1/2	74 1/2	...	2 16 9	64 1/2	61 1/2	6 1/2	6 1/2	Hong, & S. (£125)	105 1/2	106 1/2	...	3 3 3					
100 1/2	90 1/2	100 1/2	96 1/2	Do. 3%				88	88	...	2 18 6	98 1/2	91 1/2	7 1/2	7 1/2	Lloyds £5, with £1 pd.	63/6	64/6	+1/-	3 14 0					
119 1/2	112 1/2	120 1/2	116 1/2	Do. 3 1/2%				99 1/2	99 1/2	...	2 18 6	98 1/2	91 1/2	7 1/2	7 1/2	Martins £20, £24 pd.	91 1/2	91 1/2	...	3 15 0					
108 1/2	105 1/2	107 1/2	104 1/2	Do. 4 1/2%				118 1/2	118 1/2	...	2 18 6	44 1/2	39 1/2	5 1/2	5 1/2	Nat. of Egypt £10	95 1/2	95 1/2	...	3 7 0					
113 1/2	106 1/2	113 1/2	109 1/2	U.K. & Arg. 4 1/2% (1947)				104	104	...	2 18 6	47 1/2	42 1/2	5 1/2	5 1/2	Nat. of India £25, £124 pd.	40 1/2	41 1/2	+1	3 12 0					
108 1/2	100 1/2	106 1/2	102 1/2	Dom. & Colonial Govts.				113	113	...	2 18 6	16 1/2	15 1/2	7 1/2	7 1/2	Nat. Prov. £20, £4 pd.	15 1/2	15 1/2	...	3 12 6					
119 1/2	112 1/2	118 1/2	114 1/2	Australia 5% 1945-75				105	105	...	2 18 6	50 1/2	46 1/2	8 1/2	8 1/2	Royal Bk. of Scotland	499	500	+1	3 9 0					
121 1/2	116 1/2	120 1/2	117 1/2	Canada 4% 1940-60				105	105	...	2 18 6	16 1/2	15 1/2	7 1/2	7 1/2	St. of S. Afr. £20, £5 pd.	15 1/2	15 1/2	...	3 15 0					
115 1/2	110 1/2	114 1/2	111 1/2	Gold Coast 4 1/2% 1950-...				118	118	...	2 18 6	99 1/2	90 1/2	9 1/2	9 1/2	Westminster £4, £1 pd.	98 1/2	99 1/2	+1/-	3 13 0					
116 1/2	110 1/2	114 1/2	111 1/2	Nigeria 5% 1950-60				119	119	...	2 18 6	58 1/2	58 1/2	10 1/2	10 1/2	Discount Cos.	93/9	93/9	...	4 1 0					
118 1/2	110 1/2	114 1/2	111 1/2	Queensland 5% 1940-60				107	107	...	2 18 6	6 1/2	6 1/2	5 1/2	5 1/2	Alexanders £2, £1 pd.	68 1/2	68 1/2	...	3 17 0					
118 1/2	110 1/2	114 1/2	111 1/2	S. Africa 5% 1945-75				117	117	...	2 18 6	58 1/2	52 1/2	12 1/2	12 1/2	National A £24 fully pd.	16 1/2	16 1/2	...	3 19 3					
101 1/2	98 1/2	103 1/2	99 1/2	Foreign Governments				102	102	...	2 18 6	32 1/2	30 1/2	2 1/2	2 1/2	Union £1 of stock	53 1/2	53 1/2	...	3 10 0					
101 1/2	98 1/2	103 1/2	99 1/2	Argentina 4% Resc. 1952				102	102	...	2 18 6	32 1/2	30 1/2	2 1/2	2 1/2	Alliance £1, fully pd.	32	32	...	2 17 6					
101 1/2	98 1/2	103 1/2	99 1/2	Austria 7% 1957				97	97	...	2 18 6	16 1/2	14 1/2	2 1/2	2 1/2	Com. 10/-, £1 pd.	15 1/2	15 1/2	...	2 12 3					
101 1/2	98 1/2	103 1/2	99 1/2	Do. 4 1/2% 1954-59				98	98	...	2 18 6	10 1/2	9 1/2	1 1/2	1 1/2	Com. 10/-, £1 pd.	15 1/2	15 1/2	...	2 12 3					
63 1/2	51 1/2	57 1/2	53 1/2	B. Aires (Prov.) 3 1/2%				70	70	...	2 18 6	28 1/2	26 1/2	2 1/2	2 1/2	Eng. Accident £5, £12 pd.	28 1/2	28 1/2	...	2 17 0					
20 1/2	14 1/2	22 1/2	14 1/2	Belgian 4%, red by 1970				98 1/2	98 1/2	...	2 18 6	34 1/2	34 1/2	25 1/2	25 1/2	Lon. & Lanc. £5, £2 pd.	35 1/2	35 1/2	...	2 16 4					
84 1/2	78 1/2	86 1/2	82 1/2	Bulgaria 7 1/2% Loan				22 1/2	21 1/2	-1	11 4 0	38 1/2	34 1/2	4 1/2	4 1/2	N. Brit. & Mer. £1 1/2, fy. pd.	14 1/2	14 1/2	...	2 4 0					
24 1/2	20 1/2	26 1/2	22 1/2	Brazil 5% Fund. 1914				72 1/2	72 1/2	...	2 18 6	22 1/2	22 1/2	3 1/2	3 1/2	Northern £10, £1 pd.	20 1/2	20 1/2	...	3 17 6					
84 1/2	78 1/2	86 1/2	82 1/2	Chili 6% (1929)				19	19	...	2 18 6	26 1/2	26 1/2	15 1/2	15 1/2	Phenix £1, fully pd.	22 1/2	22 1/2	...	2 3 0					
91 1/2	71 1/2	84 1/2	66 1/2	China 5% (1912)				92	92	...	2 18 6	18 1/2	15 1/2	3 1/2	3 1/2	Do. £1, with 4s. paid	112 1/2	112 1/2	+1/3	1 10 0					
101 1/2	94 1/2	99 1/2	95 1/2	Do. 5% (1913)				92	92	...	2 18 6	18 1/2	15 1/2	3 1/2	3 1/2	Royal Exchange (£1)	11 1/2	11 1/2	...	2 14 6					
113 1/2	99 1/2	112 1/2	95 1/2	Czechoslovakia 8%				100 1/2	99 1/2	-1	8 1 0	34 1/2	34 1/2	19 1/2	19 1/2	Royal £1, 10/- pd.	9 1/2	9 1/2	...	3 7 0					
103 1/2	93 1/2	100 1/2	90 1/2	Danish 3%				100	100	...	2 18 6	12 1/2	10 1/2	2 1/2	2 1/2	S. Afr. £1, fully pd.	5 1/2	5 1/2	...	3 8 6					
89 1/2	48 1/2	70 1/2	57 1/2	Danzig 6 1/2%				64 1/2	64 1/2	...	2 18 6	11 1/2	10 1/2	1 1/2	1 1/2	Sun Insur. £1 with 5/- pd.	7 1/2	7 1/2	...	2 18 0					
100 1/2	98 1/2	106 1/2	102 1/2	Egypt 6 1/2%				102 1/2	103 1/2	+	3 17 9	5 1/2	5 1/2	3 1/2	3 1/2	Sun Life Assur., £1, pd.	8 1/2	8 1/2	...	2 18 0					
80 1/2	22 1/2	25 1/2	18 1/2	French 4% (British)				44	44	...	2 18 6	21 1/2	18 1/2	3 1/2	3 1/2	Yorkshire £1, fully pd.	19 1/2	20	+2	2 7 6					
78 1/2	56 1/2	68 1/2	46 1/2	German 7% Dawes Plan				62	62	...	2 18 6	15 1/2	14 1/2	1 1/2	1 1/2	Investment Trusts	275	285	+10	3 17 2					
87 1/2	26 1/2	40 1/2	29 1/2	Do. 5 1/2% (Young Plan)				44	44	...	2 18 6	21 1/2	18 1/2	3 1/2	3 1/2	Anglo-Celtic (Irish, Deb.)	72 1/2	72 1/2	...	3 9 0					
45 1/2	31 1/2	45 1/2	36 1/2	Greek 6% Stab. Ln.				34	32 1/2	-1 1/2	7 11 6	80 1/2	59 1/2	2 1/2	2 1/2	Atlas Electric, etc. (£1)	8 1/2	8 1/2	...	3 9 0					
51 1/2	38 1/2	52 1/2	39 1/2	Do. 7% Refugee				41	39 1/2	-1 1/2	7 11 6	19 1/2	13 1/2	6 1/2	6 1/2	Brit. Assets Trust 5/-	18 1/2	18 1/2	...	3 10 2					
91 1/2	78 1/2	90 1/2	79 1/2	Hungary 7 1/2%				48 1/2	49 1/2	+1	7 11 6	25 1/2	25 1/2	6 1/2	6 1/2	Debature Corp. Stk.	248 1/2	251 1/2	+3	3 10 2					
97 1/2	85 1/2	97 1/2	84 1/2	Japanese 5 1/2% 1938-65				85	85	...	2 18 6	19 1/2	13 1/2	6 1/2	6 1/2	For. Amer. etc., Def.	82 1/2	85 1/2	+3	3 10 2					
101 1/2	84 1/2	94 1/2	80 1/2	Do. 6% (1924) red 1959				80	80	...	2 18 6	9 1/2	8 1/2	1 1/2	1 1/2	Guardian Investment	151 1/2	151 1/2	...	3 19 2					
78 1/2	56 1/2	68 1/2	46 1/2	Norwegian 4% 1911				110	115	+5	3 9 7	9 1/2	8 1/2	1 1/2	1 1/2	Indus. and Gen. Ord.	290	293	+3	3 11 8					
100 1/2	87 1/2	93 1/2	80 1/2	Peru 7 1/2% 1922				52 1/2	52 1/2	...	2 18 6	25 1/2	24 1/2	1 1/2	1 1/2	Invest. Trust Def.	319	319	...	3 15 3					
16 1/2	7 1/2	14 1/2	8 1/2	Poland 7%				72 1/2	72 1/2	...	2 18 6	9 1/2	8 1/2	1 1/2	1 1/2	Lake View Invest.	20 1/2	20 1/2	...	3 19 0					
144 1/2	106 1/2	160 1/2	110 1/2	Roumania 4% Con. 1922				13	14 1/2	+1 1/2	2 18 6	5 1													

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ECONOMIC RECOVERY IN AUSTRIA

Fourth Consecutive Year of Monetary Stability

IMPARTIAL observers of Austria's economic and financial development during 1936 may register two important events which happened at the end of September, 1936; both events are to be interpreted as unmistakable symptoms of the remarkable improvement and consolidation of Austria's economic and financial position during the period under review. On September 25th the appointments of the representative of the League of Nations in Austria and of the Adviser to the National Bank were terminated. A few days after this resolution of the Council of the League of Nations the movement of monetary devaluation started in a number of European States, including three neighbours of Austria—Switzerland, Italy and Czechoslovakia. Without any hesitation the Austrian financial authorities emphatically declared that the Austrian schilling will not be devalued.

The reconstruction work achieved in Austria during the five years' period 1931-1936—following the collapse of the Creditanstalt—may be summarised as the *threefold consolidation of the treasury, the banks and the currency.*

The Budgetary Position

The following table compares the budgetary position and the Estimate for the financial years 1935-37 (in millions of schillings).

	1935	1936	1937
	Closed	Esti-	Finance
	Accounts	mates	Bills
Ordinary budget :			
Expenditure	1,948.50	1,973.75	1,980.23
Revenue	1,894.70	1,947.11	1,940.00
Deficit	53.80	26.64	40.23
Capital expenditure	102.99	35.97	17.49
Combined deficit	156.79	62.61	57.72

The fiscal year 1936 was not burdened with any arrears of uncovered expenditure for 1935, as the greater portion of the deficit resulting from 1935 (127.7 millions) was met out of the proceeds of Government loans floated in and before 1935. No Government loan was floated in 1936 and short-term Government borrowing through the issue of Treasury bonds was kept within normal limits.

Maintenance of Monetary Stability

The stability of the Austrian schilling was easily maintained during the period under review; this is the fourth consecutive year of the monetary stability in Austria.

There was perhaps only one critical moment in 1936 when the monetary basis was exposed to the danger of being shaken; but owing to the intrinsic strength of the position of the National Bank nothing of this sort happened. This critical period was at the end of March, 1936, when the big Austrian Phoenix Life Insurance concern became insolvent. The Government, however, managed to avert any danger of panic and any adverse reaction on the monetary and financial position of the country.

Reorganisation of Phoenix Life Business in Austria

The Phoenix Life insurance business transacted in Austria was reorganised and placed on quite a new sound financial basis. With the co-operation of the other Austrian insurance concerns and with comparatively small sacrifices on the part of the insured public the reconstruction of the Phoenix life business

in Austria was entrusted to a newly founded company. No Government funds were spent on the reconstruction, while new legislation was enacted with a view to placing life insurance business in Austria under stricter control and on a financially more reliable basis.

Position of the National Bank of Austria

The National Bank of Austria maintained the bank rate at the low level of 3½ per cent. (to which it was reduced in July, 1935) all over the year. The position of the bank was very strong during the period under review and may be summarised in the appended table (in millions of schillings).

	Oct. 15, 1935	Dec. 31, 1935	June 30, 1936	Oct. 15, 1936
Notes and deposits	1,219	1,192	1,171	1,170
Cash reserve	378	355	330	359
Bills discounted	230	225	220	213

The cash reserve includes 242 millions of gold (a figure which has practically remained unchanged for the past two years or so). The balance of the cash reserve consists of foreign exchange. It is interesting to note that there was an increase in the foreign exchange holdings since the beginning of the current year by some four million schillings, notwithstanding the fact that the National Bank has paid foreign exchange equivalent to 39 million schillings early this year in final settlement of the "live claims" of the Creditanstalt's foreign creditors.

Factors Responsible for Austria's Rapid Recovery

There is a number of items which are responsible for the rapid recovery of Austria. One of these items is the *foreign tourist traffic*. The revenue derived from this source of foreign capital influx is estimated at some 300 million schillings (over £11,000,000) for 1936; this sum will probably fully meet the deficit of the foreign trade balance, which was 311 millions in 1935 and 296 millions in 1934.

Cheap prices for the accommodation of foreign tourists, reduced railway tickets for foreigners who intend to stay in Austria at least one week, coupled with an up-to-date supply of all facilities for foreigners have attracted an ever-increasing number of tourists from abroad. Austria is proud of the fact that His Majesty King Edward VIII, has spent a week in Vienna and its environs in September, 1936. The Salzburg Musical Festivities, which were first held in 1920 and since have been repeated in August of every year, have raised the lovely town of Salzburg to the rank of a gateway for all foreign tourists visiting Austria and Central and South Eastern Europe. The Grossglockner Alpine Road, which was opened for traffic in August, 1935, has enormously increased the number of motor car tourists in Austria. Vienna has regained its former prominent role as a favourite place for the holding of international congresses, while the lovers of mountaineering were abundant in Tyrol and Carinthia.

Complete Political and Social Order

Austria's economic rehabilitation chiefly through self-help would have been impossible but for the complete political and social order which reigned all over the period under review. The new constitution, which was proclaimed on May 1, 1934, is gradually getting a solid footing in the whole life of the nation as the social and economic corporations, on which the constitution is based, are built up.

COMPANY MEETINGS, &c.

LONDON MARITIME INVESTMENT COMPANY, LIMITED

SATISFACTORY POSITION

The thirty-ninth annual ordinary general meeting of this company was held, on the 10th instant, at Winchester House, London, Sir F. Vernon Thomson, K.B.E. (chairman and managing director) presiding.

The secretary (Mr O. A. Hall), having read the notice convening the meeting and the auditors' report,

The Chairman, in the course of his speech, said: The net profit for the year was £34,244. With the £9,140 brought forward there was thus available £43,384. After payment of the dividend upon the £500,000 5 per cent. cumulative preference stock, the directors recommend the payment of a dividend upon the £500,000 ordinary stock of 4 per cent., less income tax, for the year, carrying forward the balance of £8,916.

The accounts show in clear form the position of the company and, read in conjunction with the report will, I imagine, be regarded as satisfactory.

As stated by me at previous annual meetings during the last five years, this company had investments in the "Royal Mail group," which showed a large depreciation. Fortunately, this depreciation was balanced by appreciation upon other investments of the company, so making it possible for the book value of the investments, taken as a whole, to be stated in the balance sheet at a figure which, in the aggregate, was less than their market value. Owing to the approach of the final liquidation of the "Royal Mail group," the depreciation will shortly become an ascertained loss, and the directors have therefore applied the reserve fund of £250,000 to writing off this loss.

The investments of the company now stand in the balance sheet at £845,180, but, according to a valuation made by the directors as at September 30, 1936, their market value was £1,113,548. It will thus be seen that the financial position of the company continues satisfactory.

BOARD'S POLICY

The adjustment of the balance sheet now effected was a serious problem and one which caused anxious consideration to the directors. It could easily have been handled if this company were what is termed a finance company. Finance companies have each year to value their assets and, if the capital is not fully represented by the value of such assets, it would not be in order to pay a dividend even although one had been earned. In our case the problem was more difficult because the company is what is known as an investment trust company, which may distribute in dividend whatever income it has received, without necessarily having regard to the value of its capital assets. Directly some of these large investments became worthless, their book value had to be dealt with. One method of meeting the situation would have been to have sold good investments of the company sufficient to secure a realised profit to meet the ascertained loss. This course was considered by the directors, but they came to the conclusion that it would be very difficult to acquire new investments as good as those the company would have to sell, showing an equal return. Another method would have been to write up the book value of the good investments to the extent of the ascertained loss. Had this course been adopted, the enhanced figures even then would have been less than the aggregate market value of the investments. All things considered, however, the directors deem the plan now adopted as more in keeping with the actual facts.

Stockholders must not forget that the present board are in no way responsible for the losses which have been dealt with, as these investments were made under the old regime. Having said this, I think it fair also to state that credit for the appreciation upon the most valuable of the other investments is also due to the old regime.

ENCOURAGING SHIPPING OUTLOOK

The general shipping situation has markedly improved since our last meeting, especially within the last six months, and, although I have been closely identified with the two committees established under the British Shipping Assistance Act, I feel bound to say that the temporary subsidy granted by the Government, and the terms upon which it was granted, have been largely instrumental in restoring the position of British cargo shipping. The outlook is more hopeful. There is, however, no boom, nor even the sign

of a boom, in cargo shipping at present, and it should be borne in mind that as it was impossible for British shipowners upon the freights current during the last six years of world trade depression to provide adequate depreciation for the renewal of their tonnage, there is much leeway to be made up.

Prosperity can only return permanently to shipping with the restoration of international trade, upon which the industry depends.

As this company holds a substantial interest in shipping, it may be not inopportune to welcome the recent agreement between the U.S.A., France and Britain as to currency adjustment, as a useful step towards the restoration of international trade. The volume of world trade is still being restricted by trade barriers and extreme economic nationalism. A gradual relaxation of trade barriers would speedily expand world markets and not only benefit British overseas trade and shipping, but reduce unemployment and promote the general prosperity.

The report and accounts were unanimously adopted.

MANILA RAILWAY COMPANY (1906), LIMITED

SUCCESS OF THE SCHEME

The twenty-ninth annual general meeting of the Manila Railway Company (1906), Limited, was held, on the 9th instant, at Shell-Mex House, London.

Lieutenant-Colonel C. A. Reid Scott, D.S.O. (the chairman), said that the surplus in the revenue account was £38,722, and the directors recommended a dividend at the rate of 3 per cent., less tax, on the preference capital, and an additional dividend in respect of the year ended June 30, 1935, at the rate of 1 per cent., less tax, on the preference capital. The scheme of arrangement had proved a great success and a benefit to all concerned was self-evident from the accounts. It had lightened the burden of the Railroad Company, as it had also lightened that of this company, and the big loss shown in the former's accounts for the past year should show a considerable improvement next year in so far as charges for interest were concerned. They had a long way to go, and their future was still bound up with the fortunes of the Railroad Company and a successful liquidation of their large remaining investment in that company.

A comparison of the position to-day with that existing before the scheme showed that they had realised all that they had then told the shareholders as far as matters under their own control were concerned. He felt that the scheme had fully justified the support which the shareholders had given to it.

Very happy relations existed between them and the railroad company, due very largely to the personal contacts of visits by Mr T. Morris Priestley, the managing director. Mr Priestley would visit the railroad again next year in connection with an extension of the railroad system. The railroad company was to be congratulated on having redeemed such a large amount of bonds upon satisfactory terms.

With regard to the Railroad Company's prospects for the ensuing year 1936, the management in their annual report stated that it might safely be anticipated that from a financial standpoint the operations of the company during 1936 would be considerably more favourable than during the past two years.

After an amendment for the rejection of the accounts had been defeated on a poll by 287,813 votes to 33,050 votes, the report and accounts were adopted.

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IMPERIAL AIRWAYS, LIMITED**SUBSTANTIAL INCREASE IN TRAFFICS**

The twelfth ordinary general meeting of Imperial Airways, limited, was held, on the 10th instant, at the Hotel Victoria, London.

The Right Hon. Sir Eric Geddes, G.C.B., C.B.E., K.C.B. (the chairman), was prevented by doctor's orders from attending, but his speech, which was read by Sir George Beharrell, who presided in his absence, stated that the balance of profit for the year was £140,705 and that the directors recommended a dividend of 6 per cent. plus a bonus of 2 per cent., both less tax.

The volume of traffic carried showed a substantial increase over that of the previous year. The majority of that increase was due to the rapid growth in Empire air mails, which had risen 78 per cent. in the year. On the Empire routes as a whole, the company flew over 90 per cent. more miles than the minimum necessary to earn their subsidy.

Notwithstanding greatly increased competition on European routes, they carried over 11 per cent. more passengers than in the previous year. Sir Philip Sassoon, the Under-Secretary for Air, stated in the House of Commons in May that the company carried across the Channel in and out of Croydon a greater number of passengers than all their Continental competitors combined.

PROGRESS OF THE COMPANY

During the year the company and its subsidiary and associated companies flew over 6,500,000 miles, and during the current year that figure would probably reach 8,000,000 miles, or an average of over 20,000 miles a day.

The company had always been pioneers in the use of large multi-engined aircraft, and the new Empire flying-boats, called the Canopus or C class, and the corresponding land 'plane type called the Ensign or E class, now under construction, had, like the Hannibal and Scipio classes, been conceived in their main features within the company. From the company's specification, aircraft were now being produced which, they were convinced, were ahead of anything in their class in the world and which were already making history for British civil aviation.

Last year he spoke of new aircraft that they had ordered for the extended Empire services. They had, in fact, ordered 28 of the Empire-type flying-boats and 12 land aircraft, some of which, however, would be used on European services. These represented a capital outlay of approximately £2,000,000.

NEW EMPIRE MAIL SCHEME

Last year he stated that the principal features of a long-term agreement had been agreed with the Government. This agreement had for its foundation the execution of the Government's policy to carry the whole of the letter mail within the Empire by air. The *ipsissima verba* of the agreement had not yet been settled, but the Government and the company were both proceeding with the work that had to be done to put the scheme into effect.

It had been stated in Parliament that it was aimed to achieve a 2½-day schedule to India and to East Africa, and a 4½-day to South Africa and to Singapore, and a 6-7-day schedule to Australia. When the new scheme was in full operation on the Eastern route there would be five services weekly to India, three to Malaya and two to Australia, and on the Southern route three services weekly to Central Africa and two services weekly to Durban.

The first important stage would be to apply the scheme to the whole of the line from England to South Africa. More than two years had now slipped by since the Empire air mail scheme was first submitted to the Government of Australia. He was not able to say definitely that the difficulties had been overcome, but he had some reason to hope that they would be overcome.

With regard to the Atlantic service, a new operating company was to be formed in which Imperial Airways would have 51 per cent. of the capital and the remainder would be held equally by a Canadian company and an Irish Free State company. On the technical side they were about to carry out long-range flights with flying-boats of normal characteristics; they were approaching the time when they would be able to demonstrate the capabilities of the Mayo Composite Aircraft, and they had been experimenting in fuelling while flying.

To carry out these developments, particularly the Empire mail scheme and the Atlantic services, they would, before the next meeting, have to issue fresh capital, but they were unable to proceed with this until the new agreement with the Government had been finally agreed and signed. The Treasury would be consulted as to the terms of the new issue.

The report was unanimously adopted.

CHUNGLOON RUBBER ESTATE (1932) LIMITED**DIVIDEND OF 4 PER CENT.****CURRENT YEAR'S IMPROVED EARNINGS****MR E. B. RIDSDAL'S SPEECH**

The fourth ordinary general meeting of Chungloon Rubber Estate (1932), Limited, was held, on November 10, 1936, at the registered office of the company, 411-419 Salisbury House, London, E.C., Mr E. B. Ridsdal (the chairman) presiding.

The representative of the Secretaries having read the notice convening the meeting and the auditors' report,

The Chairman said:—Gentlemen, the report and accounts having been in your hands for the requisite period, with your permission I will take them as read. (Agreed.) In considering the report, you must take into account that it is for the period ended March 31st last and, therefore, does not reflect the better prices ruling since then, as in the case of those companies making up their accounts to June 30th.

During the year we harvested a crop of 217,719 lbs. of rubber, of which 172,060 lbs. were sold, realising 6.09d. per lb. net (equivalent to approximately 6½d. per lb. landed London) and the balance was low-grade rubber sold without coupons. Our working costs at 3.449d. per lb.—after taking into account the restricted crop—is very satisfactory.

As will be seen from the accounts, the profit earned, after allowing for depreciation and other charges, amounts to £1,112 12s. 8d., and the directors recommend the payment of a dividend of 4 per cent. less tax, which will absorb £1,003 18s. 11d.

SOUND FINANCIAL POSITION

Turning to the balance sheet, it will be observed that our financial position is sound. Cash in hand, War Loan, debtors and rubber stocks total £5,347 13s., and after deducting creditors, the net liquid position is £4,750 10s. 1d.

As regards the estate, the condition generally is satisfactory throughout. During the year we spent on development £337 6s. 1d., which has enabled us to deal with a portion of the work which had to be left in abeyance during the slump, and which is now almost up to date. We are also replanting 25 acres of our older areas with budded material, and this work will be taken in hand during the current year.

As over six months of the current year have already expired I would like to deal with the position for the six months to September 30th last. We have made careful estimates of the profits earned and after making the usual allowances for London expenditure, depreciation, etc., the net earnings have amounted to £1,414 12s., which is equal to nearly 6 per cent. for the six months. As the average price obtained to that date has only amounted to approximately 7d. per lb., the six months to March next will show even better results. I am pleased to tell you this, because I feel that well-managed and favourably situated rubber estates are now on a basis where investors can see a safe and lucrative return on their money. The more speculative factors in the industry appear to me to be disappearing and, taking our own estate as an example, I would like you to consider the following facts:—

The issued capital is only £25,077, which is less than £30 per planted acre; our cash position is quite ample for all present requirements; our standard production assessment for 1936 is 300.245 lbs., or about 500 lbs. per planted acre of mature rubber, whilst our potential output, when our immature area comes into bearing, will be over 400,000 lbs. per annum.

Now as far as I can judge, and with the present restricted output, we shall earn, with rubber at 8d. per lb., profits sufficient to pay dividends of 15 per cent., and each 1d. per lb. over 8d. is equal to nearly 3½ per cent. on the capital.

I am giving you this information in order that you may work out for yourselves the value of your shares, and so that those shareholders who have borne the heat and burden of the day may not overlook the future potentialities of their rubber shareholdings through the low return they have received as reflected in the last years' dividends.

QUESTION OF AMALGAMATION

There has been a good deal of talk recently about the amalgamation of estates. As I have said several times at these meetings, unless estates practically adjoining can be amalgamated, there is very little saving to be made. Take our own case; the only saving I can see is that a portion of the London expenditure, viz., directors' and secretarial fees, could be reduced. These amount to £385, and, assuming that half could be saved, there would only be a saving of £200 by amalgamation with another company. It

would, of course, be an advantage in regard to marketability of shares, and with this object in view the matter will receive our careful consideration.

Before moving the adoption of the report and accounts I would like to express, on behalf of the board and on your behalf, if I may, our thanks to all concerned in the East for the attention given to Estate affairs.

I now propose that the report and accounts for the year ended March 31, 1936, be and they are hereby approved and adopted. I will ask Mr R. de la Bere, M.P., to second this resolution, but before putting it to the meeting I shall be pleased to answer, to the best of my ability, any questions you may care to ask.

Mr R. de la Bere, M.P., seconded the resolution, and there being no questions it was put to the meeting and carried unanimously.

A dividend of 4 per cent., less tax, was declared. The retiring director (Mr W. Egerton Martin) was unanimously re-elected; and the auditors (Messrs Fitzpatrick Graham and Company) having been re-appointed, the proceedings terminated.

ARGENTINE GREAT WESTERN RAILWAY COMPANY, LIMITED**IMPROVING CONDITIONS**

The ordinary general meeting of this company was held, on the 10th instant, in London.

The Right Hon. Viscount St. Davids, chairman of the company, in the course of his speech, said:—The most important thing is, I think, that during the past year we have paid off all our arrears—three and a-half years—on our Second debenture stock, and also the holders of that stock have been paid 5 per cent. upon those arrears. The new factor is that we propose on December 1st to pay a half-year's interest on our five per cent. debenture stock.

The most salient fact in explaining the financial position is this: that during the past year the Buenos Ayres and Pacific Railway lost £985,000 upon exchange, and if they had not had that exchange loss, which it was absolutely out of their power to avert, the financial position of the system would be very, very different.

To turn to some of the details. The passenger traffic which has been falling off for some years has shown a slight improvement; the goods traffic showed a big improvement, it rose from 1,512,000 tons to 1,679,000 tons, being an increase of over 11 per cent. This goods traffic has been steadily rising during the last three years. The wine traffic is the largest since 1930, and has reached nearly 600,000 tons.

As regards prospects for the current year, the general business of the country is improving and, if the prospects of a good cereal harvest is fulfilled, the traffics of the railway are likely to be maintained at least. Sales of wine are expected to be satisfactory, and we think that the amount to be carried by the railway will not be less than last year, and should reach about 600,000 tons. The area under cultivation for fresh fruits and vegetables is still increasing.

The report and accounts were unanimously adopted.

CENTRAL URUGUAY RAILWAY COMPANY OF MONTE VIDEO, LIMITED

The ordinary general meeting of this company was held, on the 9th instant, in London.

Mr G. H. Harrison, C.M.G., M.Inst.C.E. (the chairman), who presided, said that the results of the past year's working must still be considered disappointing, although in terms of Uruguayan pesos there had been an increase in most items of traffic. When, however, the receipts and expenditure were converted into sterling, the net currency increase became a sterling decrease of £10,000, due to the fact that the rate of conversion used this year was lower than that applied in the previous period. A debit balance of £177,000 was brought forward from 1934-35, and after charging the full debenture and other fixed interests a final debit balance of £338,000 remained to be carried forward to the current year's account. It was evident that the company was far from being able to meet the arrears which had accrued under the moratorium, and which had to be liquidated before the payment of current interest could be resumed. The committee of stockholders appointed under the moratorium scheme had therefore, in the exercise of the power vested in them, extended the moratorium until September 1, 1937.

The directors were now engaged on a scheme of reconstruction which should prove equitable and clear the way for better times. They hoped to present it for the consideration of the shareholders in the new year.

The report was unanimously adopted.

CENTRAL ARGENTINE RAILWAY, LIMITED**DIVIDEND ON PREFERENCE STOCK**

The annual meeting of the Central Argentine Railway, Limited, was held, on the 12th instant, at River Plate House, London.

Mr W. K. Whigham (the chairman) said that the gross receipts showed a decrease of £250,000. As a result of drought, the earnings from wheat and linseed traffic had decreased by £588,000, those for wheat being the lowest for 18 years. Maize, however, had turned out well and the increased earnings under that heading had gone a long way towards recouping their losses in connection with wheat and linseed. They would have done much better had not the shipment of the maize crop been held up by excessively wet weather during the closing months of the financial year.

Recent developments warranted a little more optimism than had been possible for some time. As evidence of that, he would point to the large increases in traffic returns up to date for the present financial year as compared with last year. For the 19 weeks which had elapsed since the beginning of the new financial year those increases in the aggregate now stood at £370,127 at the average rate of exchange. In all the circumstances the directors had felt themselves justified in recommending a dividend at the rate of 3½ per cent. on the 4½ per cent. preference stock, that being the first time that a dividend had been declared on that stock since 1933.

That dividend might be regarded as a good omen. It was a sign of improvement not only in their own affairs, but in the affairs of Argentina herself. The corner appeared to have been turned and credit should be given to those responsible for the control of the country's Government and finance. He believed that with good will on both sides the majority of their avoidable difficulties could be speedily removed.

A cablegram which had recently come to hand from the Chairman of the Local Committee in Buenos Aires stated that there was every indication that the improved traffic receipts recorded since July 1st this year would continue as there were now some 2,200,000 tons of grain on hand at stations and farms, for which there was a good demand, against 2,000,000 tons last year with weak demand. Passenger traffic showed improved results and in general the outlook was satisfactory.

The report was adopted.

PHOENIX INVESTMENT TRUST, LIMITED**IMPROVED POSITION**

The twenty-second ordinary general meeting of the Phoenix Investment Trust, Limited, was held, on the 12th instant, at 25-31 Moorgate, London.

Mr Norman Holden (the chairman) presided, and in the course of his speech said:—The net revenue available for appropriation comes out at £12,889, as against £13,414. It should be borne in mind that the new money raised by the issue of debentures has scarcely had time to earn its keep, as certain securities were purchased which produced little, if any, revenue during the period under review, but which your directors anticipate will give both a reasonable return and capital appreciation in the future.

Again your directors gave very serious consideration to the ordinary dividend, and although not quite earned we decided to recommend 2 per cent., which I trust will meet with your approval.

With regard to the balance sheet, which is very simple and straightforward, I feel I need only draw your attention to the value of our investments as at the closing of our accounts. They amounted to £484,086, against a book cost of £645,591, and, as stated in the report, the valuation shows a depreciation of 24.08 per cent., compared with one of 36.82 per cent. in September, 1935. I only trust that this improvement will continue.

With regard to our hopes of some repayment on our Russian holdings, the action of the British Government in pressing a £10,000,000 loan on the Soviet, without even a whispered comment about the old debt has naturally postponed any possibility of repayment until this loan is used up. The argument for this policy is that it helps exports. Certainly it does, but so did the loans made before the war, and if it is really economic to make new loans and not bother about the repayment of past ones, it will, I presume, be considered equally advantageous to make still another loan and not trouble about the present one being repaid. What is sauce for the public investor should be sauce for the Chancellor of the Exchequer and *vice versa*.

It should be noted, however, that the tendency of Russia to return to capitalism is increasing in speed, and the influence of the Old Bolshevik Guard is being reduced rapidly and indeed violently.

The report and accounts were unanimously adopted.

BIRMINGHAM SMALL ARMS COMPANY, LIMITED**INCREASED PROFIT AND TURNOVER**

The ordinary general meeting of the Birmingham Small Arms Company, Limited, was held, on the 10th instant, at Birmingham.

Sir Patrick J. H. Hannon, M.P. (deputy chairman), presided in the absence of Sir Alexander Roger, the chairman of the Company, and read Sir Alexander's speech, which stated that the outstanding point of interest to shareholders was the progress in recovery they had been able to achieve during the year under review. The profit for the year, amounting to £270,835, compared with £112,182 for last year. The turnover was the highest of recent years, and all the trading subsidiary companies had earned profits, a position they had not been able to report for the previous two financial years. The favourable result had enabled them to make arrangements for the conversion of their £1,576,811 6 per cent. first mortgage debenture stock to a 4 per cent. basis, and, as the issue price would be 102½ for the new stock, that would enable the premium of 2½ per cent. on the existing stock to be discharged without cost to the company. The costs of the issue would roughly amount to £34,000, but the saving in interest represented £30,000 per annum.

CARS

As to their cars, the names "Daimler" and "Lanchester" remained the hall-mark of car quality. The year under review had shown an increase in sales of the current types of cars, and the introduction of the Daimler light 20-h.p. saloon had substantially increased their turnover. The Daimler fifteen continued to be a popular model, while a fast owner-driven light straight eight had been introduced successfully. They had also recently launched the already popular 14-h.p. Lanchester roadrider. Export sales of cars were 30 per cent. up on the previous year, and the new financial year had started well with a substantial increase. With regard to B.S.A. scout cars, dealers' orders for the home market were three times greater than 12 months ago. The Company's bus orders were nearly double those of 1935. This rate of progress was being maintained. The buses, which incorporate the Daimler fluid flywheel transmission, were being used by 28 municipalities and other transport undertakings, and were widely regarded as representing the best engineering job in the bus world.

MOTOR CYCLES AND CYCLES

The sales of their motor-cycles had exceeded last year's by 12 per cent., which was a satisfactory result considering the poor weather conditions. The Company's percentage of home business had increased from 18 per cent. in 1932 to 23 per cent. in 1935-36. For pedal cycles weather conditions had again been against them, but they had achieved a record year. Their sales were 31 per cent. higher than last year, and export orders had increased by 33 per cent., and they hoped to continue that improvement.

ARMAMENTS

A year ago he told them that the position of the pure armament side of their business was deplorable and that although they had been the sole manufacturers of the Lewis gun, it had been announced in the House of Commons that the new gun known as the Bren, would be manufactured at the Royal Small Arms Factory at Enfield.

They were continuing their representations to the War Office with a view to their being, in the future, sure of sufficient work to give them a reasonable return on the large amount of capital lying virtually idle in their armament business.

A certain amount of work had been given them meantime under the Defence Programme and they might reasonably expect to receive further orders, which would undoubtedly be of great assistance to them during the next three years, but they were in a different position from that of non-armament manufacturers who were receiving work in connection with the Defence Programme.

The tool group, concerned with the manufacture and sale of machine tools and small tools, had had a successful year with a 50 per cent. increase in orders, whilst on the steel side of the group, the year had been one of continuous advancement with satisfactory results.

Speaking generally, he would say that their prospects, if no major political upheaval took place, were, for the current year, good, and in conclusion he would ask shareholders to join with him in thanking their managing director, Mr Geoffrey Burton, their various managers and the entire staff and workpeople, of whom there were over 11,000, for their strenuous and loyal service during the past year.

The report was unanimously adopted.

LAKE VIEW AND STAR, LIMITED**RECORD PROFIT****DISTRIBUTION OF 52½ PER CENT.**

The twenty-sixth ordinary general meeting of Lake View and Star, Limited, was held, on the 12th instant, at 20 Aldermanbury, E.C.

Mr John A. Agnew (the Chairman) said that it gave him great pleasure to draw attention to the fact that a profit of £478,414, after payment of London office expenses, had been made, which was a record in the history of the company. That increased profit arose to a great extent from the successful re-treatment of the tailings from the Associated Mine and to there having been no material interruption to operations throughout the year. The receipts from bullion and returning charges had exceeded for the first time £1,000,000 sterling. Three interim dividends of 12½ per cent. each had been paid or declared during the year, and the board had decided to recommend a final dividend of 12½ per cent., plus a bonus dividend of 2½ per cent., making a total distribution for the year of 52½ per cent.

ORE RESERVE POSITION

The ore reserve position was again one on which they could congratulate themselves. These reserves as at July 1, 1936, showed a total of 3,197,200 tons, of an average value of 25.03s., which represented a net increase of 101,300 tons after allowance had been made for the 584,056 tons extracted during the year and a decrease in value of 1.83s. per ton as compared with the previous year's estimate. The slight fall in value was mainly due to the large tonnage of low-grade ore developed in the Chaffers and Associated leases. It was interesting to observe from a study of the ore reserve position at the Ivanhoe and Chaffers how the general trend of mining operations over the past few years had been from north to south. In the Ivanhoe reserves had been steadily declining, while they had been steadily increasing in Chaffers, until this year they were greater in the latter than in the former.

There had been a very satisfactory increase in the amount of ore broken of over 120,000 tons, the total now amounting to 280,400 tons. That reserve was being added to whenever the walls permitted of shrinkage-stopping being introduced and was held largely in the Associated, Lake View and Horseshoe properties.

He wished to emphasise two statements in the general manager's report. The first was that the average value and tonnage were conservatively estimated and the grade should easily be maintained; the second was that a development footage of 25,000 per annum should be sufficient to keep the reserves five years in advance of milling operations. It would be agreed that that was extremely satisfactory when it was appreciated that the mine was producing at the rate of nearly 600,000 tons yearly.

RE-TREATMENT OF TAILINGS

Last year a start had been made on re-treating the tailings dump on the Associated property. During the year 605,237 tons had been re-treated, and since January the tonnage dealt with averaged over 57,000 a month, considerably exceeding the forecast of 50,000 tons. The plant had given every satisfaction and the manager was to be congratulated on its successful operation during the year.

Working costs had been reduced during the year by 1s. 1.4d. to 25s. 9.49d. per ton, Australian currency, equivalent to 20s. 7d. sterling. That was due to some extent to mine development, which, owing to the smaller footage driven, showed a reduction of nearly 8d. per ton, while ore treatment costs had been lowered by nearly the same amount. Ore extraction had increased by about 4½d. per ton owing to the advance in wages. The wage increase, added to the insurance and holiday pay, was equivalent to a dividend of 7½ per cent. on the capital of the company.

Research work was constantly being undertaken in an effort to increase still further the overall recovery in the treatment plant, and though nothing of an outstanding character had been disclosed during the year, it was being continued, as the manager and metallurgical staff had always before them the possibility of effecting some improvement in this direction.

The effect of the results achieved during the past year or two had been to place the company in a very sound position, and the utmost credit was due to Mr J. F. Thorn, the general manager, and to his very capable staff, who had been responsible for such results. They had had on more than one occasion to express the appreciation of the board for his very capable handling of the affairs of the company.

The report and accounts were unanimously adopted.

PARNALL AIRCRAFT, LIMITED**YEAR OF GREAT PROGRESS**

The first ordinary general meeting of Parnall Aircraft, Limited, was held, on the 10th instant, in London, Sir Louis Vaughan, K.C.B., K.B.E., D.S.O. (the chairman), presiding.

The Chairman, in moving the adoption of the report and accounts, said that they had two separate claims against the Air Ministry which were somewhat interrelated. The first was for patents assigned to the Secretary of State for Air and for development work prior to the incorporation of Parnall Aircraft, Limited. The claim included improvements and additions to those patents since their company was formed.

The second claim related to development expenditure incurred by the company. He could not give any further information regarding the first claim, but they had no reason at present to doubt that it would be settled amicably and that they would receive fair and adequate recognition from the Government for the very valuable asset placed in their hands.

The appearance of the re-armament programme immediately after the formation of their company and the subsequent receipt of very large contracts made it necessary to increase their manufacturing facilities beyond the compass of their original capital. Starting as one of the smallest and least important contractors to the Air Ministry, to-day they ranked second to none in the importance of the work they were undertaking.

Considerable extensions had taken place to their premises at Yate and Tolworth in order to meet the Air Ministry's requirements. Should the Government require them to undertake more work than could be executed with their present contemplated capacity, they would have to consider the possibilities afforded by the Shadow Scheme. Orders on hand could keep them working to capacity for a long time to come.

They had been fortunate enough to secure the services of Mr H. W. Healy as general manager of the company. He would not like this to be taken as any reflection on the capabilities and merits of those who had borne the heat and burden of the day for the first year's working.

In his opinion shareholders had a very valuable property which would, he hoped, be a source of pride and profit.

The report was unanimously adopted.

BUKIT KAJANG RUBBER ESTATES, LIMITED**DIVIDEND OF 5 PER CENT.**

The twenty-seventh annual general meeting of Bukit Kajang Rubber Estates, Limited, was held, on the 12th instant, at the registered offices, 7 Martin's Lane, London.

Mr W. Arthur Addinsell, the Chairman, moved the adoption of the report and accounts and the declaration of a dividend of 5 per cent. for the year. He said: At the last annual meeting I referred to the substantial increase in profits. On this occasion I record a reduction of £2,597, accounted for principally by a decline of approximately 268,000 lbs. in the crop. This is solely a result of curtailing our output under the Restriction Regulations.

In June last Castlefield (Klang) Rubber Estate, Limited, made a new issue of shares, and your directors were satisfied that they could profitably employ part of this company's available cash by participating in the issue. An allotment of 15,000 shares of 2s. each at 3s. per share was received, costing £2,250. The market value to-day is £3,000, so that we have already secured some appreciation.

I would draw your attention to the recommendation that the book value of buildings and machinery should be written down to the nominal amount of £1.

Your directors deem it prudent to recommend a dividend of 5 per cent. as compared with 6 per cent. It is not an unsatisfactory return for the period under review, and leaves the company in a sound financial position.

The decision of the International Rubber Regulation Committee to increase the quota allowance from January onwards will ensure a larger crop figure, and even if there is no further improvement in price, we can confidently anticipate a higher average net selling price. For the same reasons there is ample justification for expecting an improvement in dividends on our holding in Holyrood Rubber, Limited. The Edensor Company has recently commenced tapping and should soon be a contributor to income.

Revenue expenditure should only exceed last year's figures proportionately to the additional crop, as overhead expenses will undergo little change. The area under rubber in the company's direct ownership is capitalised at the reasonable sum of £37 per acre. Under all these conditions I feel every confidence.

The resolution was passed unanimously.

BENGAL-NAGPUR RAILWAY COMPANY, LIMITED**INCREASED RECEIPTS**

The seventy-eighth ordinary general meeting of the Bengal-Nagpur Railway Company, Limited, was held on the 12th instant, in London.

Sir Trevredyn Wynne, K.C.S.I., K.C.I.E. (Chairman and Managing Director), presided, and, in moving the adoption of the report, said that the gross receipts for the year 1935-36, as compared with earnings for 1934-35, showed an increase of 56½ lakhs, or 7 per cent. Comparing the figures of gross receipts, working expenses, and net earnings for the years 1932 and 1936, he pointed out that for 1936 the figures showed an increase of gross earnings of 136 lakhs, a reduction of 17 lakhs in working expenses and an increase of 153 lakhs in their net earnings.

A very large amount of their gross earnings came from the iron and steel industries. There were three companies at the present time. The Tata Iron and Steel Company, a very big company producing pig iron and steel, the Indian Iron and Steel Company, producing pig iron only, and the Bengal Iron Company. The works of these companies were situated at stations on their railway and all their raw materials, with the exception of coal, were supplied from stations on their railway. Those three companies had come to an agreement to erect a new steel plant at the works of the Indian Iron and Steel Company which would increase their traffic in raw materials. This increase might be very substantial.

On their railway there was practically no limit to the tonnage of iron ore available, its quality being from 50 per cent. to 63 per cent. iron. He had been making inquiries and he understood that iron ore could be delivered at Calcutta for shipment at about 8s. per ton, which might be less for large shipments.

The report was unanimously adopted.

CONSOLIDATED TIN MINES OF BURMA LIMITED**INCREASED OUTPUT**

The annual meeting of the Consolidated Tin Mines of Burma Limited was held, on the 11th instant, in London.

Mr Reginald Pawle, A.R.S.M., M.Inst.M.M., who presided, said that whilst the results showed a modest improvement, they would have been much more favourable if their concentrates had been saleable at the prices ruling in the previous year. The net surplus on operations amounted to £26,496, and there was a total available of £29,272; after payment of the dividend of 6d. per share recommended, there would remain £8,066 to carry forward.

Turning to the balance sheet, which showed a sound liquid position, he would point out with regard to the investment in the subsidiary company (Mineral Products, Limited), which at the height of the economic crisis in 1932 was of negligible value, that at its annual meeting a few days ago he had been able to announce that its capital had now been fully restored, and it was confidently expected that an initial dividend would be paid during the current year.

It was satisfactory to report an output of 1,022 tons for their own company for the past year—an increase of 300 tons. Working costs showed a moderate reduction of £6 1s. 10d. per ton.

It was considered in the best interests of the shareholders that an independent consulting engineer should conduct an examination and valuation of the properties, and submit a comprehensive report. After that, consideration would be given to a scheme for the reconstruction of the capital.

As to prospects, production for the past four months was slightly higher than for the corresponding period a year ago, and the board looked forward with hope and confidence to the future.

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,
THE ECONOMIST,
8 Bouverie Street,
Fleet Street,
London, E.C.4.*

GOVERNMENT RETURNS, &c.

NATIONAL ACCOUNTS

The total ordinary revenue for the week ended November 7, 1936, amounted to £15,520,000, against ordinary expenditure of £26,248,000. After allowing for an increase in Exchequer Balances of £266,988, the operations for the week, as shown below, increased the gross National Debt by £11,220,000 to approximately £8,010 millions.†

(000's omitted)		
Treasury Bills	+ 6,775	National Savings Certificates..... - 100
Public Department Advances	+ 4,800	Road Fund..... - 68
Land Sett. (Facilities)	+ 13	
	+ 11,388	- 168

† 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 September 30, 1936, appeared in the *Economist* of October 3, 1936.

REVENUE	Estimate for the year 1936-37	Total Receipts into the Exchequer			
		April 1, 1935, to Nov. 9, 1935	April 1, 1936, to Nov. 7, 1936	Week ended Nov. 9, 1935	Week ended Nov. 7, 1936
ORDINARY REVENUE					
Inland Revenue—					
Income Tax	259,000,000	70,175,000	66,631,000	2,460,000	5,664,000
Sur-tax	58,500,000	6,960,000	6,700,000	210,000	150,000
Estate, etc., Duties	88,000,000	54,280,000	50,320,000	1,650,000	1,080,000
Stamp	27,000,000	11,550,000	13,290,000	340,000	590,000
Excess Profits Duty and Corporation Profits Tax	750,000	...	...	...	...
Land Tax and Mineral Rights Duty	750,000	140,000	130,000	...	...
Total Inland Revenue	433,000,000	143,185,000	137,071,000	4,660,000	7,484,000
Customs and Excise—					
Customs	207,525,000	121,742,000	128,416,000	4,476,000	4,816,000
Excise	110,000,000	64,700,000	64,900,000	1,425,000	1,300,000
Total Customs and Excise	317,525,000	186,442,000	193,316,000	5,901,000	6,116,000
Motor Vehicle Duties (Exchequer Share)	5,000,000	2,568,000	2,647,000	871,000	774,000
Post Office (Net Receipts)	11,258,000	11,050,000	10,000,000	880,000	1,000,000
Crown Lands	5,000,000	3,245,004	3,147,856	99,877	84,609
Miscellaneous Receipts	25,250,000	15,489,183	13,912,771	312,953	61,333
Total Ordinary Revenue	798,381,000	362,869,187	361,044,627	12,694,830	15,519,942
SELF-BALANCING REVENUE					
Post Office	69,344,000	36,250,000	39,300,000	850,000	1,000,000
Motor Vehicle Duties apportioned to Road Fund	26,500,000	7,872,000	8,260,000	428,000	432,000
Total Self-balancing Revenue	95,844,000	44,122,000	47,560,000	1,278,000	1,432,000
Total		406,991,187	408,604,627	11,624,701	16,951,942

EXPENDITURE	Estimate for the year 1936-37	Total Issues out of the Exchequer to meet Payments			
		April 1, 1935, to Nov. 9, 1935	April 1, 1936, to Nov. 7, 1936	Week ended Nov. 9, 1935	Week ended Nov. 7, 1936
ORDINARY EXPENDITURE					
Interest and Management of National Debt	224,000,000	142,730,991	142,477,255	1,466,886	14,528,523
Payments to Northern Ireland Exchequer	7,500,000	3,225,500	3,842,163	230,393	248,465
Other Consolidated Fund Services	8,200,000	1,795,589	1,448,031	43,422	47,129
Post Office Fund	600,000	1,126,817	420,529	...	420,529
Total	239,700,000	147,772,897	146,767,978	1,740,701	15,244,646
Total Supply Services (excluding Post Office)	570,989,000	293,447,599	316,634,179	8,606,000	11,003,000
Total Ordinary Expenditure†	806,289,000	442,326,496	463,402,157	10,346,701	26,247,646
SELF-BALANCING EXPENDITURE					
Post Office	69,344,000	36,250,000	39,300,000	850,000	1,000,000
Road Fund	26,500,000	7,872,000	8,260,000	428,000	432,000
Total Self-balancing Expenditure	95,844,000	44,122,000	47,560,000	1,278,000	1,432,000
Total		486,448,496	512,382,157	11,624,701	27,679,646

† Estimated Expenditure as per Financial Statement (H.C. 77)

Add:—
Supplementary Estimates £ 33,972,000
Less:—Provision made in the Budget 25,600,000

797,897,000
806,289,000

The aggregate revenue from April 1 to November 7, 1936, is shown below:—

below :—

		(000's omitted)	
	£		£
Expenditure	464,822	Revenue	361,005
Increase in balances	71	Gross borrowing	£109,447
		Less—	
		New Sinking Fund*	5,559
		Net borrowing	103,888
	<u>464,893</u>		<u>464,893</u>

* 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:	Nov. 9, '35	Mar. 31, '36	Nov. 7, '36	Nov. 7, '36
Advances by Bank of England	35,680,000	19,055,000	31,750,000	+ 4,600,000
Advances by Public Departments	889,775,000	763,115,000	837,510,000*	+ 6,775,000
Treasury Bills outstanding				
Total Floating Debt	935,465,000	782,170,000	869,260,000	+ 11,375,000

* 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 November 6, 1936. The amount applied for was £72,395,000. Tenders were accepted for Treasury bills at three months dated Monday to Friday, at £99 17s. 2d., about 42 per cent. and above in full; Saturday at £99 17s. 3d. and above in full. The average rate per cent. was 11s. 0.59d. 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 8, 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
October 2, 1936	50,000,000	77,980,000	50,000,000	0 10 6.07
October 30, 1936	45,000,000	49,950,000	45,000,000	0 10 10.30
November 6, 1936	45,000,000	72,395,000	45,000,000	0 11 0.59

NATIONAL SAVINGS CERTIFICATES

Total Sales of Savings Certificates	No. of Certificates	Value
Week ended October 17, 1936	668,656	£ 501,492
Week ended October 24, 1936	644,149	483,112
February, 1916, to October 24, 1936	1,274,319,067	1,002,177,158

At the end of September, 1936, the amount remaining to the credit of investors in Savings Certificates, excluding interest, was £390,321,686.

THE BANKERS' GAZETTE

BANK OF ENGLAND

Return for Week ended Wednesday, November 11, 1936

ISSUE DEPARTMENT

Notes Issued:—		Government Debt	
In Circulation	446,622,473	Government Securities	11,015,100
In Banking Department	62,037,873	Other Government Securities	247,104,328
		Other Securities	1,825,364
		Silver Coin	55,208
		Amount of Fiduciary Issue	280,000,000
		Gold Coin and Bullion	248,060,346
			508,660,346

BANKING DEPARTMENT

Proprietors' Capital		Government Securities	
Rest	14,553,000	Other Securities	80,433,337
Public Deposits*	3,202,480	Discounts and Advances	8,627,829
Other Deposits	14,915,895	Securities	£20,288,270
Bankers	£98,040,567		
Other Accounts	41,586,659		
	139,627,226		
	172,298,601		
		Notes	28,914,099
		Gold and Silver Coin	62,037,873
			913,292
			172,298,601

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

Both Departments	Amount Nov. 11, 1936	Inc. or Dec. on Last Week	Inc. or Dec. on Last Year
Note circulation	446,622,473	—	+ 45,173,053
Public deposits	14,915,895	—12,285,699	+ 892,650
Bankers' deposits	98,040,567	+12,700,150	+ 5,173,815
Other deposits	41,586,659	—222,097	+ 4,886,553
Total outside liabilities	601,165,594	—297,036	+ 54,340,771
Capital and rest	17,755,480	+ 26,761	8,095
Government debt and securities	338,552,765	—970,560	—1,892,136
Discounts and advances	8,627,829	+ 972,955	—2,477,439
Other securities	22,111,634	—275,880	+ 7,998,717
Silver coin in issue department	55,208	—	—
Coin and bullion (bank's reserves)	248,578,638	+ 34,001	+ 1,481,421
Reserves of notes and coin in banking department	62,951,165	+ 458,599	+ 7,023,902
Proportion of reserve to outside liabilities			
(a) Banking Department only ("proportion")			
(b) Gold stocks to deposits and notes ("reserve ratio")	40.7%	+ 0.3%	+ 2.3%
	41.5%	No change	+ 5.4%

(000's omitted)

Date	Issue Department	Circulation	Banking Department			Gold in or out of Bank	Bank Rate
			Public Deposits	Bankers' Deposits	Other Deposits		
1936							
Oct. 21	508,660	440,100	37,567	81,423	41,112	Nil	2.25
Nov. 4	508,660	442,741	27,608	86,533	41,369	Nil	2.25
Nov. 11	508,660	447,112	27,202	85,340	41,809	Nil	2.25
		446,622	14,916	86,041	41,567	Nil	2.25

(000's omitted)

Date	Issue Department		Both Depts.		Banking Department				
	Govt. Debt and Securities	Other Securities	Gold Coin and Bullion Ratio	Govt. Securities	Discounts & Advances	Other Securities	Reserve and "Proportion"		
1934									
Oct. 21	257,247	2,619	249,677	41.11	79,943	6,744	21,552	69,577	43.11
Nov. 4	256,953	3,011	249,655	41.11	80,183	6,601	19,503	66,914	43.11
Nov. 11	257,560	2,419	249,604	41.11	81,963	6,655	19,969	62,493	40.11
	258,119	1,825	249,574	41.11	80,433	8,628	20,286	62,951	40.11

BANKERS' CLEARING RETURNS

LONDON

(000's omitted)

	Town		Metropolitan		Country		Total
	£	%	£	%	£	%	
January 1 to October 28	28,250,980	1,688,425	2,892,759	32,842,164			
Week ended November 4	683,752	45,189	71,831	800,772			
Week ended November 11	766,950	40,690	82,960	890,600			
Total to date, 1936	29,731,682	1,754,304	3,047,550	34,533,536			
Total to date, 1935	27,967,547	1,636,944	2,804,078	32,408,569			
Increase or decrease in 1936	+1,764,135	+117,360	+243,472	+2,124,967			
	= 6.3%	= 7.2%	= 8.7%	= 6.6%			
Total for year 1935	32,443,575	1,887,112	3,229,064	37,559,751			
Total for year 1936	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 November 7		Month of October			Aggregate Total January 1 to November 7	
	1935	1936	1935	1936	Inc. or Dec.	1935	1936
No. of working days:	£	£	27	27	%	£	£
BIRMINGHAM	2,123	3,323	9,736	12,314	+ 26.4	103,841	115,333
BRADFORD	1,028	1,139	4,331	4,644	+ 7.2	39,847	42,939
BRISTOL	1,194	1,563	5,742	6,096	+ 6.1	52,795	56,598
DUBLIN	798	908	3,558	3,928	+ 10.3	32,848	36,492
HULL	604	1,019	3,845	4,429	+ 15.1	40,051	41,133
LEEDS	792	959	3,191	3,419	+ 7.1	29,528	32,303
LIVERPOOL*	5,683	8,561	25,146	30,480	+ 21.2	253,006	265,466
MANCHESTER	9,100	11,138	44,093	50,207	+ 13.8	430,628	451,259
NEWCASTLE	1,024	1,429	5,202	6,311	+ 21.3	58,239	58,035
NOTTINGHAM	486	633	2,181	2,388	+ 9.4	21,053	22,443
SHEFFIELD	865	1,545	3,899	4,720	+ 21.0	39,917	44,540
	23,697	34,217	110,924	128,936	+ 16.2	1,099,753	1,166,672

MONTHLY STATEMENT OF LONDON CLEARING BANKS

(000's omitted)

Average Weekly Balance October, 1936	Barclays Bank Limited	Coutts and Co. Limited	District Bank Limited	Glyn, Mills and Co. Limited	Lloyds Bank Limited	Martins Bank Limited	Midland Bank Limited	National Bank Limited	National Provincial Bank Limited	Westminster Bank Limited	Williams Deacon's Bank Limited	Aggregate
ASSETS	£	£	£	£	£	£	£	£	£	£	£	£
Coin, bank notes and balances with the Bank of England	41,789	2,153	7,955	3,894	36,678	9,250	50,509	3,242	30,783	36,957	3,666	226,876
Balances with and cheques in course of collection on other Banks in Great Britain and Ireland	10,983	786	1,747	1,067	9,650	2,735	11,122	277	6,386	10,308	1,580	56,641
Items in transit	...	...	...	...	3,516	545	...	...	...	...	...	4,061
Money at call and short notice	22,479	3,094	8,708	7,984	27,410	5,451	28,240	5,257	24,130	24,703	6,673	164,129
Bills discounted	69,984	1,187	8,042	598	64,462	*3,214	90,441	1,519	45,875	64,096	1,262	350,680
Investments	109,975	8,847	28,634	11,321	111,296	37,142	123,691	15,380	87,560	108,623	12,943	655,412
Advances to customers and other accounts	174,673	10,080	27,811	15,394	154,951	37,586	191,651	14,989	120,649	128,135	11,962	887,881
Liabilities of customers for acceptances, endorsements, etc.	8,287	481	6,759	2,499	31,385	5,977	16,494	249	7,764	21,663	1,580	103,138
Bank premises account	7,651	412	1,565	740	7,774	2,609	10,165	729	7,399	5,486	1,051	45,581
Investments in affiliated banks and subsidiary companies	7,009	...	...	...	5,085	...	7,579	...	2,514	2,993	...	25,180
	452,830	27,040	91,221	43,497	452,207	104,509	529,892	41,642	333,060	402,964	40,717	2,519,579
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	1,110	8,000	9,320	800	57,086
Current, deposit and other accounts	418,435	24,559	78,510	39,133	396,506	91,254	487,650	37,440	307,817	362,649	36,462	2,280,415
Acceptances, endorsements, etc.	8,287	481	6,759	2,499	31,385	5,977	16,494	249	7,764	21,663	1,580	103,138
Notes in circulation	...	...	...	...	6	...	...	1,343	...	12	...	1,379
Reduction of bank premises account	...	...	...	275	...	...	...	...	...	...	...	275
	452,830	27,040	91,221	43,497	452,207	104,509	529,892	41,642	333,060	402,964	40,717	2,519,579

* Includes 607,000 first-class securities maturing within six months.

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

ASSETS	Nov. 1, 1935	Oct. 2, 1935	Oct. 9, 1935	Oct. 16, 1935	Oct. 23, 1935	Oct. 30, 1935
Gold coin and bullion	25,742	22,930	22,929	22,929	22,929	22,928
Bills discounted: Foreign	7,182	5,200	5,646	5,207	5,229	5,873
Investments	1,726	1,733	1,733	1,733	1,733	1,733
Other assets	14,293	11,734	11,676	11,325	10,925	11,964
LIABILITIES						
Notes in circulation	13,822	15,545	14,675	14,022	13,774	15,562
Government deposits	2,834	2,248	2,631	2,247	2,499	1,733
Bankers' deposits	25,566	18,251	19,055	19,340	19,514	19,267
Ratio of cash reserves to liabilities to public	56.1%	59.3%	58.7%	59.9%	58.6%	58.4%

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

ASSETS	Nov. 8, 1935	Oct. 23, 1935	Oct. 30, 1935	Nov. 6, 1935
Gold coin and bullion	44,42,17	44,42,17	44,42,17	44,42,17
Rupee coin	58,47,48	67,80,65	68,24,67	67,63,42
Balances abroad	12,53,61	7,45,59	8,72,58	9,51,02
Sterling securities*	66,18,83	67,31,71	67,31,71	67,31,71
Indian Government rupee securities*	25,51,86	23,41,67	23,41,67	23,41,58
Investments	3,66,58	5,40,43	5,40,43	5,38,35
LIABILITIES				
Note circulation	1,62,90,61	1,71,52,04	1,71,04,72	1,73,59,69
Deposits: Government	6,27,69	8,72,10	9,28,08	8,20,01
Other	33,58,47	26,41,11	26,27,80	25,65,05
Ratio of gold and sterling to liabilities	56.9%	55.1%	55.0%	55.1%

* Held against notes.

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

ASSETS	Nov. 8, 1935	Oct. 16, 1935	Oct. 23, 1935	Oct. 30, 1935	Nov. 6, 1935
Gold	71,322,732	62,358,742	64,358,742	64,358,742	64,358,742
Advances on Gold Coin	1,216,544	1,248,708	1,189,740	1,189,740	1,189,740
Commercial Bills	8,025,598	7,005,812	7,292,389	7,891,292	7,052,471
Treasury Bills	...	...	...	...	...
Bills bought abroad	1,036,715	1,464,692	1,453,090	1,453,090	1,449,151
Advances on securities	3,668,552	4,022,291	3,704,896	4,115,383	4,278,430
Loans to State without interest	...	...	...	...	...
(a) general	3,200,000	3,200,000	3,200,000	3,200,000	3,200,000
(b) provisional	...	12,302,602	12,302,602	12,302,602	12,302,602
Negotiable Bonds	5,800,402	5,639,780	5,639,780	5,639,780	5,639,780
Sinking Fund Dept.	...	...	...	...	...
Other assets (excluding forward exch.)	3,911,122	3,728,879	3,647,146	3,899,938	4,040,604
LIABILITIES					
Notes in circulation	82,515,430	85,371,426	85,240,889	87,197,628	86,718,820
Public deposits	2,866,537	3,654,196	4,214,776	3,972,727	3,198,976
Private deposits	10,243,026	8,078,598	9,546,973	9,145,192	9,805,433
Other liabilities	2,524,708	3,866,783	3,785,747	3,634,749	3,774,950
Ratio of gold reserve to sight liabilities	74.4%	64.2%	64.9%	64.1%	64.5%

* The gold stock is based on the franc at 49 milligrams on and after Oct. 2, 1936.

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

ASSETS	Nov. 7, 1935	Oct. 23, 1935	Oct. 31, 1935	Nov. 7, 1935
Gold	87,988	63,830	64,514	64,210
Of which deposited abroad	21,034	27,673	28,536	28,093
Reserve in foreign currencies	5,444	5,318	5,144	5,014
Bills of exchange and cheques	3,912,213	4,431,130	4,431,130	4,431,130
Silver and other coin	175,351	201,146	108,345	144,671
Advances	42,330	36,192	79,330	29,540
Investments	660,607	524,125	523,892	523,892
Other assets	688,902	581,945	576,291	573,888
LIABILITIES				
Reserves	471,184	473,561	473,561	473,561
Notes in circulation	3,979,669	4,274,518	4,713,382	4,471,501
Other daily maturing obligations	692,118	683,773	688,773	617,751
Cover of note circulation	288,286	261,834	273,935	260,243
	2.34%	1.62%	1.49%	1.55%

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

ASSETS	Nov. 8, 1935	Oct. 8, 1935	Oct. 15, 1935	Oct. 22, 1935	Oct. 29, 1935	Nov. 5, 1935
Gold	3,434,665	3,768,778	3,709,891	3,679,697	3,689,974	3,679,396
Silver and other coin	57,983	50,969	52,562	54,792	55,482	53,651
Securities	1,342,817	1,395,222	1,363,697	1,350,195	1,345,346	1,348,901
Advances	115,507	67,853	67,900	70,188	69,722	70,889
LIABILITIES						
Notes in circulation	4,192,805	4,563,693	4,501,559	4,460,384	4,466,117	4,489,018
Deposits: Govt.	46,658	28,943	37,105	31,113	29,123	24,348
Other	905,910	879,164	844,228	852,323	829,225	828,375

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

ASSETS	Nov. 11, 1935	Oct. 12, 1935	Oct. 19, 1935	Oct. 26, 1935	Nov. 2, 1935	Nov. 9, 1935
Gold	613,131	569,894	569,894	569,894	569,895	569,895
Silver	20,225	19,784	20,211	20,887	20,285	19,682
Home bills discounted	36,555	22,805	22,646	22,667	22,558	22,487
Loans and advances	135,286	256,082	252,659	249,711	238,129	289,293
LIABILITIES						
Notes in circulation	794,686	775,290	764,746	761,342	805,696	783,568
Deposits	37,592	114,798	122,232	123,284	118,099	139,015

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

ASSETS	Nov. 7, 1935	Oct. 7, 1935	Oct. 15, 1935	Oct. 23, 1935	Oct. 31, 1935	Nov. 7, 1935
Gold†	1,387,369	2,075,945	2,075,945	2,075,945	1,936	1,936
Of which held abroad	219,689	186,961	186,961	186,961	405,130	433,185
Discounts	77,333	120,445	98,426	92,636	96,787	48,252
Bills of the Confederation	62,516	32,000	25,600	15,800	13,800	11,500
Advances	103,741	65,722	54,415	48,010	45,320	44,498
Securities	54,441	43,716	40,924	39,424	39,410	39,410
LIABILITIES						
Notes in circulation	1,294,762	1,363,371	1,356,344	1,360,488	1,412,534	1,382,524
Deposits	339,335	966,175	964,117	1,016,523	1,231,759	1,205,290

† Gold revalued, by increase of 35.033 % on and after October 7, 1936.

BANK OF SWEDEN.—In kronor (000's omitted)

ASSETS	Oct. 31, 1935	Oct. 7, 1936	Oct. 15, 1936	Oct. 23, 1936	Oct. 31, 1936
Gold reserve	384,279	435,445	435,799	436,384	436,557
Government securities:					
Swedish	78,639	28,500	28,500	28,596	28,678
Foreign	69,806	70,163	70,163	70,163	70,163
Gold abroad not included in the gold reserve	90,127	90,074	89,986	89,986	89,986
Bills payable in Sweden	10,283	11,577	11,481	11,994	12,193
Bills payable abroad	372,624	219,709	228,764	237,746	246,699
Balance abroad	195,232	291,100	288,249	278,302	287,290
Advances	29,603	29,353	29,256	29,198	29,962
LIABILITIES					
Notes in circulation	742,925	796,589	785,346	763,260	839,187
Government deposits	103,966	106,506	120,025	136,880	117,401
Private deposits	329,200	413,829	417,483	415,309	382,868

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

ASSETS	Nov. 7, 1935	Oct. 15, 1936	Oct. 22, 1936	Oct. 31, 1936	Nov. 7, 1936
Coin and bullion (gold reserve)	118,838	118,865	118,862	118,859	118,859
Balance abroad and foreign bills	34,094	63,992	69,200	74,718	75,331
Funds provisionally placed in gold, not included in the gold reserve	66,288	96,211	96,211	96,211	96,211
Norwegian and foreign government securities	37,109	42,682	42,584	42,244	42,977
Discounts and loans	198,854	210,982	222,198	218,870	212,986
LIABILITIES					
Notes in circulation	321,477	385,563	401,927	409,034	399,651
Deposits at sight	83,947	91,814	99,190	93,207	100,281

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

	Oct. 9, 1935	Sept. 9, 1936	Sept. 16, 1936	Sept. 23, 1936	Sept. 30, 1936	Oct. 7, 1936
ASSETS						
Gold	909,360	910,443	910,448	910,448	910,453	910,453
Balances abroad	452,887	512,805	513,988	508,108	539,184	529,492
Discounts	327,339	327,815	325,374	319,570	324,482	322,746
Securities	70,904	121,363	121,363	121,362	121,379	121,388
Government loans	1,047,483	1,044,860	1,044,860	1,044,860	1,044,860	1,044,860
LIABILITIES						
Notes in circulation	2,101,625	2,130,812	2,115,160	2,095,586	2,156,082	2,136,661
Government deposits	549,587	386,307	439,328	468,759	482,956	483,611
Bankers' deposits	254,561	450,236	426,780	412,778	385,296	394,795
Other deposits	39,649	89,930	73,921	65,093	59,455	56,669
Foreign commitments	21,800	37,436	37,483	37,421	37,303	37,393

Comparison with previous weeks—

	Short Loans	Bank Bills			Trade Bills		
		3 Months	4 Months	6 Months	3 Months	4 Months	6 Months
1936	%	%	%	%	%	%	%
Oct. 15	2-1	2-1	2-1	2-1	2-1	2-1	2-1
" 22	2-1	2-1	2-1	2-1	2-1	2-1	2-1
" 29	2-1	2-1	2-1	2-1	2-1	2-1	2-1
Nov. 5	2-1	2-1	2-1	2-1	2-1	2-1	2-1
" 12	2-1	2-1	2-1	2-1	2-1	2-1	2-1

LONDON RATES OF EXCHANGE

L—Spot Rates
(Range of the day's business)

London on	Par of Exch. per £	Nov. 6, 1936	Nov. 7, 1936	Nov. 9, 1936	Nov. 10, 1936	Nov. 11, 1936	Nov. 12, 1936
New York, \$	14.86	4.87-1/2	4.87-1/2	4.87-1/2	4.87-1/2	4.87-1/2	4.87-1/2
Montreal, \$	14.86	4.87-1/2	4.87-1/2	4.87-1/2	4.87-1/2	4.87-1/2	4.87-1/2
Paris, Fr.	124.2	105-1/2	105-1/2	105-1/2	105-1/2	105-1/2	105-1/2
Brussels, Bel.	35.00(a)	28-80-92	28-80-92	28-80-92	28-80-92	28-80-92	28-80-92
Milan, L.	92.48	92-93	92-93	92-93	92-93	92-93	92-93
Zurich, Fr.	25.22	21-21-27	21-20-23	21-19-1	21-20-22	21-21-24	21-21-24
Athens, Dr.	375	540-560	540-560	540-560	540-560	540-560	540-560
Hels'fors, Mk.	193-23	226-227	226-227	226-227	226-227	226-227	226-227
Madrid, Ptas.	25.22	54-50	54-50	54-50	54-50	54-50	54-50
Lisbon, Esc.	110	110-110	110-110	110-110	110-110	110-110	110-110
Amst'dm, Fl.	12-107	9-08-12	9-07-09	9-08-10	9-05-09	9-06-07	9-05-07
Berlin, Mk.	20-43	12-10-14	12-10-13	12-10-12	12-10-13	12-10-14	12-10-14
Registered Marks	(a)	45-50	45-50	45-50	45-50	45-50	45-50
Vienna, Sch.	94.58	25-27	25-27	25-27	25-27	25-27	25-27
Bu'pest, Pen.	27-82	16-16	16-16	16-16	16-16	16-16	16-16
Prague, Kcs.	164	137-138	137-138	137-138	137-138	137-138	137-138
Danzig, Gul.	25-00	25-26	25-26	25-26	25-26	25-26	25-26
Warsaw, Zls.	43-38	25-26	25-26	25-26	25-26	25-26	25-26
Riga, Lat.	25-22	24-25	24-25	24-25	24-25	24-25	24-25
Bucharest, Lei	813	660-680	660-680	660-680	660-680	660-680	660-680
Const'ple, Pst.	110	613*	613*	612*	612*	612*	612*
Belgrade, Din.	276-32	209-219	208-218	209-219	209-219	209-219	209-218
Kovno, Lit.	48-66	281-291	281-291	281-291	281-291	281-291	281-291
Sofia, Lev.	673-66	390-420	390-420	390-420	390-420	390-420	390-420
Tallin, Kr.	18-159	171-181	171-181	171-181	171-181	171-181	171-181
Oslo, Kr.	18-159	19-85-95	19-85-95	19-85-95	19-85-95	19-85-95	19-85-95
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
Alex'ndria, Pst.	97	97-1/2	97-1/2	97-1/2	97-1/2	97-1/2	97-1/2
Br. India Rup.	18d.	18-1/2	18-1/2	18-1/2	18-1/2	18-1/2	18-1/2
Hong Kong, \$	14d.	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, \$	28d.	28-1/2	28-1/2	28-1/2	28-1/2	28-1/2	28-1/2
Singapore, \$	12-11	9-02-07	9-02-07	9-02-05	9-01-03	9-02-05	9-02-05
Batavia, F.	17-50	17-50-60	17-50-60	17-50-60	17-50-60	17-50-60	17-50-60
Rio, Mil.	11-45	17-00	17-00	17-00	17-00	17-00	17-00
B. Aires, \$	40	131-1/2	131-1/2	131-1/2	131-1/2	131-1/2	131-1/2
Valparaiso, \$	40	252-261	252-261	252-261	252-261	252-261	252-261
M'video, \$	51d.	39-1/2	39-1/2	39-1/2	39-1/2	39-1/2	39-1/2
Lima, Sol.	17-88	19-50	19-50	19-50	19-50	19-50	19-50
Mexico, Pes.	9-76	17-50	17-50	17-50	17-50	17-50	17-50
Manila, Pes.	24.66d.	24-1/2	24-1/2	24-1/2	24-1/2	24-1/2	24-1/2
Moscow, Rbls.	24-1/2	24-1/2	24-1/2	24-1/2	24-1/2	24-1/2	24-1/2
B'ngkok, Bakt	21-82d.	22-22	22-22	22-22	22-22	22-22	22-22

Usance: T.T., except Alexandria (Sight); Rio de Janeiro, Lima, Valparaiso (90 days).
 * Sellers. † 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) Prior to devaluation on April 2, 1935. (b) Official rate. (c) Per cent. discount.
 (d) Latest "export" rate. (e) Official rate is 4 1/2 sellers. (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) Approximate. Dealings in Roubles at 4 1/2 French francs to 1 Rouble.

II.—Forward Rates
(Closing quotations)

London on	Nov. 6, 1936	Nov. 7, 1936	Nov. 9, 1936	Nov. 10, 1936	Nov. 11, 1936	Nov. 12, 1936
	Per £	Per £	Per £	Per £	Per £	Per £
New York, cent.	(a)	(a)	(a)	(a)	(a)	(a)
1 Month	2-1	2-1	2-1	2-1	2-1	2-1
2 "	2-1	2-1	2-1	2-1	2-1	2-1
3 "	2-1	2-1	2-1	2-1	2-1	2-1
Paris, frs.	(b)	(b)	(b)	(b)	(b)	(b)
1 Month	1-1 1/2	1-1 1/2	1-1 1/2	1-1 1/2	1-1 1/2	1-1 1/2
2 "	2-1	2-1	2-1	2-1	2-1	2-1
3 "	2-1	2-1	2-1	2-1	2-1	2-1
Amsterdam, c't	(b)	(b)	(b)	(b)	(b)	(b)
1 Month	2-1	2-1	2-1	2-1	2-1	2-1
2 "	2-1	2-1	2-1	2-1	2-1	2-1
3 "	2-1	2-1	2-1	2-1	2-1	2-1
Brussels, cent.	(a)	(a)	(a)	(a)	(a)	(a)
1 Month	2-1	2-1	2-1	2-1	2-1	2-1
2 "	2-1	2-1	2-1	2-1	2-1	2-1
3 "	2-1	2-1	2-1	2-1	2-1	2-1
Geneva, cent.	(a)	(a)	(a)	(a)	(a)	(a)
1 Month	2-1	2-1	2-1	2-1	2-1	2-1
2 "	2-1	2-1	2-1	2-1	2-1	2-1
3 "	2-1	2-1	2-1	2-1	2-1	2-1
Milan, lire	(a)	(a)	(a)	(a)	(a)	(a)
1 Month	2-1	2-1	2-1	2-1	2-1	2-1
2 "	2-1	2-1	2-1	2-1	2-1	2-1
3 "	2-1	2-1	2-1	2-1	2-1	2-1

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

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

NEW YORK MONEY AND EXCHANGE RATES
The Irving Trust Company cables the following money and exchange rates in New York:—

	Nov. 13, 1936	Oct. 14, 1936	Oct. 21, 1936	Oct. 28, 1936	Nov. 4, 1936	Nov. 10, 1936
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	Nov. 13, 1936	Oct. 28, 1936	Nov. 4, 1936	Nov. 10, 1936
London—					
60 days	4-8666	4-91	4-8812	4-88	4-87 1/2
Cable	4-8666	4-91	4-8812	4-88	4-87 1/2
Cheques	4-8666	4-91	4-8812	4-88	4-87 1/2
Paris—					
Cheques	23-54	16-90	16-855	16-895	16-925
Brussels	32-67	32-51	22-885	22-885	22-885
Switzerland	8-91	8-11	5-28 1/2	5-28 1/2	5-28 1/2
Italy	40-33	40-24	40-21	40-22	40-23
Berlin	23-82	18-80	18-72	18-72	18-71
Vienna	32-67	13-655			
Madrid	67-92	54-14	53-90	53-88	
Amsterdam	22-00	21-84	21-825	21-805	
Copenhagen	24-75	24-58	24-57	24-54	
Stockholm	25-39	25-22	25-21	25-18	
Athens	0-94	0-89	0-89 1/2	0-89 1/2	
Montreal	169-31	98 1/2	100 1/2	100 1/2	
Yokohama	84-40	28-75	28-59	28-55	
Shanghai	29-90	29-62	29-62	29-70	
Calcutta	37-20	36-965	36-96	36-92	
Buenos Aires	32-82	32-59	32-59	32-55	
Rio de Janeiro	11-96	8-29	8-24	8-24	

We are informed that the Bank of Latvia will apply the following discount rates as from November 1, 1936: (a) For credit institutions, 5 per cent.; (b) for private persons and firms, 5 1/2 per cent. Other Overseas Bank Rates, together with South African, Central and South American, and Australasian Exchange Rates were given in last week's issue on pages 286 and 287.

GOLD AND SILVER

The following statistics of imports and exports of gold and silver for the week ended November 12, 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†
Irish Free State	£ 3,600		Palestine	£	£ 2,450
Channel Islands		£ 2,000	British India		£ 12,000
British W. Africa	24,371		Germany	29,112	
Gibraltar		2,841	France	144,027	3,611
British S. Africa	1,973,587		Switzerland	395,446	4,503
Tanganyika	4,684		Egypt	21	1,603
Kenya	4,019		U.S.A.	1,738,688	662
Anglo-Egyptian			Other Countries	225	
Calcutta	2,071				
British Malaya	41,568				
New Zealand	17,924				
Trinidad & Tobago	6,107				
British Guiana	5,818				
Germany	6,684				
Netherlands	49,307	673			
Belgium	35,030	7,817			
France	7,294	375			
Switzerland		1,550			
Iraq		29,087			
Venezuela	18,603	12,170			
Other Countries	803	2,163			
Total	2,201,470	5,889	Total	2,307,519	19,664
		124,927			5,165

IMPORTS AND EXPORTS OF SILVER

Imports			Exports		
From	Bullion*	Coin†	To	Bullion*	Coin†
Irish Free State	£	£ 5,200	British India	£	£
British S. Africa		80,000	Canada		231,060
New Zealand	1,422		Germany		13,300
Germany	388	84	France		19,735
Netherlands	622		Egypt		9,577
Belgium	15,929		Liberia		1,460
France	311	96	U.S.A.		6,000
Japan	22,797	56	Other Countries		492
Other countries	600	192			
Total	41,447	85,488	Total	295,868	5,045
		762			492

* 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		
Nov. 6	Nil	Nov. 6	Nil		
" 7	Nil	" 7	Nil		
" 9	Nil	" 9	Nil		
" 10	Nil	" 10	Nil		
" 11	Nil	" 11	Nil		
" 12	Nil	" 12	Nil		
Total	Nil	Total	Nil		
Movement Nov. 6, 1936, to Nov. 12, 1936 (inclusive)			Nil		
Movement during year 1935			£ 7,745,822		
Movement during 1936 (January 1 to Nov. 12, 1936, inclusive)			£ 46,608,214		
Movement April 29, 1925, to Nov. 12, 1936 (inclusive)			£ 89,568,411		
Movement September 21, 1931 (gold standard suspended) to Nov. 12, 1936 (inclusive)			£ 111,971,963		

DIVIDEND ANNOUNCEMENTS

Rate % per Annum, except where marked % or Stated in Cash

Name of Company	Interim Final	Date of Payment	Comparison with Last Year	Total	
				Latest Year	Previous Year
BANKS					
British Overseas Bank (A ord.)	16†	Dec. 12	...	6	6
Commercial Bank of Scotland (A ord.)	16†	Jan. 2	Same	16	16
Do. (B ord.)	10†	Jan. 2	Same	16	10
TEA AND RUBBER					
Bekoh Consolidated Rubber	...	Dec. 1	Nil*	2½	2½
Bukit Ipoh Rubber	5%	...	...	8	7½
Castfield (Klang) Rubber	2%	Nov. 25	Nil*	...	...
Chulsa (Selangor) Rubber	2½%	...	Same	...	...
Consolidated Tea and Lands	2½%	Dec. 15	Nil*	...	...
Devon Estates, Malacca	2½%	Dec. 1	5%	...	...
Eastern Assam Tea	2½%	...	...	4	3
Glen Muir Estates	15%	Nov. 30	10%*	...	...
Hong Kong (Selangor) Rubber	...	...	...	2½	3
Johore Rubber Lands	...	Nov. 28	...	10	3
Kanana Rubber	3%	Dec. 1	4%*	...	...
Kapar Para Rubber	3½%	Nov. 25	Nil*	...	...
Malaysia Rubber	1d. p.s.	Nov. 25	Same	...	...
Sagga Rubber (2½)	6%	Nov. 28	3%*	...	...
Semenyih Rubber	6%	...	...	3½	2½
South Perak Rubber	...	Dec. 1	...	2½	Nil
Tambora Rubber	...	Dec. 8	First	2½	Nil
Tenasserim Plantations	6½%	...	...	...	...
United Sui Betong Rubber	7½%	...	Nil*	...	...
Vallambrosa Rubber	...	...	...	...	...
MINING					
Ayer Hittam Tin	5%	Dec. 3	...	...	...
Bulolo Gold Dredging	\$1.40	Dec. 11	...	...	...
Burma Corporation	...	...	...	6½	4½
Central Mining and Investment	8½ p.s.*	Nov. 25	Same	20	20
Cons. Gold Fields of South Africa	13½%	Nov. 24	Same	...	...
Geveor Tin	10%	Dec. 10	...	...	...
Mount Coolah Gold	6d. p.s.	Dec. 10	...	...	...
Mount Lell Mining	7½%	Dec. 17	First	10	2½
New Goldfields of Venezuela	5%	Dec. 28	Same	...	...
North Kalguri (1912)	37½%	Dec. 2	...	...	...
Pari Tin	2½%	Dec. 11	...	...	...
Placer Development	50c.p.s.*	Dec. 11	...	...	...
Sons of Gwalla	2½ p.s.*	Dec. 8	...	...	...
Taipin Tin	2½%	Dec. 5	...	...	...
Zaaplaats Tin	10%	...	Nil*	...	...
OTHER COMPANIES					
A. Boake Roberts and Company	1½%	Dec. 1	1½%*	2	Nil
Acadia Sugar Refining	5%	Nov. 28	Same	...	...
Amalgamated Press	...	...	...	1½	4
Anglo-Scottish Tea Investment	...	...	...	15	10
Argentine Southern Land	...	...	...	4½	2
Associated British Maltsters	14%†	...	11½%†	20	17½
Australian Mercantile Land, etc.	...	...	...	13½	13½
Benskin's Watford Brewery	7%†	Nov. 30	6%†	10	9
Blackpool Pier	2½%	Nov. 24	Same	...	...
Bowmaker	19½%	Dec. 1	7½%*	...	...
Brooke Bond and Co.	5%	Nov. 17	Same	...	...
Charrington, Gardner, Lockett	5%	Dec. 31	7½%*	...	...
Chrysler Corporation (Com.)	\$5½ p.s.	Dec. 5	3½%*	\$12 p.s.	\$2 p.s.
Clark's Brewery	5%	Nov. 20	2%*	...	...
Connaught Estate	3½%	...	...	3	...
Consolidated London Properties	3½%	...	...	11½	11½
Consolidated Trust (Def.)	3½%	...	...	6½	5½
Cowburns and Scott	18½%†	...	Same	6	6½
Daily Mail and General Trust	13½%†	...	2½%*	4	6½
Dalgety and Co.	...	Nov. 28	...	...	...
Danish Gas	24%*	...	...	1½ p.s.†	1½ p.s.
Delaney (John)	5%	...	...	...	...
Delhi Electric	2½%	...	...	...	...
Dennis Brothers (1½)	1½ p.s.†	...	1½ p.s.†	...	...
Deritend Stamping	2½%	Jan. 1	Same	...	...
Electric Furness	6%	Dec. 1	Same	...	...
First Scottish American Trust	5%	Nov. 24	Same	...	...
Forward Trust	7½%	Nov. 23	6%†	10	9
Fremains	5%	Nov. 27	Same	2½	...
Galloway (John) and Company	2½%	Dec. 1	Same	...	...
Garlands (Brookside) Brewery	2½%	...	...	...	...
Gas Consolidation "B" Ord.	2½%	...	...	...	...
General Motors (Com.)	\$1.50	Dec. 19	Same	\$4.50	\$2.25
Guest Keen and Nettelfields	12½%	Nov. 30	...	...	...
Hancock (Wm.) and Co. (Def.)	3%	Dec. 1	Same	...	...
Hawley Works	...	...	...	...	...
Hawker Siddeley Aircraft	12½%	Nov. 27	Same	30	...
India General Navigation	5%	Dec. 8	Same	...	...
Indian and Gen. Invest. (Def.)	...	Nov. 24	...	16-17½	9-7027
Industrial Newspapers Prefd.	...	...	...	...	...
Do. Deferred	...	...	...	...	...
Johnson and Phillips	5%	...	Same	10½	10½
Kenward and Court	7½%†	Dec. 9	Same	8	6
Lavers Optical ("A" and "B")	5%	Dec. 1	Same	1½ d. p.s.	1d. p.s.
Maden and Ireland	2½%	Nov. 27	Same	...	...
Metropolitan Properties	1%	Dec. 1	...	3½(0)	25
Mid-European Corporation	1½%	Dec. 1	...	25	22½
Monte Video Gas	11½%†	...	17½%†	4	4
Moors' and Robson's Breweries	20%†	Nov. 30	Nil*	...	...
Olympic Portland Cement	2½%	...	...	...	...
P.C.T. Construction	8%	Nov. 30	6%*	...	...
Phillips (H. W.) and Co.	3½%	Nov. 25	...	5½	5
Properties Selection & Investment	5%	Nov. 25	...	...	...
Rawang Concessions	3%	...	Same	...	...
Reed (Albert E.) and Co.	12½%	...	...	1½	1
St. Kitts Sugar Factory	...	...	...	12	11
Second Anglo-Celtic Trust	...	...	...	6	5
South Durham Steel Ord.	...	...	...	20	30
Do. "B"	...	...	...	30	30
South London Greyhound Race course Pref. Ord.	5%	Dec. 1	First	...	...
Do. do. Deferred	5%	Dec. 2	...	1½	Nil
Steel Barrel Scammells	25½%†	Nov. 11	22½%†	32½	30½
Thompson (John) Engineering	3%	Nov. 28	Same	10½	6
Transoceanic Trust	16%†	...	Same	20	20
Transval and Delagoa Bay Inv.	3%	...	Same	7½	6½
Urban Electric Supply	(s) 10%†	Nov. 26	15%†	15(s)	17½
Wearside Steel (Def.)	2½%	Dec. 1	Same	...	...
Western Electricity	...	...	...	...	...
Wiggins Teape and Co.	...	...	...	...	...
Woodhead (Jonas) and Sons	...	...	...	...	...
Yates's Castle Brewery	...	...	...	...	...
Yeo (John) and Co.	...	...	...	...	...

† Free of income tax. (s) Paid on £150,000 of capital against £100,000. (t) For 1934, delay in payment due to Exchange Restrictions.

THE BRITISH OVERSEAS BANK LTD.—General meeting, December 8th. Payment, subject to audit, of the full dividend of six per cent. per annum (6s. per share, less income tax) on its "A" ordinary shares for the year ended October 31, 1936. Dividend to be paid December 12, 1936.

AFRICAN AND EASTERN TRADE CORPORATION, LTD.—"A" preference dividend) —Payment will be made on January 1, 1937, of six months dividend to December 31, 1936, less income tax at 4s. 9d. in the £ on the 6 per cent. cumulative "A" preference shares of this company.

HAWKER SIDDELEY AIRCRAFT COMPANY, LTD.—Bonus, one fully-paid ordinary share for each ten ordinary shares held, to holders of 4,000,000 ordinary shares on register on November 11th.

THE STEEL BARREL SCAMMELLS AND ASSOCIATED ENGINEERS, LTD.—Interim dividend of 5 per cent. actual, less tax, on ordinary shares, payable December 1, 1936. The directors state that at the present time the company has a larger volume of business in hand than at any other time, and it is expected that the profit for the current year of the subsidiary companies will show a very substantial increase.

BRITISH INDUSTRIES FIXED TRUSTS—THIRD PORTFOLIO.—Second income distribution of 5d. per sub-unit, free of income tax, representing income received during the half-year ended October 10, 1936. Income warrants to be posted November 9th to the certificate holders registered as at October 10, 1936. There is a balance carried forward to the next half-year equivalent to 0-15648d. per sub-unit, free of income tax.

RALEIGH CYCLE.—Profits have risen from £370,785 to £473,481. Raleigh Cycle Holdings Company will pay final dividend 15 per cent., and bonus 2½ per cent., making 22½ per cent. for year, against 15 per cent.

TATE AND LYLE.—Tate and Lyle, Ltd., announce a final dividend of 14 per cent., making 18½ per cent. for the year. For the previous year the total was made up of just over 18½ per cent., allowing for the increased capital. Reserve receives £284,000, against £310,000, and also £316,000 is transferred from investment to general reserve account. The carry-forward is £58,874 against £66,234.

CHRYSLER CORPORATION.—Chrysler Corporation's dividend for the fourth quarter share, against \$2 for 1935.

DENNIS BROTHERS.—Dennis Brothers, Ltd., propose to recommend at the general meeting on November 30th a final dividend of 1s. 4d. per share, making with the interim 150 per cent., less tax, was paid in two dividends of 33½ per cent. and 116½ per cent., and was followed by a special bonus of 50 per cent., tax free from capital profits.

REPORTS AND NOTICES

Mr Hugh Vaudrey has recently joined the board of Preston Breweries, Ltd.

Lord Wigram has been appointed a director of the London Midland and Scottish Railway Company.

MESSRS KITCAT AND AITKEN have admitted into partnership as from November 3rd, Mr. Victor Percy Brooks, who has been associated with them for the past fourteen years.

RAILWAYS

CENTRAL URUGUAY RAILWAY.—The report to June 30, 1936, states that working expenses were 88.32 per cent. of gross receipts on parent line and 80.42 per cent. on combined system, against 88.78 per cent. and 83.23 per cent. respectively. There was steady appreciation of sterling exchange value of Uruguayan peso during year, the "free" rate having risen from 19.59d. to 24.19d. From receipts and from liquidation of frozen pesos loan from company's bankers has been reduced during year from £535,000 to £245,000.

CENTRAL URUGUAY EASTERN EXTENSION.—Gross receipts to June 30, 1936, £114,105, against £100,556. Net receipts £48,975, against £40,222; add £51,062 brought in, and Government guarantee £28,239, making £128,277. Deduct debenture interest accrued £57,333, estate duty £1,282, interest £964, and income tax £22,082, leaves £46,616 forward.

CENTRAL URUGUAY NORTHERN EXTENSION.—Report to June 30, 1936, shows gross receipts £81,557, against £59,949. Net receipts £34,978, against £23,979. Add balance of fixed quantum receivable from Central Uruguay Railway under working agreement £1,899, making £36,877. Against this has been charged debit balance from 1934-35, £12,454, debenture interest accrued £31,357, interest £4,850, estate duty £712, income tax £8,541, leaving debit forward £21,037.

CORDOBA CENTRAL RAILWAY COMPANY.—Working by the Cordoba Central Railway Company for the year ended June 30th last resulted in twelve months. With the debit of £341,956 for the previous debit to carry-forward of £870,655.

MISCELLANEOUS

LEWIS BERGER AND SONS.—Lewis Berger and Sons report a net profit of £147,127 for the year to July 31, 1936, compared with £141,392 in 1934-35. Depreciation provision was up from £4,000 to £5,000, £1,134 for £8,500 against £6,000. The year's preference dividend absorbed £28,000, ordinary dividend 16 per cent. against 15 per cent. Carry forward £114,133 compared with £109,370 brought in.

EDMUNDSONS ELECTRICITY CORPORATION, LTD.—The results of the operations of the Edmundsons group of companies during the month of October, 1936, as compared with the corresponding month of 1935, show an increase of 15 per cent. of units sold.

ROCHDALE CORPORATION 3½ PER CENT. REDEEMABLE STOCK. 1955-60.—Williams Deacon's Bank, Ltd., give notice that in order to Rochdale Corporation 3½ per cent. redeemable stock 1955-60, the balances of the various accounts will be struck at the close of business on December 1, 1936. The persons who on that date are registered as stockholders will be entitled to receive the dividend next payable.

ROCHDALE CORPORATION 3 PER CENT. REDEEMABLE STOCK. 1956-58.—Williams Deacon's Bank, Ltd., give notice that in order to Rochdale Corporation 3 per cent. redeemable stock 1956-58, the balances of the various accounts will be struck at the close of business on December 1, 1936. The persons who on that date are registered as stockholders will be entitled to receive the dividend next payable.

HENRY MEADOWS.—The directors propose to reorganise the capital. value it is thought that, in addition to amalgamating all the shares, making shares of 5s. in proportion of four for each "B" share of 5s. The "A" portion of one for each twenty "A" subdivided shares of 5s. each in pro- Wolverhampton on December 10th.

IMPERIAL SMELTING CORPORATION, LTD.—The profit and loss account to June 30, 1936, shows a surplus of £69,314, after meeting the dividend on the cumulative preference shares of £134,538, compared with an amount brought forward from the preceding year of £44,016—an increase of approximately £25,000.

The net profit shows at £145,967, against £123,092 for the year ended June 30, 1935, and the total of the net balances carried forward, at £89,135, shows an increase of £11,429. Appended to the report is a consolidated statement of assets and liabilities, which also shows the comparative figures at June 30, 1935.

INTERNATIONAL NICKEL COMPANY OF CANADA, LTD.—Quarterly statement to September, 1936, shows a net profit of \$9,572,105.83, equal to 62 cents per share on common stock after allowing for preferred dividend. This compares with net profit of \$9,070,186.61 for previous quarter, equal to 59 cents per share. Net profit for first nine months of 1936 was \$27,029,079.85, as compared with \$18,080,827.01 for same period in 1935, or \$1.75 per share, as against \$1.14 a year ago. The consolidated balance sheet, September 30, 1936, shows current assets at \$72,598,637.46, including \$43,535,737.56 in cash and government securities, compared with current assets of \$60,109,935.98, including \$32,720,024.06 in cash and government securities, as at December 31, 1935. The total of the earned and capital surplus amounts to \$116,894,400.79.

FOSTER CLARK, LTD.—The report covers a period of 51 weeks to September 16, 1936. Total profit is £81,644, compared with £96,379 for the previous 52 weeks to September 26, 1935. Profit from sales of

investments amounts to £13,291, against £4,424 last year. The latter sum was placed to contingency reserve. No provision is made for taxation this year, against £5,200 last year. A sum of £10,000 is provided for pensions and £10,000 for advertising. Last year £15,575 was placed to contingency reserve. Ordinary dividend for the 51 weeks is 2½ per cent., the same as in 1934-35. The carry-forward is reduced from £69,278 to £64,319.

GALLAHUE, LTD. (OFFER TO ACQUIRE SHARES OF E. ROBINSON AND SONS).—Gallahue, Ltd., has offered to acquire the shares of E. Robinson and Sons, of Stockport. Holders of E. Robinson's 1 ordinary shares are offered 80s. per share, while 30s. is offered for each £1 5 per cent. preference share.

BROWN BAYLEY'S STEEL WORKS, LTD.—Net profits for year to July 31, 1936, were £64,976 higher at £123,542. Dividends on the £500,000 of 5 per cent. (tax free) preference capital are brought up to July 31, 1935, by the payment of three years' arrears. This distribution takes £75,000, while in addition there is this time an allocation of £25,000 to general reserve and £25,000 to reserve for obsolescence of buildings, plant and machinery. The carry-forward is £20,124, compared with £21,582 brought in.

PERUVIAN CORPORATION, LTD.—The accounts for year ended June 30, 1936, show that gross railway traffic receipts have risen over £200,000, to £975,825. Working expenses, however, have also advanced, totalling £807,164, against £617,600, which leaves net receipts £107,511 up at £168,661. A debit of £938,876 is carried forward, against a debit of £780,266 brought in.

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				
Banks		£	£	£	£	£	%	£	£	£	%
Ionian Bank, Ltd.	(m)	14,567	12,080	26,647	...	12,000	2	...	14,647	12,042	2
Breweries											
Ansells Brewery	Sept. 30	309,824	495,928	805,752	17,500	249,288	25	225,000	313,964	429,307	22½
Bristol United Breweries ...	Sept. 30	43,220	93,543	136,763	13,800	62,160	18½	17,500	43,303	89,933	17½
Holt Brewery	Sept. 30	42,396	59,109	101,505	23,493	30,442	5½	5,000	42,570	59,158	5½
Financial Land, etc.											
Argentine Southern Land...	June 30	20,440	57,423	77,863	...	33,870	6	20,000	23,993	34,047	4
Australian, Mercantile, Land, etc.	June 30	71,747	66,684	138,431	...	45,500	4	...	92,231	35,468	2½
British Empire Land Mort.	Sept. 30	810	431	1,241	...	...	...	...	1,241	240	Nil
Capital & Prov. Prop. Trust	Sept. 30	1,800	14,339	16,139	...	9,856	4	4,700	1,583	18,121	5
Dalgety and Company	June 30	116,267	145,852	262,119	25,000	90,000	6†	25,000	122,119	96,789	5½
New Zealand and Aust. Land	Mar. 31	9,967	4,023	13,990	34,000	...	...	Dr. 30,000	9,990	32,865	Nil
Iron, Coal and Steel											
Brown, Bayley's Steelworks	Aug. 1	21,582	123,542	145,124	(c) 75,000	...	...	50,000	20,124	58,566	Nil
Fairfield Shipbuilding, etc.	June 30	7,458	51,244	58,702	...	...	...	46,763	11,939	37,415	Nil
Thornycroft (John I.)	July 31	Dr. 33,463	40,240	6,777	...	...	...	...	6,777	Dr. 102,054	Nil
Motor and Cycle											
Enfield Cycle	Aug. 31	46,945	18,095	65,040	2,775	12,867	7½	25,000	24,398	18,922	7½
Short Brothers (Rochester)	Aug. 31	49,452	75,971	125,423	...	45,000	30	1,127	79,296	68,404	20
Rubber											
Aboyne-Clyde	June 30	Dr. 10,910	Dr. 2,108	Dr. 13,018	...	...	...	...	Dr. 13,018	Dr. 728	Nil
Anglo-Sumatra	May 31	9,975	1,433	11,408	...	4,000	5	...	7,408	1,699	5
Buntar	June 30	1,211	5,022	6,233	...	3,563	3½	1,500	1,170	3,033	2½
Castlefield (Klang)	June 30	1,868	10,374	12,242	...	8,000	8	...	4,242	8,764	7½
Hevea (Johore)	June 30	2,360	5,084	7,444	335	4,451	4	...	2,658	2,680	2½
Insulinde (Sumatra)	June 30	3,147	2,299	5,446	...	3,030	2½	253	2,163	2,824	Nil
Johore Rubber Lands	Mar. 31	7,112	2,088	9,200	...	2,744	2½	...	6,456	3,267	2½
Permas	June 30	235	1,875	2,110	...	1,875	2½	...	235	1,452	2
Preanger (Java)	June 30	759	541	1,300	...	625	4½	...	675	(a)	(a)
South Perak	June 30	688	2,646	3,334	...	2,000	3½	500	834	2,613	2½
Tea											
Carolina Tea of Ceylon	June 30	7,302	7,467	14,769	3,456	2,565	3	1,000	7,748	7,221	2½
Textiles											
Hoyle (Joshua) and Sons ...	Sept. 30	21,839	17,318	39,157	...	...	...	20,000	19,157	Dr. 742	Nil
Tramways and Omnibuses											
Cape Electric Tramways ...	June 30	59,624	69,763	129,387	...	19,649	4	48,096	61,642	57,735	4
Trusts											
East of Scotland	Sept. 30	11,742	22,690	34,432	11,625	7,750	5	...	15,058	20,506	4
Foreign Railways Invest....	Oct. 31	45,080	Dr. 183	44,897	...	...	...	...	44,897	5	Nil
Scottish National	Sept. 30	28,456	42,196	70,652	23,126	10,792	3½	10,000	26,734	41,571	2½
Second Industrial	Sept. 30	19,557	31,529	51,086	13,903	12,373	4	7,108	17,702	32,880	3½
Second Scottish National ...	Sept. 30	23,709	46,957	50,666	17,344	4,625	2	5,000	23,697	32,505	2
Other Companies											
Agua Santa Coffee	Dec. 31	Dr. 11,392	Dr. 5,746	Dr. 17,138	...	...	...	...	Dr. 17,138	Dr. 5,247	Nil
Berger (Lewis) and Sons	July 31	109,370	147,127	256,497	28,000	84,364	16	...	144,133	141,391	15
Berisford (S. and W.)	Sept. 30	13,260	51,589	64,849	6,000	36,000	16	8,125	14,724	58,950	16
Clarke (W. G.) and Sons	Aug. 31	17,454	28,671	46,125	18,750	6,000	1½	5,000	16,375	32,379	1½
Dick (R. and J.)	Aug. 31	8,379	18,388	26,767	11,153	3,717	5	...	11,897	16,781	Nil
Imperial Smelting	June 30	44,016	159,836	203,852	134,538	...	...	...	69,314	145,428	Nil
Industrial Newspapers	Sept. 30	2,194	19,958	22,152	5,766	11,915	(s)	2,000	2,471	16,575	(s)
Lorland and Impey	July 31	2,391	23,641	26,032	6,591	8,112	10	9,000	2,329	16,395	10
Packing Materials Assocn....	Sept. 30	2,687	6,159	8,846	6,910	...	...	...	1,936	4,308	Nil
Phosherine Products	June 30	378	5,550	5,928	...	2,000	20	2,000	1,928	3,245	8
Santa Cruz Coffee	Dec. 31	Dr. 10,043	1,421	Dr. 8,622	...	...	...	...	Dr. 8,622	Dr. 3,778	Nil
tuttaford and Co.	Aug. 31	43,654	72,657	116,311	12,600	48,000	12†	10,000	45,711	53,461	11†
outh London Greyhound	Sept. 30	16,367	54,663	71,030	9,150	18,300	80	38,000	5,580	21,399	30
alparaiso (Chile) Drainage	Mar. 31	8,097	2,686	10,783	...	...	...	492	10,291	5,464	Nil

COMMERCE AND TRADE

SURVEY OF COMMODITY MARKETS

Two unexpected developments occurred to disturb the even tenor of the commodity markets during the past week. The first was a bearish estimate of the American cotton crop and the second a surprise advance in tin quotas.

The improvement in sentiment following last week's announcement of the agreement with Siam carried tin prices to a new high level for the current year. On Tuesday the cash price touched £245 5s. per ton. In the circumstances, the announcement on Wednesday that production quotas would be raised to 105 per cent. of the standard tonnages, with retrospective effect from October 1st, came as a shock to the market and quotations slumped heavily. Nevertheless, the reaction was short-lived and prices remain well above the level of a week ago. Meanwhile, the steep rise in the price of other non-ferrous metals has been checked for the time being.

The United States Department of Agriculture sprung a surprise upon the cotton market on Monday, by forecasting the American crop at 12,400,000 bales. This was substantially in excess of market expectations, and was responsible for a decline in the price of American cotton. Egyptian sakel, on the other hand, scored a recovery, after last week's easiness. Wool continued very strong in sympathy with the buoyant tendency of markets in Australasia, while flax and jute were also marked up. Few new features were apparent on the market in vegetable oils and oilseeds, but good trade buying was responsible for a further advance in the price of rubber.

Wheat quotations were rather higher, despite a week of quiet trading, and other grains were also dearer. Bacon was a firm market, and butter was marked up on shorter supplies. Sugar scored an improvement but, on the other hand, the recent strength of the tea market was not maintained. Eggs declined in consequence of a slackening of demand, but potatoes were rather dearer, the bad weather having retarded loading.

American markets were closed on Wednesday, but the general tendency of prices during the week was again upwards. Thus Moody's index of the dollar prices of staple commodities (December 31, 1931=100) was 186.3 on Wednesday, against 183.6 a week earlier, 183.6 a month ago and 166.5 on the same date last year.

COAL

SHEFFIELD.—There is an active home demand for industrial fuels. Small coal is rather difficult to obtain, demand for supplies by coke and electricity works being at a high level. As a result of the mild weather there is not much business in household coal. There is a fair export demand for prompt shipment, especially for smalls, singles and doubles. Demand for hard coal is easing and enquiries for forward delivery are limited.

NEWCASTLE-ON-TYNE.—The new Anglo-Italian trade agreement, which comes into operation on November 16th, will be of considerable benefit to the coking and gas collieries in this area. This section of the market has already shown much greater strength under an active home trade; and, unless production is considerably increased, supplies will not be easily obtainable when business with Italy is resumed. Quotations for forward shipment exceed current prices. Steam coals of all classes are a firm market, there being little coal of any description available until the end of the winter. Patent oven coke is very scarce, and Danish consumers complain of lack of supplies from this district under trading agreements.

GLASGOW.—Although slow to gather momentum, the seasonal expansion in home demand is now more pronounced, and the general outlook is good. Industrial needs are brisk, and coastwise business proceeds on satisfactory lines; but while shipping collieries are mostly well booked into next year, they are still affected in the prompt position by the displacement of tonnage due to the recent stormy weather. This, incidentally, has diminished the demand for navigation bunkers, but other classes of fuel remain steady, with doubles and pearls scarce in a generally firm market for washed nuts.

CARDIFF.—On the Cardiff coal market on Tuesday disappointment was expressed with the terms of the new Anglo-Italian commercial agreement. In 1929 the United Kingdom exported over 7 million tons to Italy, and the Bristol Channel ports alone nearly 3.2 million tons, while even

in 1932, when most of the international agreements dealing specially with coal were arranged, British exports totalled over 5 million tons, and those of the Bristol Channel ports 2.3 million tons. The pact signed in Rome last Monday limits the importations of coal and coke from this country to a quarterly c.i.f. value of 45.3 million lire, and on the basis of current f.o.b. prices, freight rates, and the sterling lire exchange, this sum represents only about 400,000 tons, or 1.6 million tons for the whole of the experimental period of twelve months. As Italy normally takes roughly half of its British supplies from South Wales, the agreement means that deliveries to Italy from South Wales will amount to a total of approximately 800,000 tons per annum, compared with 2.3 million tons in 1932, and 3.6 million tons in 1930. Moreover, on the assumption that the normal Italian imports from all sources in the period covered by the agreement will be at the rate of from 8 to 8½ million tons per annum, the British share of total imports will be less than 20 per cent., compared with 27.5 per cent. in the pre-war year. On Monday a delegation from the South Wales Executive Board proceeded to Rome to discuss the position with the Italian authorities. The volume of trade shows little change, and at 390,300 tons, shipments in the foreign and coastwise trades last week were 27,500 tons less than in the corresponding week last year. Prices are nominally unchanged, except for some of the smaller grades which have been increased by about 6d. per ton.

IRON AND STEEL

LONDON.—The weekly report of the London Iron and Steel Exchange indicates that there has been no relaxation in the busy conditions which have ruled in the iron and steel trade for many weeks. The pressure exercised by consumers to obtain urgently needed material is a noticeable feature of the position. In many cases plant has been working continuously for long periods and manufacturers would be glad if there were a lull in the demand to provide an opportunity for an overhaul which is overdue. In most departments makers are concentrating upon meeting their contract commitments and are not seeking new business.

In the pig iron section the scarcity of foundry and hematite iron still causes some concern. Although consumers are closely rationed, a number of producers have fallen behind in their deliveries against contracts. Demand for basic iron is of almost record proportions, but home output plus the imports from Russia appear to be sufficient to meet requirements.

In the semi-finished steel department stringent conditions still rule, but lately the situation has been eased by the imports of material from the Continent. British works are producing practically at capacity, but they are unable to satisfy the full requirements of their customers.

Operations in the finished steel section of the market show no decline from the high rate which has obtained for many weeks. In practically all departments demand is in excess of the capacity of the producers, and, although efforts are being made by them to distribute their output as well as possible among consumers, there is a tendency for delivery arrears against contracts to accumulate.

SHEFFIELD.—Business continues to run at a high level, and there is every indication that this state of affairs will continue to the end of the year and apparently well into 1937. Consumers of forge and foundry iron are finding it increasingly difficult to place contracts, business mainly relating to limited parcels. In this area users have to rely mainly upon now available owing to the growing needs of that district. It is stated that some producers are now having recourse to the rationing of their customers. So far no alteration in quotations has occurred, but there is a general expectation that an upward movement cannot much longer be delayed. There is a distinct shortage of West Coast hematite, and East ago. Demand is keen and business is done subject to a premium of around 10s. per ton. The improvement in the demand for finished iron is well maintained and the outlook is regarded as moderately satisfactory. For requirements show an upward tendency. There is plenty of business in heavy.

All branches of the steel trade here are active and orders on an important scale continue to flow in. One order alone is valued at £100,000 and is for special hollow forgings for Italy. A good deal of shipyard work is coming in and the railways and collieries are placing work here of considerable value.

MIDDLESBROUGH.—Demand for all classes of iron and steel continues to increase. A considerable proportion of the pig iron produced locally is going into direct consumption at the producers' own steelworks. Supplies of foundry iron continue to be rationed to the various consumers, who are pressing for increased tonnages. Actual business in either foundry or pig iron or hematite iron is small, for, owing to the heavy demand, producers are practically sold out until the early months of next year. Prices for shipment to customers abroad are meeting with little success in their efforts to obtain delivery. Re-rollers are receiving good supplies of semi-finished steel from local producers but are also taking some of foreign

The constructional and shipbuilding sections of the steel trade are very active, and, in some cases, deliveries are delayed. A further order has been placed with Tyne shipbuilders for a large twin-screw motor vessel.

New business in foreign ore is little heard of, but deliveries under existing contracts continue to arrive at a steady rate. Good Durham blast-furnace coke is maintained at 24s. 6d. per ton delivered works. Heavy steel scrap can easily be disposed of at 60s. per ton delivered.

GLASGOW.—There has been no change in the iron and steel trades this week, business in all branches being characterised by intense activity. Demands for shipbuilders' material both from the Clyde and East Coast yards are particularly heavy. Re-rollers are finding it difficult to obtain adequate supplies of semis, and it is impossible for them to arrange their programmes for more than just a week or two ahead. Sheet makers are in the export branch is maintained. Business placed with the principal manufacturing industries is on an important scale and is providing work for an increased number of skilled operatives.

CARDIFF.—The rise in the price of tin has stimulated the current demand in the tinsplate market, and works are at present well employed up to the allotted quotas. Shipments at Swansea last week totalled 77,182 boxes, compared with 52,844 boxes the previous week, and 107,230 boxes in the corresponding week last year; and although the home trade was steady, stocks increased from 93,810 boxes to 108,809 boxes, compared with 58,141 boxes in the corresponding week last year. Prices were unaltered at 18s. 4½d. per basis box f.o.t. for inland supplies and at 18s. 9d. f.o.b. There has been a slightly better export market in galvanised sheets, but prices are unaltered and tinsplate bars continue to be quoted at 76 per ton delivered.

OTHER METALS

COPPER.—After rising to £45 per ton, copper prices have shown a reactionary tendency during the past few days. If, as seems likely, this weaker tone continues, operators who have recently been "bulling" the market may be expected to liquidate some of their holdings. Consumers' needs are now better covered and, moreover, consuming industries will be seasonally less active in the near future. Hence, the market seems unlikely, as yet, to repeat its recent display of strength. Meanwhile, the United States domestic quotation was raised by half a cent, as from November 6th, to 10.50 cents per lb., a rise which seems justified in view of the recent advance in the export price to over 10.60 cents. By the raising of the domestic price, the relationship between the two quotations has been normalised once again.

Sales on the London Metal Exchange: 5,150 tons on Monday, against 3,000 tons last week; 3,300 tons on Tuesday, against 3,450 tons last week; 2,300 tons on Wednesday, against 3,900 tons last week. Domestic spot was quoted at 10.52½ cents per lb. in New York on Tuesday, against 10.40 cents a week ago and 9.72½ cents a month ago. Wednesday's official closing price for standard cash in London was £43 11s. 3d. to £43 13s. 9d., compared with £44 5s. to £44 7s. 6d. a week ago. Stocks of refined copper in British official warehouses at the end of last week, at 47,186 tons, show a decrease of 69 tons, while stocks of rough copper, at 1,058 tons, show a decrease of 157 tons on the week.

LEAD AND SPECTER.—A slackening of demand was responsible for the easier tendency in these metals in the early part of the week. Supply conditions remain unchanged; according to the *Metalgesellschaft*, world production of smelter lead in September (excluding Spain) was 112,771 metric tons, against 111,126 tons in August, or almost 5,000 metric tons below the monthly average output in 1935—a figure which, however, includes Spain. On the other hand, consumption has shown a rising trend during the past year, and is outrunning production. The course of lead and spelter prices in the immediate future will be largely governed by the attitude of speculators, who have recently been bullish and who may now be inclined to take their profits.

Sales of lead on the London Metal Exchange: 2,200 tons on Monday, against 1,200 tons last week; 1,900 tons on Tuesday, against 3,000 tons last week; 2,600 tons on Wednesday, against 3,000 tons last week. The New York quotation on Tuesday was 5.10 cents per lb., against 4.90 cents a week ago and 4.65 cents a month ago. The official closing quotation in London for soft foreign for shipment during the current month was £21 5s. per ton, compared with £20 5s. a week ago.

Sales of spelter on the London Metal Exchange: 2,200 tons on Monday, against 1,300 tons last week; 2,400 tons on Tuesday, against 1,900 tons last week; 1,650 tons on Wednesday, against 2,800 tons last week. Tuesday's quotation in East St. Louis was 4.95 cents per lb., against 4.85 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 £16 1s. 3d. per ton, against £16 5s. last week.

TIN.—The upswing of prices, which followed last week's announcement regarding the future of the restriction scheme, continued in the early part of this week, the cash quotation closing at £245 5s. per ton on Tuesday—a new high record for the current year. The official quotation suffered a sharp setback on Wednesday morning, following the publication of the announcement that production quotas for the last quarter of 1936 would be raised by 15 per cent. to 105 per cent. of the standard tonnages, with retrospective effect from October 1st. The increase was to be general except in the case of Bolivia, whose quota was raised from 75 to 90 per cent. It is anticipated that only Malaya and the Dutch East Indies will be able to produce the additional quota now authorised and that some 4,000 tons of additional tin may be expected to come on to the market. Even this increase will not be available for some time. It was possibly this reflection which caused prices to recover on Wednesday afternoon.

Sales of tin on the London Metal Exchange: 825 tons on Monday, against 375 tons last week; 550 tons on Tuesday, against 600 tons last week; 570 tons on Wednesday, against 475 tons last week. The New York quotation on Tuesday was 53.50 cents per lb., against 47.40 cents a week ago and 44.55 cents a month ago. Wednesday's official closing quotation in London for standard cash was £232 to £232 10s. per ton, compared with £217 to £218 a week ago. Stocks of tin in London and Liverpool at the end of last week totalled 864 tons, a decrease of 93 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 £14 5s. per flask of 76 lbs., the same as last week. Chinese antimony was quoted at 56 per ton ex warehouse, the same as last week. Chinese wolfram for "November-December" shipment was quoted at 30s. to 31s. per unit, c.i.f., as against 28s. 6d. to 29s. 6d. per unit last week. Refined platinum at £9 15s. per ounce remains unchanged.

TEXTILES

COTTON.—Manchester.—At the end of last week a big business was transacted, especially in yarns. The Lancashire Cotton Corporation announced that prices would be advanced on Monday and this decision resulted in heavy buying. The good progress which is being made in connection with the price-fixing scheme in the Egyptian section enabled spinners to advance their quotations and the hardening movement has brought out more orders. The bearish crop estimate of the American Government on Monday last was a distinct surprise for traders; the fall in values in New York and Liverpool, with a possibility of a further decline, has had an unsettling effect and during the last few days the Manchester market has been quieter. Most spinners and manufacturers, however, have now substantial order lists and buyers are finding it difficult to obtain price concessions when definite business is offering. In some quarters there is a disposition to increase forecasts of the probable consumption of American cotton this season and the total may be 12,750,000 bales. Advances are being received of larger supplies of outside growths.

Throughout the week there has been an active demand in the cloth market. The large inquiry has been maintained and a substantial business done. After being rather quieter, freer buying has again taken place in a variety of goods for India. Some encouraging contracts have been reported in dyed fancies for Java. Sales for Egypt have improved and heavy shirtings and coloured cloths have continued to attract attention for West Africa. Sateens and prints have been bought for South America. Rather more activity has been mentioned in fine fabrics for the Continent, especially Switzerland. Standard makes and Coronation materials have moved off fairly freely. Manufacturers with wide looms are now fully sold for nearly six months ahead. Spinners of coarse American yarns have now healthy order books. Determined efforts are being made to improve margins in medium counts. The position in Egyptian qualities is improving.

COTTON PRICES

	1936				Corresponding Date	
	Oct. 21	Oct. 28	Nov. 4	Nov. 11	1934	1935
Raw Cotton—Mid. American..... per lb.	7.00	6.90	6.90	6.79	6.85	6.69
Sakellaridis Fully Good Fair						
" Egyptian per lb.	11.03	11.55	11.37	11.64	8.69	9.72
Yarns—32's twist per lb.	11½	11½	11½	11½	10½	10½
" 40's twist per lb.	11½	11½	11½	11½	10½	10½
" 60's twist (Egyptian) per lb.	16½	17	17	17	16½	16½
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. s. d.	s. d. s. d. s. d. s. d.	s. d. s. d. s. d. s. d.	s. d. s. d. s. d. s. d.	s. d. s. d. s. d. s. d.
36-in. Shirts, 75 yds., 19 by 19, 32's and 40's.....	18 6	18 6	18 7½	18 9	18 10	17 9
38-in. ditto, 88 yds., 18 by 18, 10 lb.	25 10½	25 10½	26 0	26 3	24 0	24 10½
39-in. ditto, 37½ yds., 16 by 15, 8½ lb.	9 4	9 4	9 4½	9 5½	9 9	9 5½

AMERICAN COTTON SUPPLIES.—The officials of the U.S. Department of Agriculture are in danger of losing their reputation for accuracy as the reports for the 1936-37 crop have been by no means reliable. At the beginning of August the growth was estimated at 12,481,000 bales, and the yield per acre at 199.7 lb. Early in September the probable crop was cut down to 11,121,000 bales, the yield per acre being 179.2 lb. In October there was an increase to 11,609,000 bales and 186.9 lb. yield per acre. On Monday last a further report was due, which was expected to increase the probable crop to 12,000,000 bales, but the actual figure was 12,400,000 bales, the yield per acre being raised to 199.7 lb., the same as in August last. Prices in New York and Liverpool have not fallen to the extent which might have been expected as there continues an active demand from the trade, but a moderate decline has occurred which has caused uncertainty amongst operators. Owing to increased industrial activity, especially in the United States, it is quite likely that world consumption this season will be 12,750,000 bales, against 12,500,000 bales last year. The decrease in the carryover to next season will therefore probably be comparatively small. It is now taken for granted that the restriction of production will be maintained in some form or another, but the authorities at Washington are closely watching the output of other countries and it is estimated that these outside growths for the current season will be 17,500,000 bales, against 16,000,000 bales for last year. Hence there does not seem to be much ground for expecting any big rise in cotton prices in the near future.

WOOL.—Bradford.—At all selling centres in Australasia weekly sales continue and the raw material is still rising in price, despite the absence of Japanese support. It may now be said that Australia has entered upon the most important part of its selling season, big quantities of wool being put weekly upon the market. At the end of the current month the supply of combing wool in South Africa will be practically finished. Hence if Japanese mills still require wools showing length of staple and fine quality, they will be compelled to make their purchases on the Australian market. Japan is at present paying prices in South Africa considerably above what similar wools are costing in Australia. The extended competition of the Continent in Australia has undoubtedly given a fillip to the market. Wool is in very active demand and prices are still moving upwards. The clip this season appears to be well grown, showing sound manufacturing properties. Attention is now centred on the final series of London Sales which begin in Coleman Street next Tuesday. Selling brokers have declared 100,500 bales as being available. The merinos mostly comprise new clip wools, and the crossbreds from New Zealand will be largely shipes, scoured, and old greasy parcels. A very good series is expected with marked advances in prices. Meanwhile, home trade continues healthy with most mills working overtime.

GRAIN MARKETS

WHEAT.—Apart from some active buying of new crop Plate wheat by Italy, the market has been featureless during the past few days. Nevertheless, prices at the close on Wednesday were rather above the level of the previous week. Meanwhile, crop news from the growing areas in Australia and Argentina remains satisfactory.

On Tuesday last, "December" futures were quoted in Chicago at 114½ cents per bushel, against 114½ cents the week before and 116½ cents a month ago. Quotations in London, Wednesday: No. 1 Northern Manitoba, ex ship, 43s. per 496 lbs., against 42s. 6d. a week ago; No. 2 Northern Manitoba, ex ship, 42s. 9d., against 42s. 3d. a week ago. According to the *Corn Trade News*, total shipments of wheat and flour last week totalled 1,560,000 quarters, against 1,516,000 in the previous week and 1,408,000 quarters in the corresponding week a year ago.

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FLOUR.—Demand has been quiet and quotations have suffered a renewed decline. Wednesday's London quotations (excluding quota payments) were: Straight run, delivered Home Counties, 36s. per 280 lbs., against 36s. 6d. a week ago; delivered inner London, 35s. 6d., as compared with 36s. a week ago. Manitoba patents, ex store, 33s. 3d. to 34s. 9d. against 33s. 3d. to 34s. 9d. a week ago, Australian, ex store, 32s. 6d., against 32s. 6d. a week ago.

BARLEY.—The market has been steady this week. "December" futures were quoted at 60½ cents per bushel in Winnipeg on Tuesday, against 58½ cents a week ago. Quotations per 448 lbs. in London on Wednesday were: "English feed" (new), at farm, 28s. to 29s., as against 28s. to 29s. a week ago; "English malting" (new), at farm, 34s. to 50s., against 34s. to 50s. last week; Californian (new), ex ship, 47s. to 58s., against 47s. to 58s. last week; Chilean, brewing, ex ship, 36s. 6d. to 42s., against 36s. 6d. to 42s. a week ago.

OATS.—Prices are somewhat higher on the week. On Tuesday, "December" futures were quoted at 42½ cents a bushel in Chicago, against 41½ cents a week ago and 41½ cents last month. Quotations in London, Wednesday: "English Black" (new), at farm, 21s. to 22s. per 336 lbs., against 21s. a week ago; "English White" (new), at farm, 21s. to 22s., against 21s. a week earlier; mixed Canadian feed (Vancouver), landed, 21s. per 320 lbs., compared with 20s. 9d. last week.

MAIZE.—After the easiness of recent weeks the market has developed a firmer tone, partly in sympathy with Chicago. "December" futures were quoted on Tuesday at 10½ cents per bushel in Chicago, against 9½ cents a week ago and 9½ cents last month. Quotations in London, Wednesday: "Plate," landed, 22s. 9d. per 480 lbs., compared with 22s. 9d. a week ago; "Plate," ex ship, 21s. 9d., as against 21s. 9d. a week ago; "Plate," "November," 22s. 3d., as against 22s. a week ago; yellow maize meal, ex wharf, was quoted at 66 to 68 5s. per ton, as against 66 2s. 6d. last week.

AMERICAN WHEAT MARKETS.—The following table shows wheat quotations for selected weeks in 1934-36:—

NEAREST FUTURES	Jan. 3, 1934	Jan. 2, 1935	Nov. 13, 1935	Dec. 31, 1935	Nov. 4, 1936	Nov. 10, 1936
Winnipeg (No. 1, Manitoba)	65½	82½	82½	84½	106½	105½
Chicago (No. 2 Winter)	84½	96½	93½	75½	114½	114½

The visible supply of wheat in Canada amounts to 82,876,000 bushels, against 86,548,000 bushels last week, and 145,868,000 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 November 7	287,208	352,853	452,258	332,624
10 weeks to November 7	3,568,947	4,779,042	4,744,991	3,264,321
Average price of English wheat per cwt.	s. d. 4 8	s. d. 4 11	s. d. 6 1	s. d. 8 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
November 5, 1932	334,481	408,323	58,941	5 6	7 7	6 0
November 4, 1933	287,208	499,216	48,020	4 8	9 7	5 4
November 10, 1934	352,853	386,369	44,886	4 11	8 10	6 7
November 9, 1935	452,258	498,034	45,927	6 1	8 10	6 3
October 31, 1936	435,655	503,604	70,101	8 11	9 11	6 11
November 7, 1936	332,624	502,716	63,327	8 9	9 10	6 10

OTHER FOODS

BACON.—The market has been generally steady this week, although English and Irish have been in rather quiet demand. The official quotations (per cwt. for No. 1 Sizable) which formed the basis for dealings on the London Provision Exchange this week were: English, 88s. to 90s.; Canadian, 80s.; Danish 90s., as against 88s. to 90s., 80s. and 90s. last week. Arrivals in London last week included Danish, 11,145 bales; Canadian, 6,310; Dutch, 2,160; Lithuanian, 1,217; and Polish, 2,720; as against 12,646, 6,116, 2,288, 1,092 and 2,681 bales, respectively, in the previous week.

BUTTER.—Supplies of unsalted butter from Colonial sources have been absent from the market this week and quotations for other descriptions have consequently been firmer. Quotations (per cwt.) on the London Provision Exchange on Wednesday were: New Zealand, finest salted, 112s.; Australian, choicest salted, 110s. to 111s.; Danish, 125s. to 126s., compared with 106s. to 107s.; 106s. and 122s., respectively, a week ago.

CHEESE.—The market has been steady to firm. Quotations (per cwt.) on the London Provision Exchange on Wednesday were as follows:

English, finest farmers, 82s. to 86s.; Canadian, finest coloured, 70s. to 71s.; and New Zealand, finest coloured, 71s., against 82s. to 86s., 69s. to 70s., and 68s., respectively, a week ago.

COCOA.—The spot quotation in New York on Tuesday was 8½ cents per lb., as against 8½ cents per lb. last week. In London, on Wednesday last, good fermented new crop, "November-January," was quoted 39s. 3d. per 250 kilos, c.i.f. Continent, against 38s. 6d. a week ago. Last week's movements of cocoa in London were as follows: Landed, 2,241 bags; delivered, for home consumption, 5,548 bags; exported, 4,672 bags; stocks, 118,855 bags, against 114,334 bags a year ago.

COFFEE.—The spot markets both in New York and London have been quietly steady. On Tuesday, Rio No. 7 (cash) was quoted at 8½ cents per lb. in New York, as compared with 8½ 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, 18 cwt.; delivered, for home consumption, 201 cwt.; exports, nil; stocks, 9,307 cwt., against 12,643 a year ago. Central and South American, landed, 694 cwt.; delivered, for home consumption, 2,682 cwt.; exported, 903 cwt.; stocks, 59,113 cwt., against 85,668 last year. Other kinds: landed, 3,480 cwt.; delivered, for home consumption, 4,291 cwt.; exported, 860 cwt.; stocks, 95,925 cwt., against 112,565 last year.

EGGS.—In consequence of a less active demand, prices have suffered a decline this week. At Smithfield, on Wednesday, English (ordinary) packing, Grade I, about 15-15½ lb., realised 19s. to 20s. per 120, as against 20s. to 22s. last week, while Danish (15½ lb.) made 16s. to 16s. 6d., as against 16s. to 16s. 6d. last week.

FRUIT.—The seasonal quietude associated with November has been accentuated by the bad weather of the past week, and prices are generally easy. At Covent Garden, according to *The Fruitgrower*, the apple trade remains steady, although the volume of supplies keeps prices at a rather low level. Pears, on the other hand, have shown a hardening tendency in consequence of a reduction in the quantity available. English hothouse grapes have shown an improvement, though some imported varieties are selling at lower prices. Cobnuts and walnuts are easy, while Tunis dates are plentiful and cheap. Oranges continue to sell well, but at rather low rates, while lemons show a further drop in prices, consequent upon an increase in supplies. Grapefruit, although cheap, are a rather better trade.

MEAT.—Business at Smithfield was only fair during the past week. On Wednesday last, Argentine chilled hindquarters were quoted at 3s. 8d. to 4s. per 8 lbs., as compared with 3s. 6d. to 3s. 10d. a week ago. New Zealand frozen mutton was 3s. to 3s. 8d. per 8 lbs., against 3s. 2d. to 3s. 8d. a week ago. According to the Smithfield Market official report, supplies during last week amounted to 10,000 tons, an increase of 544 tons on the corresponding week last year. Beef and veal accounted for 5,124 tons, mutton and lamb 2,752 tons, and pork and bacon 1,230 tons, as compared with 4,894, 2,453 and 1,376 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, 11 tons; stocks, 1,797 tons, against 1,453 tons a year ago. White, landed, 37 tons; delivered, 45 tons; stocks, 11,866 tons, against 14,987 tons a year ago.

RICE.—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. "November-December" in singles to Continent and U.K. was quoted at 8s. per cwt., against 7s. 10½d. last week for "October-November." Movements in London during the past week were as follows: Landed, 13 tons; delivered, 281 tons; stocks, 2,010 tons, against 6,948 tons a year ago.

SUGAR.—The firmness noted on the New York market a week ago has continued and prices are again higher on the week. London prices have shared in the upward movement. The spot price in New York on Tuesday was 3-70 cents per lb., as compared with 3-50 cents per lb. last week and 3-35 cents per lb. a month ago. Wednesday's sales of raw sugar in London included December delivery at from 4s. 11½d. to 4s. 11½d. against 4s. 10½d. to 4s. 10½d. a week ago. The movements of raw sugar at public warehouses in London and Liverpool last week were as follows: Imports, 37,021 tons, against 14,390 tons last week and 17,974 tons in the same week of last year; deliveries, 15,836 tons, against 18,032 tons last week and 15,284 tons last year; stocks, 116,824 tons, against 95,639 tons last week and 167,432 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 ended	Northern India	Southern India	Ceylon	Java	Sumatra	Africa	Total
Nov. 7, 1935	13-33	12-31	15-03	12-18	9-42	11-63	13-53
Oct. 1, 1936	13-39	11-95	13-41	10-91	9-90	11-55	13-09
Oct. 15, "	13-22	11-92	13-62	10-81	9-95	11-63	13-03
Oct. 22, "	13-19	12-00	13-87	11-08	10-11	11-30	13-12
Oct. 29, "	13-24	12-08	13-96	11-32	10-07	11-59	13-22
Nov. 5, "	12-99	12-12	14-61	11-61	10-03	11-62	13-24
	13-03	12-51	14-85	11-93	10-12	11-97	13-40

The quantities catalogued for the public auctions in Mincing Lane this week comprised 52,864 packages of Indian and 21,937 packages of Ceylon tea. Demand for Indian grades was not quite so brisk as last week and quotations were consequently a shade easier. The market in Ceylon grades was irregular and, here also, prices were rather lower.

VEGETABLES.—Canary Island tomatoes, states *The Fruitgrower*, have been a more prominent feature at Covent Garden this week and are rather lower in price. Cucumbers, in limited supply, are not in active demand, but mushrooms hold their price. In consequence of an abundance of supplies, prices of cabbage, cauliflower and savoy remain at a low level. Sprouts are also more plentiful and easier, but celery sells well. Onions are easy. Carrots, turnips and parsnips are moving better, but sell at moderate prices. Meanwhile, the bad weather has somewhat retarded the loading of potatoes, while demand has shown an improvement. Quotations for best siltland King Edward consequently advanced to 8s. 6d. to 9s. 6d. at the Borough on Tuesday, against 8s. to 9s. a week earlier.

MISCELLANEOUS COMMODITIES

VEGETABLE OILS AND OLSEEDS.—The market has a rather better tone. Indian linseed is in improved demand in near positions, but Plate is neglected so far as English crushers are concerned. Purchasing generally, however, is still restricted owing to the uncertainty surrounding the Argentine Government's policy in regard to the assured minimum prices

to growers. Meanwhile, prospects of the new crop in South America indicate a big yield. Reports of frost and rain in several districts are to hand, but are neither serious nor unusual at this time of year. The old Plate crop continues to move off in fair volume, and the unsold balance is now estimated at 143,000 tons. The quantity now afloat for Europe is 118,200 tons, including 18,200 tons from India, or 12,600 tons less than last week; and for the United States and Canada 77,800 tons, against 55,600 tons a year ago. Trade in linseed oil is mainly for early delivery and is a little more active, though price fluctuations are very small. Business for forward delivery is reported at 24 10s. per ton ex Hull mill January-August.

Cotton seed is dearer in sympathy with Alexandria, but demand is poor. Crude cotton oil has been marked up to 26 per ton, naked, ex

Hull, but is in slow request. Oilcakes are unchanged in price, demand being normal for this time of the season.

RUBBER.—In consequence of an active trade demand, and a further drop in U.K. stocks, the price of rubber scored a renewed advance this week. The spot price in New York on Wednesday was 17½ cents per lb. compared with 17½ 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 8½d. per lb., as against 8½d. on the corresponding day last week. In forward positions, business has been done at 8½d. for "December" shipment, as against 8½d. to 8½d. a week ago. Stocks in London and Liverpool at the end of last week totalled 94,131 tons, against 96,673 tons a week earlier. A year ago stocks amounted to 167,007 tons.

WHOLESALE COMMODITY PRICES

UNITED KINGDOM

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

LONDON, November 11th		The prices in the following are revised with the assistance of an eminent firm in each department.	
CEREALS AND MEAT		POTATOES—	
Wheat—	s. d. s. d.	English King Edward	s. d. s. d.
No. 2, N. Man. 496 lb.	42 9	per cwt.	8 6 9 6
Eng. Gaz. av., per cwt.	8 9		
Barley, Eng. Gaz. av. ...	9 10		
Oats, ...	6 10		
Maize, La Plata, landed	22 9		
480 lb. ...	22 9		
Flour, Lon. stan. ex mill,	34 3		
280 lb. ...	34 3		
Rice, No. 2 Burma, per cwt.	8 0		
MEAT—		SPICES—	
Beef, per 8 lbs.—		Pepper, per lb.—	
English long sides	3 4 4 2	Black Lampung	0 2½
Argentine chilled hinds	3 8 4 0	White Muntok	0 5
Dutch	90 0	Cinnamon—1st sort, per lb.	0 8½
Mutton, per 8 lbs.—		Cloves—Zanzibar per lb.	0 8
N.Z. frozen	3 0 3 8	Ginger—per cwt.—	
Lamb, per 8 lbs.—		African	65 0
N.Z. frozen	4 8 5 6	Jamaica, ord. to good	80 0 85 0
Pork, English, per 8 lbs.	6 0 6 8	Mace—per lb.—	2 0 2 8
OTHER FOODS		Nutmeg, 65's	0 11
BACON—		SUGAR—	
English	88 0 90 0	(Duty, 11/8 per cwt.)	
Irish	86 0 87 0	Centrifugals, 96%, prpt.	
Danish	90 0	ships, c.i.f. U.K./Cont.	5 0
Dutch	96 0	B.W.I., crystallised	16 9 18 9
HAMS—		Java, white, c. & f. India	Nominal.
Canadian	92 0 94 0	Refined—London—	
United States	92 0 96 0	Yellow Crystals	18 1½
Butter—		Cubes	22 4½ 22 10½
Australian	110 0 111 0	Crushed	20 7½
New Zealand	112 0	Granulated	18 6 19 4½
Danish	125 0 126 0	Home Grown	18 3 18 7½
CHEESE—		TEA—	
Canadian	70 0 71 0	Indian—per lb.—	
New Zealand	71 0	Pekoe	0 11½ 1 2½
English Cheddars	82 0 86 0	Broken Pekoe	0 11½ 1 4
Dutch	46 0 50 0	Orange Pekoe	0 11½ 2 1½
COCOA—		Broken Orange Pekoe	0 11½ 2 6½
(Duty, British grown,		Ceylon—per lb.—	
11/8; foreign, 14/- cwt.)		Pekoe	0 11½ 2 2
Accra, f.f. per cwt.	39 6 39 9	Broken Pekoe	0 11½ 1 5½
Trinidad	58 0 64 0	Orange Pekoe	1 0½ 2 1
Grenada	59 0 64 0	Broken Orange	1 0 2 4
COFFEE—		TOBACCO—	
(Duty, British grown		(Duty, 9/6-10/6 per lb.,	
8/8; foreign, 14/- cwt.)		Empire growth, 7/5½	
Accra, f.f. per cwt.	39 6 39 9	8/4 per lb.)	
Trinidad	58 0 64 0	Virginia leaf—	
Grenada	59 0 64 0	Common to fine	0 8 2 6
COCONUTS—		Rhodensis leaf	0 8 1 10
(Duty, British grown		Nyassaland leaf	0 7 1 4
8/8; foreign, 14/- cwt.)		Strips	0 9 1 6
Accra, f.f. per cwt.	39 6 39 9	East Indian leaf	0 5 1 4
Trinidad	58 0 64 0	" strips	0 6 1 6
Grenada	59 0 64 0		
TEXTILES		MISCELLANEOUS	
COTTON—		Acid, citric, per lb., less 5%	1 0 1 0½
Mid-American	6-79	Nitric	0 2½ 0 3½
Sakellaridis, f.f.	11-64	Oxalic, net	0 5 0 6
Yarns, 32's twist	11½	Tartaric, English, less 5%	1 0 1 0½
60's twist	17	Alcohol, Plain Ethyl	12 0
FLAX—		Alum, lump	£ s. d. 8 10 8 15
Livonian ZK	68 0 68 10	Ammonia, carb.	ton 27 0 28 0
Pernau HD	67 0 68 10	Sulphate	7 0
Sianetz Medium 1st sort	77 10 78 10	Arsenic, lump	per ton 35 0
HEMP—		Bleaching powder, per ton	8 15 9 0
Italian P.C.	per ton 64 0	Borax, gran.	per cwt. 13 0
Manilla, Nov.-Jan. "J2"	30 0	Do. powder	14 6
Sisal, African	24 5 26 15	Nitrate of soda	per cwt. 7 9
JUTE—		Potash-Chlorate, net	0 4 0 4½
Native 1st mks.	per ton	Sulphate	per cwt. 9 9 10 0
Nov.-Dec.	£19/7/6	Soda Bicarb.	per cwt. 10 0 11 0
Daisee 2/8 c.i.f. Dundee	£19/10/0	Crystals	per cwt. 5 0 5 3
Nov.-Dec.	£19/10/0	Sulphate of Copper	per ton 15 0 15 10
SILK—		CEMENT, best Eng. Portland, d.d. site,	
Canton	per lb. 6 0 8 3	London area, jute sacks, 11 to ton	
Tussah	per lb. 7 9 9 0	(charged and credited at 1/8d. each)	
Japan	per lb. 7 6 11 0	or paper bags 20 to ton (free, non-returnable)	
Italian—raw, f.f. Milan	7 6 11 0	4-ton loads and upwards 39/- per ton	
LARD—		1 and up to 4-ton loads 41/- per ton	
Irish bladders	per cwt. 64 6 67 0		
U.S.	per cwt. 64 6 67 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)

	Nov. 13, 1935	Oct. 14, 1936	Nov. 4, 1936	Nov. 10, 1936		Nov. 13, 1935	Oct. 14, 1936	Nov. 4, 1936	Nov. 10, 1936
	Cents	Cents	Cents	Cents		Cents	Cents	Cents	Cents
Wheat, No. 2, Winter, nearest future, Chicago, per bushel ...	93½	116½	114½	114½	Sugar, Cuban Centrifugals, 96 deg., spot, per lb.....	3-50	3-35	3-50	3-70
Maize, nearest future, Chicago, per bushel	59½	95½	95½	101½	Cotton, middling, spot, per lb. Rubber, smoked sheet, spot, per lb.	12-00	12-45	12-25	12-14
Oats, nearest future, Chicago, per bushel	26½	41½	41½	42½	Petroleum, Mid-Continent crude 33 deg., to 33-90, at well, per barrel.....	94	104	104	104
Rye, nearest future, Chicago, per bushel	49½	83½	82½	85½	Copper, "Electrolytic," Domestic, spot, per lb.....	8-47½	9-72½	10-40	10-52½
Barley, nearest future, Chicago, per bushel	(a)	81½	80	83	Copper, "Electrolytic," Export prompt, per lb.....	8-62½	9-95	10-62½	10-75
Coffee, Rio No. 7, cash, per lb....	6½	7½	8½	8½	Spelter, East St. Louis, spot, per lb.....	4-85	4-85	4-85	4-95
" Santos No. 4, cash, per lb.	8½	9½	10	10½	Lead, spot, per lb.....	4-50	4-65	4-90	5-10
Cocoa, Accra, nearest future, per lb.....	4-64	7-87	8-18	8-54	Tin, " Straits," spot, per lb.	53-00	44-55	47-40	53-50

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THE FINANCIAL NEWS

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

MONDAY, NOVEMBER 16—THE SISAL INDUSTRY. During the past year or two several new East African Sisal companies have been floated in the London Market. This article examines the prospects in the Sisal Market and the probable fortunes of the East African companies.

TUESDAY, NOVEMBER 17—TIN SHARES. Our Special Mining Correspondent, MINOTAUR, in his usual Tuesday article, this week takes up the subject of Tin Shares in the light of the fresh increase in the quota and discusses its meaning for leading tin companies, including:

Southern Malayan. Kamunting.
Southern Kinta. Petaling.

WEDNESDAY, NOVEMBER 18—SILVER. Silver has once again come into the speculative limelight as a result of Roosevelt's triumph in the U.S.A. elections and of rumours that the old silver policy might in some way be revived. In this article a Special Correspondent reviews the outlook for the Silver Market under the new conditions.

THURSDAY, NOVEMBER 19—COMPANIES AND THEIR PROFIT-EARNING CAPACITY. No. 26—"CHARTERED." This article analyses the position and prospects of the British South Africa Company, which probably stands to gain more from the copper boom than any Company other than the copper producers themselves.

FRIDAY, NOVEMBER 20—BRAZIL AND THE COFFEE MARKET. There have recently been some slight stirrings in the Coffee Market and some signs that Brazil may improve her relative position in the Market. This article examines the Coffee position and its significance for Brazil and her finances.

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POLITICS AND DEFENCE

THE state of the national defences has become the most disturbing issue in British politics. In the field of foreign affairs, events follow each other with bewildering velocity; and the Government's inability to produce a policy for meeting them and its failure to resume the European initiative merely seem to accentuate the importance of its re-armament programme. Defence policy should always be a function of foreign policy; but since the Government lost the initiative in the Italo-Abyssinian crisis and so disarrayed the Powers which had combined in the cause of collective security—or, as Mr Churchill defined it last week, "combined defensive strength against aggression"—the Government have only been able to offer the country one expedient: unilateral re-armament. That is not a policy; yet it begins to appear as a means which has become an end in itself.

The cumulative anxiety of many months over the progress and organisation of the re-armament programme found explosive expression last week in two important Commons debates. In the Thursday night's debate, Mr Winston Churchill cogently epitomised the prevailing anxiety in a forceful attack upon the Government and its leader, Mr Baldwin. Mr Churchill charged the Prime Minister with responsibility for persistent and dangerous delays in inaugurating rapid re-armament, for rejecting the warnings of Mr Churchill and his colleagues until forced belatedly to recognise their justification, and for his eventual refusal to co-ordinate the supplies of the new armaments under the supreme authority of a Ministry of Supply. In this last indictment Mr Churchill was only reverting to contentions which he and others have consistently urged in the House for many months past. But last week Mr Churchill was enabled to plead in aid the recommendation of the recent Royal Commission on the Private Manufacture of Arms for what amounts to a

supreme Ministry of Munitions with its own plans for industrial mobilisation in wartime.

Mr Churchill asked Sir Thomas Inskip: What did the Minister for Co-ordination of Defence mean when he said, on Monday of last week, that the Government's decision in favour of the present system of organising supplies of armaments was not final; that it was being reviewed from day to day; that it would even, if necessary, be completely changed within "a few weeks"? What was there now to study which was not apparent at any time during the last two years? He taunted Sir Thomas with the latter's unfortunate reference to "the years that the locust hath eaten"; forbore to designate the locusts; and reminded Mr Baldwin that he had had, in effect, three years of power in which to meet the dangers which, in consequence of the scale and rate of German re-armament, would compass this country next year.

"Anyone can see what the position is," said Mr Churchill. "The Government simply cannot make up their mind, or they cannot get the Prime Minister to make up his mind. So they go on in strange paradox, decided only to be undecided, resolved to be irresolute, adamant for drift, solid for fluidity, all-powerful to be impotent. So we go on preparing more months and years—precious, perhaps vital, to the greatness of Britain—for the locusts to eat."

With recourse to figures and details, Mr Churchill declared that the air programme was (contrary to Sir Thomas Inskip's vague description of it as "not unsatisfactory") so far behind schedule that the seventy-one new squadrons promised by March 31st next would only be ready if between now and then the output per week was trebled. "I say the Army lacks almost every weapon which is required for the latest form of modern war." The Army's equipment was out of date and inadequate; mechanisation was still only on paper; and our tanks were obsolete. The

Territorial Army was badly under-equipped. Nothing less than a Parliamentary inquiry by "six, seven or eight independent Members, who have some experience of these matters, and are representative of all parties," empowered to establish the facts about the state of re-armament and its organisation, would meet the case.

After this heavy barrage had descended upon the Treasury Bench the House expected a stiff rejoinder. But neither the House, nor the country, nor—least of all—the Conservative Party leaders expected Mr Baldwin to spring a mine beneath his own ranks. Yet his reply had almost this effect. In a pained attempt at self-justification, the Prime Minister proceeded to make a speech which virtually admitted that a Government demand for re-armament, in 1934 and 1935, would have spelled electoral ruin for the "great Party" of which he was the responsible leader. Public opinion, as evidenced in the Fulham by-election and the Peace Ballot, said Mr Baldwin, was against both re-armament and the Government's policy. "A democracy is always two years behind a dictator." What, asked the Prime Minister, with a General Election in the offing, could he do? Then "certain events took place" that taught the public what perils it might have to face. "We got from the country—with a large majority—a mandate for doing a thing that no one, twelve months before, would have believed possible." "Had I taken such action as my right hon. friend desired me to take, it would have defeated entirely the end I had in view." Once again Mr Baldwin has dealt his own reputation a severe blow. For he has said in so many words that he refrained from telling the country the truth about the need of re-armament for reasons of party advantage. And his critics read his remarks as an admission that whereas the Government received a mandate to "fill in the gaps" in our armaments on the convenient pretext that this was necessary for the purpose of enforcing the "collective security" on which the country's mind was set, the Government had no intention of implementing this obligation "up to the hilt," but was thinking of re-armament in different terms.

One positive feature Mr Baldwin did offer. He invited Mr Churchill and his colleagues, and also the Leader of the Opposition, to meet the Government, to lay their anxieties before it in secret, and to receive secret balm for them. But it may be doubted if this is the right way, constitutionally or administratively, to handle the problems arising in the Defence Services and in the industries which supply their needs. It is common knowledge that schedules for deliveries are far in arrear; that many branches of engineering have reached the limits of their capacity; that "civil" orders cannot be fulfilled within businesslike time limits owing to the priority for re-armament orders; that extra skilled workers in many industrial centres are unobtainable; that trade union restrictions prevent rapid increases in apprentices or trainees; that, in consequence, wages are rising and overtime increasing; and that costs are rising rapidly. In the advanced stage of a cyclical business boom—and the majority of economists are agreed that such is the stage at which British industry has now arrived—a large re-armament programme, with its accompanying plans for industrial mobilisation in wartime, demands careful planning on a large scale. In default of this, both normal "civil" business and the re-armament programme must suffer; and rigidities or friction spots may well develop in industry which will have far-reaching and disturbing effects.

We certainly do not wish to see this country drawn in time of peace into all the inconveniences of wartime control, and our efforts to recapture our former prosperity paralysed by the bludgeon of Government compulsion, with its insistence on arbitrary "priority." But this is an argument for—not against—the systematic and expert control of the supply business of the three Services. We need a Ministry of Supply to prevent overlapping, to standardise costing and to co-ordinate contracts under the most skilled advice the Government can command. As things are, we seem to have neither efficiency in meeting our present need nor a rational organisation of industry to cope with the Services' possible needs in a war emergency. As Mr Churchill said: "The proper organisation . . . is four Departments—the Navy, the Army, the Air and the Ministry of Supply, with the Minister for

the Co-ordination of Defence over the four, exercising a general supervision, concerting their actions, and assigning priorities of manufacture in relation to some comprehensive strategic conception." If the Government are prepared "within the next few weeks," radically to overhaul their arrangements for re-armament, they may allay those grave anxieties to which the country and Parliament seem alike at present a prey. The times are not propitious for political discord over the conduct of our national defence programme.

A NEW TRIPLE ALLIANCE?

ON Tuesday of this week the world was startled by circumstantial reports of a Japanese-German convention, to which, so it was said, Italy would adhere. This happy trio, united by mutual recognition of each other's aggressive acquisitions or unilateral diplomatic achievements, would proceed reciprocally to grant each other concessions—Manchuria and Abyssinia came first into the picture—to support each other diplomatically, and to present a worldwide united front against Communism. Further, it was stated that the fulcrum of this lever, which the three "dissatisfied" Great Powers were to insert beneath the rest of us, would be a German-Japanese treaty, providing for anti-Communist measures and military co-operation on the one hand, and, on the other, an exchange of German armaments for raw materials from "Manchukuo." By Thursday no official statements from Tokyo, Berlin or Rome had been made, despite Mr Eden's request to the German Ambassador for information. It was, however, reported that there was no German-Japanese military agreement at all; that there was no treaty; that a "defensive pact of a novel kind" against "Communism" was indeed envisaged by Germany and Japan, to regulate in common their attitudes to Russia; but that no special trade agreement was attached to it. If German-Japanese exchanges increased, it would be by normal methods—presumably as normal as those whereby German "exchanges" have been increased in Central and South-Eastern Europe.

On the face of it, there is nothing new in the alignment of the three "dissatisfied" Great Powers. They are all thoroughly anti-democratic. Two of them have been convicted of wantonly levying war in open contravention of international commitments which they freely entered into; the third has elevated unilateral acts of might and shock tactics to the level of a fine art. They all deny the principles of collective security and progress by negotiation, as enshrined in the League Covenant; and they all demand that they should be the judges, not only in their own cause but also in that of others. For all these reasons, long grown familiar, the world has unanimously refused to accept this week's statement of their united front against "Communism" as the be-all and end-all of their policy. When three such Great Powers line up together merely on an "anti-Communist front," it behoves the other four of the world's Great Powers to stop, look and listen.

We do not know—and we shall certainly never be told—the precise terms of the German-Japanese understanding nor the extent of Italian participation. But there are several comments we can make at once with some assurance. First, this is one of the most significant events that has happened in the international arena since 1918. Secondly, it may prove to be the Nemesis (an exemplarily swift Nemesis) for Anglo-French hesitation in the cause of collective security. Lastly, it is obviously a piece of news which ought to be received with even greater concern in London than in Moscow.

No doubt we shall be told once again by our own false prophets that this is really a piece of good news for the British Empire, because it means that the three predatory Powers are stalking other quarry than ourselves. We will concede to them at once that a joint filibustering expedition against the British Empire is not the business which has brought the three "hungry" Powers together. Indeed, we can go much farther than that in exonerating the new Triple Alliance from the suspicion of harbouring

cold-bloodedly aggressive designs. We do not suppose that they have any immediate intention even of falling upon their designated victim, the Soviet Union. We believe that, as usual, the minatory gesture towards a foreign Power is really just the reverse side of a hortatory gesture towards the three dictatorial Governments' own domestic publics. But this is only another way of saying that the dictatorships are even further than the democracies from being masters of their own destiny. And that is just where the danger lies.

Financially, these three confederates are the weakest of the Great Powers. At the same time, they are all spending on armaments a far larger proportion of their national resources than is being spent by this country, France, the United States or the U.S.S.R. It is no exaggeration to say that in Germany, Italy and Japan today the armaments industry has swallowed up all the others. Since such an economy can only be maintained at the price of a progressive depression of the standard of living of the whole population of a country that lives in this way, the sacrifices that have to be demanded without respite must be justified by perpetually repeated demonstrations that they are a necessary insurance against some terrible danger—Communism. These enormous political drafts upon popular credulity and hysteria cannot, however, be drawn *ad infinitum* without occasional payments on account, like the Japanese militarists' adventure in Manchuria and Mussolini's adventure in Abyssinia. And while these two examples make it clear that the dictators are anxious to keep the necessary payments within limits and to choose the easiest options, at the same time it is plain that in the nature of the case their inevitable payments are bound to become progressively larger. The practical question before us is therefore not whether the three Fascist "dissatisfied Powers" really want to attack either Russia or the British Empire. Obviously, they would rather leave both these Great Powers alone, and would prefer to go on easing their own peoples' pangs of hunger by tossing to them the carcasses of small or weak countries like Abyssinia and China. But fresh victims of some sort must constantly be provided.

Theoretically, the new Triple Alliance has a choice of two alternative policies.

The policy which best fits with its professions—and probably also with its desires—is to attack and break the Soviet Union and then dun the democracies (hat in one hand and machine-gun in the other) for a suitable gratuity to the heroes who will have hazarded their lives in fighting the Bolshevik monster for the salvation of "our common civilisation." This line of policy must seem attractive to the Fascist Powers; for if they were to succeed in dealing a knock-out blow to Russia, they would then have Holland, Belgium, France and Great Britain at their mercy; and these four timid West-European democracies hold, between them, almost all the colonial loot in the world.

Now, under present conditions, there are a number of things that would work together for the good of the Soviet Union's defence. To begin with, there is the vast scale on which the country is built—a scale so vast that even the air-arm of the attacking Powers would find it difficult to reach the new Russian granaries in Western Siberia and the new Russian arsenals in the Urals. At present the only one of them who has a common frontier with the Union is Japan in the Far East; and in this sector contiguity does not work out to the aggressor's advantage, since the Russian air-arm at Vladivostok can bomb Tokyo and Osaka, while the Japanese air-arm in Manchuria cannot get within range of Omsk or Magnitogorsk. Accordingly, before the Triple Alliance can launch a joint war of aggression against Russia with any hope of success, Japan must have made herself mistress of China and Inner Mongolia all along the line of the southern frontier of the Union's Outer Mongolian protectorate. Meanwhile, on the other flank, Germany and Italy must have made themselves masters of Eastern Europe all along the line of the Soviet Union's Western frontier. This second preliminary operation, at any rate, is a formidable undertaking; for how can Germany hope to make even the opening move of swallowing Czechoslovakia without provoking Russian intervention and thereby bringing the Russian air-arm within bombing range of Munich and Berlin?

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No. The easier option for a Triple Alliance is not Russia but the British Empire; for, unlike Russia, the British Empire lies strategically at the mercy of this particular combination. If the three of them were to strike at us simultaneously in our present state of almost Beaverbrookian isolation—the German air-arm striking at London and Glasgow, the Italian air-arm at Malta and Aden, and the Japanese navy at Hongkong and Singapore—should we have any chance at all of being able to repel such a concerted attack? What happens to a centipede when three ants sting it at the same moment in the middle and at either end?

To our eyes, this newly heralded Triple Alliance looks very like a consortium of desperate gamblers who have staked their all against the bank. Again, to our eyes, it looks as if Russia and the British Empire are together holding the bank. Things must be very bad in Germany, Japan and Italy if they really hope to persuade the world that, in such a trio, unity against Communism has no sinister significance.

LOCATION OF INDUSTRIES

THIS week's Parliamentary discussions of the plight of the Depressed Areas have made it more plain than ever that the British unemployment problem of to-day is largely a problem of location. The King's visit to South Wales has given vivid expression to a growing public concern. It is clear that the spectacle of acute unemployment persisting on the North-East Coast, in Cumberland and, above all, in South Wales in the midst of an industrial boom has finally convinced the public that ordinary cyclical recovery can work no rapid cure. This conviction was evidently widespread in the House of Commons debate on the location of industry on Wednesday. Both Conservative and Labour members advocated the adoption of positive efforts to direct new factories into these areas; and a motion was accepted urging that "steps should at once be taken to prevent further industrial concentration round London and in the south by directing new undertakings to those areas where unemployment and under-employment have for long caused hardship and distress. . . ."

We welcome Mr Chamberlain's suggestion (which we discuss in a Note of the Week on page 351) that the Government may provide stronger financial inducements to industrialists to come to the Special Areas. To say this is not to ignore the possibility of transference of labour from the Special Areas to other districts. Indeed, thanks to the low unemployment percentage outside the Areas, transference is already proceeding much more rapidly than is sometimes realised. Mr Malcolm Stewart, in his recent report on the Special Areas, shows that the total of persons transferred from the Areas under various Ministry of Labour schemes between January and August, 1936, was 21,713 (Durham and Tyneside, 10,717; South Wales,

9,911; West Cumberland, 1,085). Besides this, 8,238 men from the three Areas are "known to have found work for themselves" elsewhere. This gives a total of 29,957 persons transferred during the eight months; which implies a rate of transference of about 40,000 a year. This, of course, is a gross figure, since an unknown fraction of the number may have returned; and it compares with a total of 282,952 unemployed in the Special Areas on September 21, 1936. If we assumed 100,000 of these (or about 10 per cent. of total insured persons) to be an untransferable minimum, it would take about 4½ years at least, at the present rate, to solve the problem by transfer.

Actually, however, this rate of transfer probably could not be maintained for four years; and, in any case, the problem would not really be solved if it were. For the population of the Areas would remain over 2,000,000; and more of these would lose their jobs as a result of the loss of purchasing power caused by the departure of the present unemployed. Wholesale depopulation of the Areas, in fact, would be extremely slow and expensive because of the very large amount of capital and labour already organised for the production of ordinary distributive and public utility services in the Areas.

It would only, therefore, be economic from the point of view of the community as a whole to take refuge in wholesale transfer if there were overwhelmingly strong economic reasons why new factories should be located in London and the other prosperous areas. Are there such reasons? A *prima facie* examination of the geographical distribution of occupied persons in each industry suggests that there are not. The following table shows a number of industries whose "occupational population," according to the 1931 Census, was largely concentrated in the South-East of England (including Greater London):—

PERCENTAGE OF TOTAL OCCUPIED POPULATION IN CERTAIN INDUSTRIES, TO BE FOUND IN AREAS NAMED
(1931 Census Returns)

Industry	In South-East Area*	In Rest of England and Wales
<i>Total population of England and Wales...</i>	<i>33.7</i>	<i>66.3</i>
Electrical apparatus.....	46	54
Radio	59	41
Motor vehicles and cycles	35	65
Aircraft	57	43
Chemicals and dyes.....	34	66
White lead and paints.....	46	54
Paper industries	53	47
Typewriters and calculators	58	42
Scientific instruments	65	35
Rubber	26	74
15 Minor light industries	41	59
Biscuits	55	45
Sugar	43	57
Sugar confectionery.....	43	57
Animal foods	48	52
Jam and fruit preserves	42	58
Other manufactured food	50	50

* Includes the following: London, Beds, Berks, Bucks, Essex, Herts, Kent, Middlesex, Oxfordshire, Hants, Surrey, Sussex, and Isle of Wight.

Few of the industries showing a high concentration in the South-East can be said to be there because of the availability of raw materials, linked industries or traditional skilled labour. Electrical apparatus and radio, trades of rapid and continuous growth, are concentrated heavily on London, though it produces little of their raw or semi-manufactured materials and components, and though these trades' products could be as well made in the traditional centres of engineering. Aircraft would seem to be a natural appurtenance of the same centres. The remaining products in the list, it might be argued, could be manufactured equally well anywhere.

The first alleged justification for concentration in the London area is the belief that London is the largest market. It is an argument with which it is difficult to quarrel, if the dictum is accepted that production and distribution centres must be indivisible and centred on the largest market. But must one accept this dictum? There are many suppliers

of national consumers' commodities, who operate as efficiently and economically from the provinces. Since the population of Great Britain is equally divided by a line drawn diagonally from the Wash to Pembroke, has London, in the South-East corner of England, a decisive advantage over any other city, in any other corner of the compass, when it comes to a matter of national distribution? If the object of this concentration is London's market, it is a moot point whether it is more profitable for a firm to fight twenty others for their share, or to go all out for a complete capture of a less populous provincial area. Moreover, the recent experience of various manufacturers suggests that centralisation can be overdone. There have been increasing examples lately of manufacturers, particularly in the clothing trade, attempting to capture the trade of country areas by building branch factories in the districts. And, where goods in the same category are highly competitive, as in the radio and vacuum-cleaner trades, more profitable results may conceivably be obtained by planning production, salesmanship, advertising and distribution from a number of strategic points rather than by casting a net of large mesh all over the country.

Mr Malcolm Stewart, who has had an unexampled opportunity to study the problem, expresses the following opinion in his recent report:

Much of the growth of Greater London is not based on strictly economic factors; psychology plays an important part in the matter. There is a considerable portion of industrial production not dependent on considerations which are absolutely essential to its location in London. It is this part of the industrial flow which might reasonably be diverted elsewhere.

Indeed, Mr Stewart believes that, so far from the location of further new factories in London being economically desirable, there would be, from the social and town-planning point of view, positive diseconomies in allowing London to grow any larger.

If he is right, there is a doubly powerful reason for directing the new factories to the Special Areas, and particularly to the North-East Coast and the less mountainous parts of South-East Wales, which are, or could be made, easily accessible to the prosperous areas. What inducements—if compulsion is ruled out—can be used to persuade reluctant industrialists? The necessary factors which should decide industrial location are, we may suggest, the existence of (1) a large local population within reasonable reach; (2) good and sufficient distributive outlets for goods in stock; (3) efficient rail, road and sea communications for national distribution, if expansion is desired; (4) availability of raw or partly manufactured materials from local sources or a port of entry from abroad; (5) adequate labour; (6) a modern factory or factory site permitting economical running costs. There is at least one Special Area which now can fulfil all these essentials. That area is the North-East Coast, comprising, as a local market, Northumberland, Durham and the Tees-side cities of Middlesbrough and Stockton, with a population of 2½ millions. Moreover, the Government has now provided facilities for a large trading estate at Team Valley, Gateshead. That provision supplies the hitherto absent conditions necessary for the manufacture of light commodities. The powers possessed by the Government have, in fact, enabled something to be created for light industry in the Team Valley which normally is only within the power of large-scale finance.

Valuable, however, as the existing and prospective trading estates are likely to be, Mr Stewart's report again leaves little doubt that they will in themselves be insufficient to attract new industries on a really adequate scale. He consequently proposes complete relief from rates, drastic income tax concessions, and the provision of cheap finance. Whatever may be the merits of these particular proposals, the necessity for some such system of far-reaching concessions is the plain and logical conclusion of the whole matter. The cost of such concessions to the community would certainly be less than the combined cost of simultaneously stimulating a boom in over-expanded London and allowing much of the labour and capital in the Special Areas to be permanently lost.

BRITAIN'S OVERSEAS MARKETS

THE trend and distribution of Britain's overseas trade hold up a mirror to changing economic conditions at home and abroad. The revival of business activity in this country has, naturally, been accompanied by a substantial increase in imports. Larger quantities of raw materials are required to feed the expanding industries, and the improvement in the national purchasing power has stimulated purchases of foreign manufactures. Indeed, the volume of imports is now practically as high as in 1929, and purchases of raw materials are substantially above the pre-depression level. British exports, on the other hand, are still only about three-quarters of their 1929 volume. The relatively smaller improvement in exports is due to a multiplicity of causes, such as the tendency to economic nationalism, the uneven incidence of recovery abroad and the virtual absence of British foreign lending. During the first half of this year the volume of British exports was actually somewhat smaller than during the corresponding period of 1935. Since then, however, British exports have resumed their upward trend, and, as our analysis of the October figures on page 355 shows, this favourable tendency has continued in the past month.

Total British imports rose from £539.4 millions during the first nine months of 1935 to £608.0 millions this year. During the same period British exports rose by only £8.3 millions to £320.1 millions. It is of interest to examine the sources of our increase in imports as well as the destination of the slight improvement in exports. The first table of our analysis gives details of imports from, and exports to, European countries and their dependencies in the first nine months of recent years:—

TRADE WITH EUROPEAN COUNTRIES

First Nine Months

(000's omitted)

From or to	Imports				British Exports			
	1929	1933	1935	1936	1929	1933	1935	1936
Soviet Union	17,285	11,098	13,823	12,817	2,680	2,785	2,886	2,711
Finland	10,585	9,111	10,500	12,331	2,528	1,890	3,072	2,993
Latvia	4,185	1,998	2,266	2,307	1,108	705	830	834
Estonia	18,405	11,142	12,271	14,495	7,630	5,003	6,952	7,508
Norway	10,531	5,144	5,995	6,330	7,352	3,875	4,687	5,136
Denmark	40,942	27,115	23,983	24,677	7,787	8,637	10,390	11,182
Poland	5,284	4,818	5,244	7,352	3,281	2,010	2,721	3,326
Germany	49,943	20,984	21,586	23,980	27,896	10,858	14,619	13,818
Netherlands	45,860	23,801	23,867	31,812	23,961	11,141	10,701	11,132
Belgium	32,906	9,277	11,112	13,732	15,116	6,809	6,657	7,124
France	47,877	15,304	18,351	22,568	28,083	16,436	15,018	15,671
Switzerland	9,977	3,695	3,757	4,534	4,794	2,854	3,077	2,894
Portugal	3,657	2,102	2,435	3,075	6,127	4,286	5,126	3,454
Spain	15,752	9,367	9,070	9,691	10,080	4,368	4,894	3,345
Austria	12,131	6,656	5,962	819	12,049	6,821	6,254	326
Italy	1,892	868	1,252	1,594	1,946	650	996	1,134
Czechoslovakia	4,851	1,956	3,037	4,052	1,831	627	1,025	1,303
Greece	1,106	804	728	856	3,713	1,412	2,168	2,603
Roumania	1,424	2,973	2,255	3,780	1,727	1,684	933	788
Other European Countries	5,052	3,865	5,648	7,687	3,913	2,066	3,192	3,288
Total	338,624	172,306	189,142	209,129	173,557	94,937	106,056	100,668

* Including dependencies.

The salient feature is the almost general increase in our imports from the countries listed in this table. Only Italy and Russia sent us a smaller volume of commodities. British exports, too, showed numerous increases, but these were more than offset by lower exports to Finland, Germany, Switzerland, Portugal, Spain, Italy and Roumania. The increase in imports was spread over a large variety of commodities, timber and timber products being an important item in the case of the Baltic countries. The decline in British exports to Italy, incidentally, somewhat exceeded the reduction in imports from that country. Shipments to Russia, Finland, Denmark and Poland during the first nine months of 1936 actually exceeded those of 1929. The value of our purchases from Finland, Poland and Roumania also exceeded those of the corresponding period in the pre-depression year. Our trade with Germany, however, was still only about 50 per cent. of its value in 1929—a reflection of the economic policy adopted by that country.

The next table analyses British trade with foreign countries outside Europe:—

TRADE WITH FOREIGN COUNTRIES OUTSIDE EUROPE

First Nine Months

(000's omitted)

From or to	Imports				British Exports			
	1929	1933	1935	1936	1929	1933	1935	1936
Turkey	£ 1,571	£ 473	£ 471	£ 619	£ 2,501	£ 1,104	£ 763	£ 728
Egypt	16,789	7,798	7,423	8,259	9,293	4,636	5,078	5,765
Iran	1,062	245	1,036	1,637	1,891	1,442	1,456	1,455
Iraq	6,314	5,914	5,935	6,030	1,559	648	2,049	1,752
China	8,805	3,851	4,273	5,770	11,058	4,913	3,814	4,193
Japan	6,221	4,904	6,584	7,351	10,134	3,488	3,378	2,788
United States	140,689	52,802	56,408	63,826	34,692	14,481	16,083	19,711
Cuba	6,698	3,186	2,939	4,014	1,655	488	675	784
Mexico	2,071	1,972	2,717	2,342	1,856	1,019	1,053	1,044
Colombia	1,806	364	535	2,701	1,735	1,438	1,745	1,745
Peru	4,411	3,253	2,562	3,146	1,478	553	745	894
Chile	8,159	2,873	4,257	4,014	6,152	466	1,493	1,338
Brazil	4,820	3,782	6,056	7,492	10,381	4,627	3,570	3,374
Uruguay	4,490	2,408	2,534	3,015	2,639	1,260	1,086	1,436
Bolivia	4,709	1,157	2,604	2,583	447	365	82	146
Argentina	61,790	32,527	32,890	31,613	22,118	9,751	11,413	11,565
Other Non-European countries	8,260	5,871	4,330	5,168	8,476	4,260	3,757	3,503
Total	288,665	139,828	143,618	157,464	129,001	55,236	57,953	62,221

* Including dependencies.

Both imports and exports showed an appreciable expansion, compared with a year ago, though the value of shipments to these countries in January-September, 1936, was still less than half those of 1929. Our imports from foreign countries outside Europe (except Mexico, Chile, Bolivia and Argentina) were higher than a year ago. The improvement in British exports was less general, the figures for Turkey, Iran, Japan, Mexico, Chile and Brazil showing a decline. The larger purchases from most of these countries consisted partly of raw materials which are being consumed in increasing quantities by British industry. A feature is the appreciable expansion of our trade with the United States. Apart from raw cotton, we imported substantially increased quantities of machinery from the United States. The increase in British exports to that country, which was spread over a fairly large number of commodities, reflects the progress of recovery across the Atlantic. The absence of improvement in our trade with Argentina is partly due to the failure of her last wheat harvest, which tended to reduce her purchasing power.

A third table gives details of our trade with the Dominions and Colonies:—

TRADE WITH BRITISH COUNTRIES

First Nine Months

(000's omitted)

From or to	Imports				British Exports			
	1929	1933	1935	1936	1929	1933	1935	1936
Irish Free State	£ 31,788	£ 12,488	£ 13,320	£ 14,642	£ 26,526	£ 13,812	£ 14,798	£ 15,428
West Africa	8,911	4,707	6,069	7,561	8,796	4,600	6,431	7,612
South Africa	17,902	10,198	9,564	10,266	24,468	16,590	24,049	27,768
India and Ceylon	55,032	31,247	35,370	43,759	63,568	25,532	29,873	27,661
Straits Settlements	10,280	2,600	5,737	3,609	9,502	3,231	4,370	4,600
Australia	43,178	34,335	39,219	43,155	39,843	15,463	21,468	23,355
New Zealand	41,272	31,409	31,426	35,866	15,531	6,970	9,875	12,251
Canada	34,085	32,001	37,252	51,364	26,544	12,114	15,350	16,882
West Indies	4,372	4,744	5,848	6,248	3,996	3,281	3,430	3,575
Other Possessions	24,013	18,001	23,127	24,974	22,681	16,225	18,142	18,071
Total	270,642	181,720	206,963	241,414	240,853	118,218	147,786	157,203
Excluding the Irish Free State	239,054	169,232	193,643	226,772	214,327	104,406	132,988	141,776

The recent trend of Britain's commercial exchanges with the Dominions and Colonies is partly increased prosperity the result of "policy" and partly of "recovery." But while British imports have almost recovered to the pre-depression level, our shipments to the Empire during the first nine months of 1936 were still appreciably smaller than in 1929. Apart from the Straits Settlements, imports show an increase in the case of all countries shown separately, and all save India purchased more commodities than in 1935. On the import side, Canada is sending us appreciably more and taking considerably less than seven years ago. India, by far the most important customer in 1929, now ranks second after South Africa, whose capacity to import has been increased substantially by a prosperous gold mining industry.

The course of our re-export trade is shown in the next table:—

RE-EXPORTS—First Nine Months (000's omitted)				
To	1929	1933	1935	1936
Soviet Union	1,999	500	4,070	7,351
Germany	18,634	7,199	5,638	5,515
Netherlands*	3,976	1,333	1,740	1,577
Belgium*	7,559	3,339	3,574	3,566
France	13,950	5,961	5,116	6,094
United States*	13,112	5,730	5,261	6,420
Other foreign countries	8,684	4,934	7,178	6,680
Irish Free State	7,495	3,403	3,619	3,649
Other British countries	9,329	4,163	4,553	4,180
Total	84,438	37,162	40,554	45,533

* Including dependencies.

Improvement since 1935 is partly due to the fact that this country acts as a distributing centre for primary products, the demand for which has recently increased appreciably.

The tables we have so far considered are based mainly on "political geography." But national financial policy has, since 1931, become an increasingly important factor in determining the direction of international trade. We have, therefore, made a separate analysis distinguishing various groups of countries according to the nature of their currencies. Our classification is necessarily based on conditions before the fall of the gold *bloc*, which occurred only at the end of September. Our first group includes the former gold *bloc*—France, Holland and Switzerland, with their colonial dependencies. The second includes countries with devalued or depreciated, but substantially unrestricted, currencies. The British Empire, as well as many important foreign countries, such as the United States, Japan and Scandinavia, fall into this group. The third group comprises those European countries such as Germany and (until recently) Italy, which have chosen to regulate currency transactions in order to maintain existing gold parities. Finally, Latin America is shown separately, since most of its currencies are both depreciated and subject to restrictions. The results of this analysis are significant:—

BRITISH EXPORTS, 1935-36

To	First 9 months		Change
	1935 (£'000)	1936 (£'000)	
Former gold <i>bloc</i>	28,794	29,697	+ 3.1
Depreciated and devalued:—			
(a) British countries	147,786	157,203	+ 6.4
(b) Other countries	74,284	79,404	+ 7.8
European restricted countries ..	35,325	27,997	- 20.7
Latin America	22,795	23,311	+ 2.3

Exports to European countries with restricted currencies showed a substantial decline between the first nine months of 1935 and 1936. Even the former gold *bloc* and Latin America increased their purchases from this country during this period. Most interesting, however, is the trend of our exports to countries with depreciated and devalued currencies. Both British and foreign countries in this group purchased more commodities during January-September, 1936, than a year ago. Rather surprisingly, the improvement in exports to British countries is less marked than the increase in shipments to other countries. The latter group has now been joined by the former gold *bloc* and by a number of other countries, whose trade may be expected to expand with domestic recovery.

LANCASHIRE'S FUTURE—I

THE popular view of the state of the Lancashire cotton industry can be summarised in very few words. It is agreed that a new and powerful competitor has arisen in Japan, who, by lower wage costs (or, as some prefer to say, by better equipment and organisation) is steadily encroaching on Lancashire's markets. Under the all-embracing heading of Japanese competition, also, publicists of this school usually include the new domestic cotton industry of China and of India. Owing to this and to other causes, it is declared, we are continuously losing ground in international markets. At home the most seriously affected section of the industry is said to be spinning, par-

ticularly in the coarser counts of yarns. The finer yarns, represented by the Egyptian section, are believed to have felt competition less. The weaving and the finishing trades, though seriously affected, are thought to have passed on the worst of the impact to the spinners.

These views date largely from the middle nineteen-twenties, when Lancashire was recognising with growing anxiety that it had failed to recover from the post-war slump. They represent the situation as investigators found it about 1927, and probably owe their wide dissemination to the survey of the textile industries published by the Balfour Committee on Industry and Trade during 1928. At that time the picture was true. But that was eight or nine years ago. The changes which have subsequently occurred have been sweeping, but they have not been widely noticed.

For example, it is no longer true to say that we are losing ground in international competition. Up to 1930 our percentage of international trade in cotton piece-goods was falling steadily. But since then it has been remarkably stable, except in the year 1931, which included the Indian boycott and our own industrial and financial crisis. In the yarns section there has been no deterioration in Britain's percentage of world trade during the last ten years. Even between 1924 and 1930, our percentage fluctuated only between 32.9 per cent. and 30.6 per cent. Since 1930 it has shown, on the whole, a tendency to rise, and it touched over 37 per cent. in 1935. The following table shows the total of British and world export trade, and the British percentage, in cotton yarn and piece-goods, since 1924:—

	1924	1929	1930	1931	1932	1933	1934	1935
YARN (million lb.)								
U.K. Exports	163.1	166.6	137.0	133.5	141.5	135.1	130.4	141.7
Total Exports	525.7	526.2	448.3	435.9	404.2	403.6	398.3	381.4
U.K. %	31.0	31.7	30.6	30.6	35.0	33.6	32.9	37.1
PIECE-GOODS (million £)								
U.K. Exports	153.4	99.3	61.3	37.3	43.8	40.2	39.8	39.5
Total Exports	284.8	233.8	161.7	115.8	110.3	105.8	107.7	104.2*
U.K. %	53.9	42.5	38.0	32.2	39.7	38.0	37.0	37.9*

* Total Exports have been compiled by the Joint Committee of Cotton Trade Organisations. The values of piece-goods exports has been converted into sterling at the mean exchange rates of each year. * Italian exports figure unavailable, but taken at £4.4 millions as in 1934.

Admittedly, Japanese competition has been increasing all the time. Japanese exports of cotton piece-goods rose between 1928 and 1934 from 1,418.8 million square yards to 2,577.2 million square yards, while our own exports fell from 3,866.5 million square yards to 1,993.5 million square yards. But the advance of Japan has not substantially altered our proportion of the *total available trade* since 1930. Other countries, rather than ourselves, have thus had to make room for the Japanese advance. Details of our cotton piece-goods exports show in fact that while we have lost practically all our once important trade with China and Japan, and have relinquished a large part of our Indian business, we have been able to find new outlets in other countries. India, China, Japan, the Dutch East Indies, Ceylon and other Eastern markets accounted in 1913 for 61.7 per cent., and last year for only 30.4 per cent., of our cotton piece-goods exports. Our total trade has certainly been severely reduced in the course of this redistribution, but it may at least be claimed that our *risk* in such regions of growing prosperity as South Africa, West Africa, Australia and New Zealand. If currency devaluation ushers in a period of European revival it may be significant that Europe to-day provides 10 per cent. of our trade, against only 5.1 per cent. in 1913.

In cotton yarn, the risk is still better spread. Here the largest group of importers is classified in the Board of Trade returns as "other countries." Germany comes fourth in the list, Holland third, and India only a lagging fourth. India, in fact, took last year only 10.6 million lbs. of yarn, while Germany took 30.3 million lbs. and "other countries" 38.7 million lbs. In yarn, even more than in the piece-goods trade, European recovery offers important prospects to Lancashire.

In short, while Lancashire has indisputably suffered severely in her export trade, much the largest factor in her difficulties has been a general decline of international trade

in cotton goods. Competition, during the last six years at least, has not seriously affected her proportion of the whole. It is too early, as yet, to say whether shrinkage in international trade as a whole is likely to continue. The tide of economic nationalism and self-sufficiency still appears to be running, but in the last two or three years there has been a marked tendency towards stabilisation, rather than further serious decline, in the volume of world trade in cotton textiles. If and when recovery becomes general, Lancashire may hope, at least, to obtain her fair share of its fruits, whatever their extent. Meanwhile, far-reaching changes have been in progress during recent years in Lancashire's internal organisation, and these will be discussed in a concluding article.

THE HAT-TRICK BY CANDLELIGHT

(BY A CORRESPONDENT)

Two major contributions to the solution of the economic problem have just been produced in English-speaking countries. In view of the frantic experimentation which has been going on in the totalitarian States this must be accounted a triumph for democracy.

The first contribution has been provided by a Cambridge economist who, having re-examined the case of the candle-makers, first elaborated by Bastiat, has demonstrated that the candle-makers were right and Bastiat was wrong. The candle-makers petitioned against the intolerable competition of a foreign rival who was flooding their market with his fabulously cheap products. Their trade, consequently, disappeared and an important part of native industry was rendered completely stagnant. The competitor was the sun, a shameless, unfair "dumper" of light and heat. The petitioners urged that a decree permanently closing all orifices to the light of the sun would provide a stimulus progressively extending to all branches of industry. If more tallow were consumed in making candles there would be more sheep and oxen, and a multiplication of meadows, meat, wool, hides, and, above all, manure, which was the basis and foundation of all agricultural wealth. If more oil were consumed, there would be an extended cultivation of the poppy, the olive, and rape, facilitated by the increased fertility imparted to the land by the additional cattle. No branch of agriculture would escape the cheering development. The increased activity of whale fishing for blubber would stimulate navigation and thereby strengthen the resources for naval defence. Demand for gildings, bronzes, crystals, candlesticks, lamps, lustres and candelabra would overwhelm with orders the manufacturers of *articles de Paris*. No poor *resinier* from his heights on the sea coast, no coalminer from the depth of his sable gallery, but would rejoice in higher wages and increased prosperity.

Having presented the case in his own inimitable style, the late M. Bastiat doubtless went to his grave under the impression that he had exposed the unfortunate candle-makers to eternal derision. But after a century the laugh

has been turned against him. Undoubtedly, the Cambridge eye was caught by the magic word *multiplication*. The candle-makers, fumbling in an elementary way with the problem of the relationship between expenditure, investment and the associated increment of aggregate employment, had anticipated the modern doctrine of the multiplier—a concept wholly outside the range of the waggish Bastiat, who could never have appreciated that one depression can be cured by building Maginot lines and the next one by dismantling them.

Simultaneously with the solution of the problem of employment by the rehabilitation of the candle-makers, the problem of consumption has been solved on the other side of the Atlantic by Mr Albert Wickey, of St. Louis, U.S.A. If Mr Wickey, on the evidence of his name, can trace his ancestry back to the candle-makers, the chain of decisive coincidence will be complete.

Mr Wickey could not afford to travel, so he handed his hat to an air pilot and said, "Pass it on." Mr Wickey, rooted on *terra firma*, dispatched himself vicariously with the salute, "*Fils de St. Louis, montez au ciel*," or other words to the same effect; then he resumed his daily task. The hat travelled through America, Germany, Africa and Asia. Finally, Albert became re-united to it in a New York night club. Judging by the smiling countenance of Mr Wickey in the Press photographs, he had all the pleasure of a world tour without the accompanying fatigue; judging by the charming entertainment directed to his table, he acquired all the renown of a seasoned traveller.

The staggering simplicity of this expedient is the mark of its genius. To a host of perplexing problems it offers a convenient, comprehensive and decisive solution. If the authorities, for example, will only erect a giant hat-stand at Hyde Park Corner we can all enjoy next year's Coronation procession. Indeed, there is now an opportunity for an experiment on a still grander scale. Let an Order-in-Council impose continuous artificial lighting upon the whole of Cambridge. And let a corps of trained investigators trace the waves of prosperity welling out from that centre until they engulf the Depressed Areas. Pending their arrival on those desolate shores, the American principle can be applied from the other end. Let the London hotels each adopt a distressed town and invite the inhabitants to send a knife and fork to a weekly banquet. The cutlery will be returned with a copy of the menu and the hungry bellies will be vicariously filled. Shipping companies, in gratitude for past and future subsidies, will doubtless willingly undertake to carry cargoes of miners' hats on Mediterranean cruises, while the Agricultural Marketing Boards can take school exercise books for a tour of the farms. The two processes, acting in irresistible combination, should certainly sweep the country into full employment and provide an ever-rising standard of living.

Only one problem will remain. The economists will be out of work. Perhaps the sort of vicarious maintenance described above can be afforded to them. But there is one major difficulty. Some economists cannot part with their hats: they need them for talking through.

NOTES OF THE WEEK

The Depressed Areas.—The coincidence of the "Hunger marchers," the publication of Mr Malcolm Stewart's Report, and finally the King's dramatic visit to South Wales, has roused public opinion on a very wide front to a conviction that the Depressed Areas must not be left any longer in their present condition. In the debate in the Commons on Tuesday night a large number of Conservative members joined with the Labour Party in urging that the Special Areas Act should not be included in the Expiring Laws Continuance Bill. Sir Robert Horne, Lord Wolmer, Mr Boothby, Mr Harold Macmillan and several other Conservative members all showed dissatisfaction with the Government. Mr Chamberlain, in reply, pointed out that the fundamental cause of distress in South Wales, the worst hit area, was the loss of coal export markets; but he did not suggest for a moment that the Government

might relax its own import restrictions—not even the meat quotas—in order to recover those markets. He defended the inclusion of the Special Areas Act in the Expiring Laws Continuance Bill on the ground that the Act would otherwise expire altogether next March, and that if the Government wished to alter its policy it could introduce an amending Bill meanwhile. Mr Chamberlain said that he had not fully considered Mr Malcolm Stewart's suggestions, but he "accepted in principle" the proposal to grant special financial concessions to firms in the areas. The House was given the assurance—which clearly did not satisfy it—that Mr Chamberlain "expected and believed" an Amending Bill would be introduced before Christmas. In the end, after an all-night sitting, several Conservative members voted against the Government. The dissentient Conservatives are now to move an amendment

extending the Act to May, 1937, instead of March, 1938; and the Labour Party and Welsh members are to urge its deletion from the Expiring Laws Bill. If the Government is determined to do nothing to revive our export markets, the logical next step in solving the Depressed Areas is, as we argue in an article on the location of industry on page 347, to provide financial inducements to industrialists to come to the Special Areas. Sir John Jarvis, even in existing conditions, has succeeded in reaching agreement with Messrs. Stewarts and Lloyds and Tube Investments, Limited, for a new tube factory at Jarrow; and the plans were completed on Thursday of last week. If the Government can incorporate the further inducements suggested by Mr Stewart in an Amending Bill and introduce it before Christmas, it will meet with the same favourable public response as has been already accorded to the Public Order Bill.

* * *

The Public Order Bill.—Sir John Simon met with a very sympathetic reception in introducing the Public Order Bill into the House on Monday. The principle of the Bill was supported by all parties except the I.L.P. and the Communists; and the second reading was passed without a division. Mr Clynes, Sir Percy Harris, Mr Robert Bernays and Mr Herbert Morrison all admitted, though they regretted, the necessity for the Bill. The provisions banning uniforms and forbidding the organisation of military bodies for political objects were unanimously approved; and few were found to question the wisdom of leaving the definition of uniforms to the courts. The details of the Bill which provoked most doubt were those affecting political meetings and processions. Some members thought that it should not be left to the chairman of a political meeting to bring prosecutions against disorderly interrupters. The Labour Party is to propose an amendment extending the ban on uniforms to cover "other distinctive dress," and some Conservatives wish to prohibit the display of emblems and the carrying of banners bearing provocative inscriptions. These amendments should produce further interesting discussion, but it is to be hoped that the restrictive effects of the Bill will not be carried one inch further than is necessary. At any rate it is now gratifyingly clear that the Bill will be passed substantially in its present form, with the support of all the main political parties.

* * *

The Nationalisation of Trunk Roads.—The Minister of Transport moved on Thursday the second reading of the Trunk Roads Bill, which is to transfer to the Ministry of Transport from the local authorities the full responsibility for about 4,500 miles of main road in Great Britain. The roads affected are the roads radiating from London to Edinburgh, Norwich, Yarmouth, Dover, Brighton, Portsmouth, Southampton, Penzance, Bristol, Gloucester, Birmingham, Glasgow, Manchester and Leeds, together with such important cross-routes as those between Liverpool and Hull, Exeter and Birmingham, Glasgow and Edinburgh. As Mr Hore-Belisha remarked, these are the roads which are "indispensable alike in peace and war." For these roads the State is henceforth to be responsible, although the county councils will still do the actual work of construction and maintenance, as agents of the Ministry. The current cost of these roads is more than £1,500,000, of which the Road Fund has hitherto been paying 60 per cent. There would, therefore, be an extra burden on the Exchequer of about £600,000 a year. But this relief to the local authorities is to be taken into account in fixing the block grants for the next period; while, on the other hand, improvement schemes of £6,000,000 have been approved and others for £12 millions submitted. The most encouraging part of Mr Hore-Belisha's speech was that in which he outlined the future standard for trunk roads:—

They must be designed so as to permit the utmost fluidity of traffic, consistent with the requirements of public safety. Carriageways must be of such width as will allow for the maximum number of vehicles likely to come upon them. They should be subdivided so that traffic proceeding in one direction shall do so on its own track.

They should be kept free of obstruction due to standing vehicles The provision of footpaths should be regarded as an essential feature of design. Cycle tracks should be provided The carriageway should be super-elevated at bends. Road junctions should be so laid out as to give ample vision to drivers of oncoming vehicles. Long-distance traffic should be conducted round and not through the streets in built-up areas We should endeavour to ensure that the road should enhance and not detract from the natural character of the countryside.

This is, of course, an ideal which will take time to realise, especially now that the Road Fund has been robbed of its independence. But it is something to have it officially recognised, and even if the Bill, as was alleged from the Labour benches, owes its birth to the re-armament programme, we may reflect that even the chill wind of menacing war is blowing some good.

* * *

British Civil Aircraft.—A significant sidelight on the degree to which the aerial re-armament programme has invaded the civil aircraft field has been thrown by an announcement by British Airways, Ltd. This company, which receives an annual Government subsidy of £20,000 for its carriage of air mail to Scandinavia, had long been waiting for new D.H.86A machines from the De Havilland works. It was forced earlier this year to buy second-hand Fokker machines from the Dutch to eke out its services to the Continent; for the Air Ministry has recently ordered that the D.H.86A machines now in service must not in future be flown on the company's night mail service. (This, however, did not prevent one of the Fokker machines crashing on Thursday morning, with the loss of pilot and first officer.) The company tried to secure new 20-seater craft, with a cruising speed of about 200 m.p.h., from British works; but the earliest delivery of one machine was quoted as "many months ahead," and even for a 14-seater craft it would have been nine months before the first machine could be delivered. Even the D.H.86A's already in service were delayed in delivery by the pressure of work at the factory on account of orders for Air Force training machines. The British Airways Company therefore negotiated for, and purchased Lockheed "Electra" machines from the Lockheed Corporation of America, who can deliver in February. This decision has been criticised in the House of Commons on the ground that a British subsidised air service concern ought only to use British aircraft. But it is hard to see what else the company could reasonably be expected to do under circumstances which the Government's own programme has evoked. The Swiss, Dutch and Czech air lines use modern American passenger machines; they have factories of their own, none the less; and the Americans have far more frequent and extensive air services even than the British. Their experience of commercial flying with Lockheed and other machines is much greater than our experience with our own. If the Government needs the output of every available air-frame and air-engine maker in this country for re-armament purposes, why should air service companies in this country be expected to buy British machines and wait for them over a year? The purchase of American machines clearly harms neither the air service company here, nor the British makers who cannot fulfil the orders.

* * *

All Eyes on Spain.—The sensation of the week has been, not the penetration of Madrid by General Franco's forces, but the sudden recognition of them as the Government of Spain by Italy and Germany. It is to be presumed that General Franco's brother, who has been in Rome, told Count Ciano, the Italian Foreign Minister, that the rebels must have much larger quantities of warlike stores if Madrid were to be taken and held while the campaign continues. At present, the rebels, who have lost proportionately many more of their attenuated forces than the Government, are still hammering away at the north-west of the capital; whereas the Government forces are more numerous. It is also to be presumed that, as the in-

effective Non-Intervention Committee in London has had to sit by, alternately whitewashing Italians, Portuguese and Germans on the one hand, and Russians on the other, the Italian and German dictators found themselves forced to act precipitately, without waiting for the capture of Madrid as an excuse for recognition. As it is, recognition will enable Italy and Germany to conclude alliances with General Franco, and, in conformity with them, to assist in the "blockade" which the General is declaring against Barcelona. This is by far the most serious stage in the whole sorry Spanish crisis. For if Italy—acting either from her new bases in the Balears or in the Straits of Sicily—stops, or sinks, Russian ships supplying Barcelona, France and this country can scarcely abdicate to such an extent as to permit Signor Mussolini to decree a blockade on behalf of the Spanish rebels. If they did, after all they have tamely suffered in that vital zone of their interests, it would mean more than a "scuttle" from the Mediterranean for them and more than the conversion of that sea into the *mare nostrum* of the Italians. It would be the signal for a combined "forward" policy, certainly by Germany and Italy in Europe and the colonial field, and perhaps by Japan in the Far East. The French Government have decided on emergency naval dispositions to protect their shipping. Both they and the British Government cannot acquiesce in a blockade of Spain which trundles their trade and navies out of the Mediterranean at the mere bark of Signor Mussolini and General Franco. At the very outset of the Spanish rebellion the *Economist* suggested that the best isolating action for Europe would be the declaration of a joint Anglo-French naval blockade of Spain. Now that General Franco's one cruiser is to be the excuse for a blockade of the Spanish Government's ports, supported by Italy and perhaps by Germany, the tables have been dangerously turned on France and England. Rather than trust even to the possibility of the Non-Intervention Committee's establishment of effective supervision of warlike supplies to Spain, Italy and Germany have been forced by General Franco's importunities to act suddenly. At this late stage, the Governments of France and Britain—together with all others on the Committee who will support them—must take a firm stand against such dangerous shock tactics. The time for deprecations and regrets has gone by. On Signor Mussolini's and Herr Hitler's shoulders rests the responsibility for having provoked a tense and critical European situation.

* * *

Herr Hitler's Newest Exploit.—As is by now becoming habitual at week-ends, the German Government informed the other Governments concerned last Saturday that it was denouncing some more articles of the Versailles Treaty. This time they were those which establish special international regimes for certain inland waterways that run partly or wholly through German territory. The Note gave an assurance that, on the German sections of these waterways, Germany would still abstain from all discrimination in the treatment of German and foreign shipping—subject to reciprocal treatment being accorded to German shipping. There is an extraordinary wantonness in Herr Hitler's procedure in this case, since the door which he has thus stayed-in was on the point of being opened to him voluntarily. The treaty regime on the two most important of the rivers in question—the Rhine and the Elbe—has in fact been modified, at Germany's instance and to meet her wishes, through voluntary concessions by the other parties; and the facts about these successful negotiations were brought out in a reply by Mr Eden to a question in the House of Commons on Monday. In regard to the Rhine, the negotiations were started, at Germany's desire, some two years ago, and, notwithstanding the shock produced by the act of March 7th, a new Rhine Convention was initialled in May by all parties except the Netherlands, and was to have come into force at the beginning of the New Year. (The Dutch objections were purely technical, and would no doubt have been overcome.) In regard to the Elbe, again—we comment on the Czech position in the succeeding Note—a new agreement, likewise on the eve of coming into force, had been negotiated directly between Germany and Czechoslovakia. We cannot avoid the conclusion that Herr Hitler rushed in



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to batter the door down just because he now knew that it would open of itself if he did not look sharp. This conclusion is deeply disquieting. It confirms the suspicion that some half-yearly act of treaty-breaking is a necessity for the Führer's system of internal government in the Third Reich. If Herr Hitler lives to the normal age, he will have to find nearly fifty more acts of the kind! Is it conceivable that he can devise fifty harmless ones? And how can we believe the word of a ruler who, on May 21st, in reference to what he had just done on March 7th, declared publicly that, thenceforth, Germany would "only carry out by means of peaceable understanding such revisions as will be inevitable in the course of time"?

* * *

Czechoslovakia and the Elbe.—Negotiations between Germany and Czechoslovakia for revision of the status of navigation on the Elbe began last spring. Herr Hitler's unilateral demonstration last Saturday came at the precise moment when an agreed German-Czech river convention was ready to his hand for signature. As far as the Danube is concerned, negotiations involve many other States. In 1935, 8.1 per cent. of all Czech imports and 5.8 per cent. of all exports came by the Elbe. The Oder plays no significant rôle for Czech trade. The Elbe traffic in the first nine months of this year has risen by 17 per cent. above that for the corresponding period of last year. Hitherto Czech trade on the Elbe has resulted in a heavy credit balance to Germany, and if—after last Saturday—Germany, despite Herr Hitler's promise that no discrimination would take place, proceeds to raise river freights against Czechoslovakia, Czech trade would be driven over Poland to Gdynia (which would hit Danzig), down the Danube to the Black Sea, or overland to Trieste. As Czech trade by the Elbe has been greatly assisting Hamburg in her present sorry straits, it is improbable that, from the German side, action will be taken to drive Czech trade to foreign ports and routes. This is confirmed by the express German declaration last week-end that nothing would be altered in the agreements regulating the "free ports" of Stettin on the Oder and of Hamburg on the Elbe—these free zones being allowed to Czechoslovakia. Industrial Bohemia lies just on the "freight-boundary" between Trieste and Hamburg; and Slovakian timber can always use the lower Danube. On the other hand, the German Elbe shipping companies have built many more ships in order to carry Czech trade, and the vulnerability of German Elbe shipping to decisions on the direction of Czech trade was recognised by the German representatives in the German-Czech negotiations noted above. On their side, the Czechs did not wish to add to the inflammable political material already heaped on the Czech-German frontier, and forbore in the negotiations to demand any *quid pro quo*. Herr Hitler's latest unilateral gesture evoked even a sharp protest from Hungary on account of the Danube convention; and Polish-Czech-Austrian trade relations are likely now to improve. The States and statesmen with the best will to negotiate

with Germany on a basis of equal rights have received after the latest German week-end exhibition another violent impulse towards the conviction that it is impossible with safety either to trust or to treat with the rulers of Germany.

* * *

The Vienna Communiqué.—The Italo-Austro-Hungarian conference at Vienna has passed off without any very serious or sensational incident. It was only a school-boy's prank for the Austrian Chancellor and the Hungarian Foreign Minister to propose the health of "The King of Italy, and Emperor of Ethiopia" at a State banquet at which the diplomatic representatives of some twenty ex-sanctionist Powers were among the guests. In its official business, the conference noted and approved the Austro-German agreement of July 11th and the recent Italo-German provisional understanding for tentative collaboration in South-Eastern Europe. The way was also paved for a future unilateral declaration by Hungary of her intention to re-arm; but this was done with cautious circumlocution. The three States merely declared themselves unanimously agreed in favour of the standpoint of the Austrian and Hungarian Governments in regard to equality of rights in the matter of armaments; and they undertook "to maintain contact for the realisation of this principle." The ardent Magyars can never stomach being left behind by the easy-going and unilaterally re-arming Austrians in a matter of national self-assertion and *amour-propre*. But the three Little Entente Powers have been quick to jump upon this passage in the Vienna communiqué in three identical statements published at the beginning of this week; and they maintain the position which they took up three years ago. While re-affirming their acceptance of the principle of equality of rights in armaments, they also insist once more that the application of this principle for the benefit of Hungary must be conditional upon her fixing the scale of her re-armament in agreement with the Little Entente Powers, and also upon her giving them "precise guarantees of security." This latter is easier said than done, and might in the present circumstances therefore perhaps have been better left unsaid.

* * *

Dr. Colijn Sticks to His Guns.—Dr. Colijn, perhaps the most consistent advocate of deflation in Europe, is prepared to recognise facts; but he will not alter his policy. In a statement published this week, after stating once again that the guilders would for the time be left free, subject to Exchange Fund guidance, he proceeded to the following declaration:—

I do not deny that an expansion of credit may, in certain circumstances, so stimulate trade and industry as to lead to a fairly rapid reduction in the number of unemployed. But I do not believe that we are justified in trying to seek relief from our immediate difficulties by such an expansion of debt as will leave those who come after us with the unenviable choice between repudiating national commitments and increasing taxation to a prohibitive level in order to meet the service of the national debt.

One may applaud Dr. Colijn's determination to avoid exchange restrictions and self-sufficiency and to align Holland with the free (or freer) trade policy of the democratic nations. His refusal, however, to adopt the moderate expansionist measures long urged upon him by the Catholic Employers' federations and the Social Democrats lays him open to the charge of conceiving the national welfare in the narrow terms of the financial charge on the Budget rather than the real income of the community. Even in the absence of an expansionist policy, however, devaluation and world recovery should alleviate Holland's position from now onwards. Already signs of business recovery are beginning to be apparent. It may be, indeed, that, thanks to devaluation, recovery may have gone far enough to save Dr. Colijn at the General Election next spring from the fate that overtook M. Laval in France. If it does, Dr. Colijn will have mainly to thank the auspicious stars.

A Statesman's Suicide.—M. Salengro, the young Trade Unionist Minister of the Interior in France and one of M. Blum's closest colleagues and friends, committed suicide on Wednesday, as the direct outcome of one of the grossest campaigns of calumny that has ever defamed French public life. M. Salengro, apparently, had been taken prisoner during the war; but owing to absence of information, military law required that he should be noted as a deserter. When M. Salengro joined M. Blum's Cabinet last spring, his experience of Trade Union affairs singled him out as the man to cope with the "stay-in" strikes which began to paralyse industry at that time. Simultaneously, the Press of the Right, which had never left M. Salengro quite in peace, envenomed by the crushing defeat of the Right at the Election, launched a savage and abusive campaign against the Minister of the Interior on account of his war record. *Gringoire*, a weekly paper owned by M. Chiappe and other extreme Right-wing malcontents, led the onslaught. The Prime Minister established a commission of inquiry, which, with the help of the War Ministry, reported last week, exonerating M. Salengro of desertion, treason and cowardice, and vindicating his honour. The Chamber voted a motion accepting the report by a much larger majority than that usually accorded the Government; and, when the figures were announced, M. Blum embraced his colleague in a moving scene. But the strain of overwork and calumny combined, as he said in a pathetic farewell letter to his Prime Minister, proved too much; and he took his own life. This tragic sequel to deliberate vilification of a statesman by his political opponents has worked a profound effect in a nation whose citizens jealously defend the sanctuary of private life, however much they give rein to political feeling. It is not so long since the man-handling of M. Blum by Right-wing extremists turned Paris against the Right-wing in politics. The hounding of a Cabinet Minister to the length of suicide can only constitute a crushing reverse to those groups who aided, morally or materially, this shameful victory of obloquy.

* * *

The Japanese Armaments Budget.—During the past few months there have been certain signs of discomfort in Japanese minds over the Ishmaelitic rôle for which Japan has cast herself since the autumn of 1931. No doubt there are many intelligent and well-informed Japanese in civilian walks of life who desire to bring their country back into relations of normal friendliness and confidence both with China and with the Great Powers. Unfortunately, however, this element in Japan seems to be as far as ever from any prospect of returning to power—to judge by the report, just published in the *Asahi*, of the Japanese Army's new programme for armaments expenditure. The Army are said to contemplate a six-year plan in which the total armaments bill will amount to 6,200 million yen—3,000 millions for ordinary annual expenditure and 3,200 millions for "re-armament." The latter presumably means replacement of existing armaments, since Japan has never ceased to be one of the heavily armed powers. If this is indeed the Japanese Army's new programme, it works out, over these next six years, at an average annual armaments expenditure of about 1,000 million yen. This is nearly five times the average annual figure of Japanese expenditure on armaments during the decade of moderation between the Washington Conference and the autumn of 1931. Japan like Germany and Italy, is thus committing herself to an armaments effort of an intensity which has seldom been attained before in any country except in war time. This is only another way of saying that the strain will be far too severe, as the country's resources are far too restricted to bear it for more than a short period. The danger-point will come when Japan reaches her peak of preparedness and finds herself faced with the choice of using, forthwith, the means of aggression which she will have accumulated at such cost, or else submitting to see herself outclassed, after all, by other Powers whose greater financial staying-power might enable them to put Japan's armaments out of date by proceeding with their own for a year or two longer. This is perhaps the most alarming aspect of the new Japanese armaments programme.

Britain's Balance of Payments.—With the appearance of the trade returns for the tenth month of the year, it is possible to make a first preliminary guess at the probable outcome of the balance of payments for 1936. The net balance of imports of merchandise and silver in the ten months to the end of October amounted to £275 millions, compared with £213 millions at the same date last year and £230 millions at the end of the first ten months of 1934. At this rate, the deficit on visible trade account for the whole year will be in the neighbourhood of £330 millions, compared with £256 millions in 1935 and £276 millions in 1934. On the other side of the account some increase can be expected from British invisible exports. The *Economist* index of shipping freights, for example, is now some 9 per cent. higher than a year ago, and there has been in addition some increase in the volume of traffic. It would seem to be safe to increase last year's estimate of £75 millions for freight receipts to £80 millions, or by less than 7 per cent. Income from foreign investments is, as usual, the difficult item to estimate. Our figures of industrial profits are of limited assistance, since only a very few of the categories can be assumed to refer in the main to companies operating outside this country. Moreover, there is a considerable time-lag. On the basis of the figures for companies engaged in oil, rubber and tea (not all of which, of course, are foreign), the figures of profits shown in reports appearing in the twelve months ended June 30th last were 13 per cent. higher than a year previously. In the September quarter the rate of increase was 33 per cent. The increase in the profits of all companies, home and foreign alike, in these two periods was 12.6 per cent. and 14.3 per cent., respectively. It is impossible to make allowance for all the factors at work, including such matters as the proportion of fixed-interest capital in British foreign investments, the British share in the rapidly expanding volume of dividends in the United States, etc. As a pure guess, it may be conservatively suggested that last year's figure of £185 millions might be increased by about 8 per cent. to £200 millions. Lastly, the combined total for income from commissions and other sources has remained unaltered, in the Board of Trade's estimates, at £40 millions for four years. The slowly rising tide of prosperity can be assumed to have increased this total since 1932 by £5 millions. A preliminary estimate, together with the official figures for recent years, would thus look as follows:

	(£ millions)			
	1933	1934	1935	1936 (est.)
Import surplus (merchandise and silver).....	263	295	261	330
Government payments	...	...	2	...
Total debits	263	295	263	330
Government receipts	...	9	...	...
Shipping income	65	70	75	80
Income from investments	160	175	185	200
Income from commissions and other sources	40	40	40	45
Total credits	265	294	300	325
Net balance	+2	-1	+37	-5

There is no doubt that Great Britain's balance of payments this year will be less "favourable" than last year, but the above rough estimates do not lend any support to the exaggerated pessimism which is finding expression in some quarters about the position of sterling.

* * *

Labour Conditions in Retail Trade.—In the *Economist* of September 19th we drew attention to the unsatisfactory labour conditions in certain sections of the distributive trades and to the probability of early measures to remedy them. The Ministry of Labour has realised the difficulties which stand in the way of voluntary efforts to bring about a general improvement in the working conditions of shop assistants. Hence, the Ministry now seems anxious to foster the closer organisation and co-operation between employees on the one hand and employers on the other. Once representative bodies are established, the Ministry of Labour would be able to ascertain their views, bring them together in negotiation and, possibly, enforce majority decisions concerning wages, hours and general

working conditions. Although the first condition, namely the establishment of bodies expressing the collective views of assistants and employers, has not yet been realised, there is reason to believe that progress will now be more rapid. Last Monday, the Employers' Consultative Committee, formed to prepare suggestions for wage standards and methods of enforcing them, met Mr Leggett of the Ministry of Labour. On Tuesday, Mr Leggett consulted with the unions, who agreed to appoint a sub-committee to examine the situation and put forward the unions' collective views to the Ministry of Labour. Further meetings are to be held between representatives of both sides and the Ministry of Labour.

* * *

Contracting and Expanding Industries.—Current discussion of the geographical transfer of labour lends special point to the annual figures of the shift between industries published by the Ministry of Labour this week. Changes in the number of persons insured in the main industries were as follows between July, 1935, and July, 1936:—

	Number	Per cent.
Building	+ 44,170	+ 4.4
Distributive trades	+ 37,520	+ 1.7
General engineering, engineers' iron and steel foundry	+ 34,020	+ 6.0
Motor vehicles, cycles and aircraft	+ 30,060	+ 9.9
Railway service (non-permanent workers) ..	+ 16,380	+ 11.2
Public works contracting	+ 12,280	+ 4.4
Gas, water and electricity supply	+ 10,870	+ 5.4
Entertainments and sports	+ 10,170	+ 8.0
Electric cable, apparatus, lamps, etc.	+ 9,550	+ 6.1
National government service	+ 9,380	+ 7.4
Electrical engineering	+ 9,150	+ 8.8
Hotel, restaurant, boarding house, etc., services	+ 9,090	+ 2.1
Steel melting, iron and steel rolling, etc.	+ 8,570	+ 5.2
Cotton	- 21,770	- 4.6
Coal mining	- 45,230	- 4.7

Transfers out of the mining industry to other industries in the year were 31,021, and transfers into the industry 9,491. New entrants into insurance in the industry were over 20,000; and as the net decrease in numbers was 45,230, gross departures must have been not less than 75,000. Since 1925 there has been an increase in the insured population of the building and contracting industries of 62.7 per cent.; of transport, communication and distribution of 47.4 per cent.; and a decrease in mining and quarrying of 23.6 per cent.

* * *

Overseas Trade in October.—There was a marked improvement in our overseas trade last month. Total imports, at £80,539,176, reached the highest level since November, 1931, and the total of £41,764,413 for British exports has not been surpassed in any month since November, 1930. But the tendency for rising imports to outstrip exports was again evident; the import surplus for the first ten months of 1936 is now 28 per cent. higher than a year ago. The following tables give details for the past three years:—

OVERSEAS TRADE IN OCTOBER
(000's omitted)

	1934	1935	1936	Change between 1935 and 1936	
Total imports	£ 68,762	£ 73,375	£ 80,539	+ £ 7,164	+ 9.8
British exports	36,749	39,865	41,764	+ 1,900	+ 4.8
Re-exports	4,001	4,732	4,470	- 262	- 5.5
Total exports	40,749	44,597	46,235	+ 1,637	+ 3.7
Excess of imports over exports	28,013	28,778	34,304	+ 5,526	+ 19.2
Transshipments under bond	2,365	2,501	2,736	+ 235	+ 9.4

OVERSEAS TRADE—FIRST TEN MONTHS
(000's omitted)

	1934	1935	1936	Change between 1935 and 1936	
Total imports	£ 605,290	£ 612,386	£ 688,136	+ £ 75,740	+ 12.4
British exports	325,755	351,643	361,786	+ 10,143	+ 2.9
Re-exports	43,672	45,255	49,999	+ 4,744	+ 10.5
Total exports	369,428	396,898	411,785	+ 14,887	+ 3.8
Excess of imports over exports	235,862	215,498	276,351	+ 60,853	+ 28.2
Transshipments under bond	19,858	20,460	23,310	+ 2,850	+ 13.9

The raw materials group is once more mainly responsible for this year's increased imports. In the manufactured goods group the rise is smaller; but in both the increase is fairly well spread. Improvement in food, drink and tobacco imports, however, is chiefly in the grain and flour category, where prices have recently been rising. Among exports, the increase in the manufactured goods group completely overshadows all others, but a single one of the twenty categories in this group—vehicles, including locomotives, ships and aircraft—accounts for as much as 60 per cent. of the increase.

Trade by Commodities.—The following table shows recent changes in the more important retained imports:—
RETAINED IMPORTS—MONTH OF OCTOBER

Item and Measure	1934	1935	1936
Wheat	8,131	9,840	8,811
Beef and veal	954	966	1,224
Mutton and lamb	422	313	392
Sugar (unrefined)	1,931	3,942	4,305
Iron ore and scrap	386	384	554
Raw cotton	910	1,320	1,391
Sheep's and lambs' wool	151	202	348
Flax, hemp and jute	22,877	11,911	23,765
Crude petroleum	29,373	45,127	26,991
Hides, wet and dry	98	174	145
Wood pulp	180	201	207
Rubber	423	71	2
Unwrought copper	26,137	27,405	26,452
Flg lead	26,477	13,890	25,431
Tin			
One and concentrates	5,116	3,553	3,668
Blocks, ingots, slabs and bars	684	999	243
Iron and steel manufactures	120	100	101
Machinery	5,675	7,196	10,307

Increased imports of wheat from Empire countries have again counterbalanced the falling off in shipments from Argentina and Russia. Larger purchases from Argentina, Australia and New Zealand are responsible for the rise in total imports of meat. Increased supplies of sugar have come from Australia and Cuba. Strong demand for textile fibres is reflected in last month's higher purchases. Petroleum imports show a substantial reduction, but last year's figure included an exceptionally heavy purchase from Iraq. Home demand for metals and machinery continues to increase. The principal British exports are shown below:—

BRITISH EXPORTS—MONTH OF OCTOBER

Item and Measure	1934	1935	1936
Coal	3,630	3,288	3,226
Iron and steel scrap	17,493	13,381	13,604
Pig-iron and ferro-alloys	12,955	14,715	9,844
Railway material	13,613	15,699	13,408
Total iron and steel manufactures	218,496	219,447	194,360
Textile machinery	6,436	6,342	4,207
Total machinery	32,983	36,304	32,565
Cotton yarn	10,852	12,577	13,048
Cotton piece-goods	175,635	161,095	177,917
Wool yarn	3,536	5,945	4,620
Woolen goods	3,172	2,954	2,650
Woolen tissues	5,548	6,271	6,208
Woolen piece-goods	2,167	3,259	2,980
Woolen tissues	5,417	5,675	7,097
Linen piece-goods	43,624	44,564	41,577
Leather boots and shoes	16,924	18,476	21,922
Leather	297,696	345,359	397,966
Paper and cardboard	897	1,580	892
Locomotives (complete and parts)	6,195	7,907	9,294
Motor vehicles and chassis			

Coal exports, though below the level of the past two years, show some improvement over last month, the reduction in shipments to Spain and the lack of Italian markets being partially offset by increased exports to Scandinavia, Germany and the Baltic countries. The strength of the domestic industrial demand for all commodities in the iron and steel group is responsible for the falling off in exports, which we discuss in a separate Note. There has been a welcome revival in our exports of cotton and linen piece-goods. Foreign demand for British motors continues at a higher level than in recent years.

Declining Steel Exports.—Home demand for iron and steel has increased with such rapidity during the past twelve months that the industry now finds itself in a dilemma. Although production of steel ingots and castings was increased from 8,753,600 tons during the first ten months of 1935 to 9,677,700 tons during the corresponding period this year, the increase was insufficient to keep pace with the growing domestic requirements. Hence, the limitation of imports under the agreement with the Con-

tinental Crude Steel Cartel went by the board, and the industry in this country was glad to be able to obtain larger quantities of iron and steel from abroad in order to supplement home production. Imports of iron and steel consequently rose from 961,761 tons during January-October, 1935, to 1,298,352 tons this year—an increase of no less than 336,591 tons, or 35 per cent. Now, there is much to be said for the argument that increased imports of cheap steel near the peak of demand are preferable to an extension of domestic productive capacity, because the onus of over-extension of capacity is thus thrown on foreign producers. But when the increase in imports is accompanied by a reduction in exports of iron and steel manufactures the situation becomes disquieting, for markets once lost cannot be easily regained. This is exactly what has happened this year, for exports declined from 1,916,259 tons during the first ten months of 1935 to 1,807,988 tons in January-October, 1936. The importance of this tendency was stressed by many speakers at the sixteenth annual dinner of the London Iron and Steel Exchange on November 10th. Mr Runciman pointed out the shortsightedness of a policy to yield to the temptation to fill order books with the profitable and safe home orders to the exclusion of the export trade. Mr Bruce, chairman of the Management Committee of the Exchange, as well as other speakers, also emphasised the importance of export business. The industry would do well to accept this wise advice in the spirit in which it was given.

World Wheat Trends.—Since we last surveyed the world wheat situation in the *Economist* of October 10th, later crop estimates for the current season have become available for a number of additional countries. Thus Argentina is expected to harvest about 226 million bushels, against 215 millions given in our survey a month ago, and a yield of 140 millions in 1935-36. On the other hand, the estimate of Australia's crop has been reduced from 145 million bushels to 129½ million bushels. The two revisions, it will be seen, approximately balance. The International Institute of Agriculture has now published estimates of the world supply-demand position in 1936-37:—

WORLD PRODUCTION, TRADING STOCKS AND PRICES OF WHEAT
(In millions of bushels)

Season	World production (a)		World exportable supplies (b)		World import requirements	World exportable end-of-season stocks	Average price (c.f.f.) Price (shillings per cwt.)
	Exporting Countries	Importing Countries	Season's surplus	Total (incl. carry-over from previous year)			
1926-27 ...	2,397	999	1,398	1,010	812	191	5.12
1927-28 ...	2,534	1,077	1,457	1,063	817	252	11.87
1928-29 ...	2,849	1,077	1,772	1,371	888	444	10.20
1929-30 ...	2,242	1,223	1,019	1,061	671	434	9.98
1930-31 ...	2,682	1,062	1,620	1,324	826	499	6.10
1931-32 ...	2,583	1,126	1,457	1,331	809	523	5.76
1932-33 ...	2,379	1,365	1,014	1,253	629	625	5.77
1933-34 ...	2,221	1,446	775	1,123	546	579	5.21
1934-35 ...	2,209	1,371	838	911	533	376	5.83
1935-36 ...	2,048	1,368	680	747	500	250	6.65
1936-37(c) ...	2,136	1,168	968	676	545	125	7.93

(a) Excluding U.S.S.R., China, Turkey, Iran and Iraq. (b) Including U.S.S.R.
(c) Provisional. (d) August-October, 1936.

The 1936-37 crop was somewhat smaller in importing countries, and heavier in exporting countries, than in 1935-36. Consequently, world trade in wheat will be on a larger scale than in the past season. Exportable supplies at the end of July next year will have been reduced to dangerously small dimensions, reinforcing our conclusion a month ago that "nothing short of a bumper crop next season may be sufficient to prevent a sharp upward trend of prices next summer."

"Corn in Britain."—In a leading article under the above title in our issue dated November 7th we stated that "barley in grain still enters the country duty free." What we should have said was that foreign imports of this cereal are subject to the general 10 per cent. *ad valorem* duty levied under the Import Duties Act, but are free from additional duties. On the other hand—as was correctly stated in our article—pearled barley and other barley products from foreign sources bear a duty of 3s. 6d. per cwt., or 20 per cent. *ad valorem*, whichever is the greater.

OVERSEAS CORRESPONDENCE

From our Correspondents in each centre

UNITED STATES

A CLASS ELECTION

IN a fashionable New York hotel, on election night, only dance music relieved the gloom, as results flashed on an improvised screen. The elegantly dressed clientele grew more and more morose. Three or four times certain selected counties, where Landon had a majority, were permitted to repeat their good news on the screen, and each time the diners and dancers stopped for a spasm of hand-clapping. But when the news flashed that Governor Landon had conceded the election, a waltz was in progress, and it was not interrupted. At one table sat a party of New Dealers, two of them high officials in Washington, one an eminent woman in public affairs. After the election had been conceded by Mr Landon, the woman arose, lifted her glass and proposed for the entire room a toast to the President of the United States. The companions at her table promptly stood and lifted their glasses. But though a painful silence fell over the assemblage not another person stirred, not another glass was raised. And the New Dealers, with one accord, gathered up their things and stole away.

The scene depicts to what an extent the election was fought, and certainly felt, on class lines. A scattered handful of men above a given income level voted for Mr Roosevelt, and a similar scattered handful below that level were for Mr Landon. But, on the whole, the poor won the election from the well-to-do. The class division was not European in its self-consciousness. Not even Mr John Lewis, now acknowledged leader of aggressive labour, believes in the Marxian class war. But the people beat "the interests," in an almost old-fashioned manner.

In retrospect, the beating was worse than anyone had expected, save perhaps the Postmaster-General, Mr Farley, who may have hypnotised himself into crediting his own prediction that Mr Roosevelt would carry every State but Maine and Vermont. But the size of the beating has been seriously distorted by the archaic American election system. Mr Roosevelt won 60.8 per cent. of the popular vote and has 98.5 per cent. of the electoral college. The discrepancy is important psychologically, but only psychologically. What is important politically is that the Democrats have 77 per cent. of the House of Representatives and the Administration can count on 82 per cent. of the Senate. Not since the Civil War have the Republicans fallen to such low representation, and only once, just after the war, were the Democrats reduced to so pitiful a handful. The danger of this result is obvious. The majority is too large for efficient service. It is bound to deteriorate into factionalism. And as the Solid South sent 101 representatives to the lower house, most of whom cannot by wild exaggeration be described as New Dealers, they will constitute an immediate conservative influence.

During his first Administration, friends of the President, when he made unfortunate compromises, pleaded for him that he faced a hostile Congress, and had to walk warily. In the next four years the excuse will be less appropriate; for apart from the Southerners, the President has 233 Democrats in the House to 89 Republicans. Yet the first task of the President will be to consolidate the Democratic victory and avert a reaction in 1940. He cannot ride roughshod over the South. If the Democratic Party, as he aspires, is to replace the Republicans as the Party of prosperity and permanence, it must be built on the South. Under the electoral college system the South gives any acceptable Democrat a head-start in any presidential race, a sure vote of 112 in the 531 votes.

It is too early to outline the programme for the coming four years. The severest criticism to be meted out to President Roosevelt is that he was elected without himself announcing it. The now rapidly rising business activity

will, he hopes, provide enough revenue to balance the Budget within two years without further taxation. He will trim and pare his many New Deal agencies; for his pledge not to add to present taxes was one of the few categorical promises of the campaign. Labour, of course, offers the widest field for legislation and service, and it may provide the greatest disillusionment of the second term. Under Mr Roosevelt, labour hopes to organise on a scale never seen in this country, and in the face of employers whose conceptions of collective bargaining are purely feudal. How this can be done without intense, and often belligerent, conflict is difficult to see. The public so far has not paid much of a price for the new doctrine of unionisation. If strikes and riots and, later on, gross inconvenience to the public become the order of the day, Mr Roosevelt may topple from his place as labour's Messiah. He may have to treat labour more "objectively" than he did on occasion during the last four years. And once he has chilled the enthusiasm of his labour following, his second honeymoon will have ended. If he loses labour he may spoil the dream of a long series of Democratic victories. To make a permanently liberal party composed both of labour and the South would be a feat. President Roosevelt is more enviable to-day, before his inauguration, than he is likely to be a year hence.

These, to be sure, may be foolish apprehensions. Industry and finance may experience a change of heart, and be ready to accept the election as a notice that certain basic concessions are called for. The melon-cutting season is on, and the country is bathed in benevolence. The good neighbour policy of the President actually is tinting domestic as well as foreign affairs. For the moment the President's victory is total and the Opposition is eclipsed. But the defeated men and women who would not toast the President of the United States on election night, and all that they stand for in American life, are not likely to change. Theirs is the economic power, despite the electoral victory. And power, as an American judge remarked last year, is rarely surrendered. It has to be fought for.

WASHINGTON, November 11.

"BOOM MENTALITY"

The marine strike, which began some time ago on the Pacific coast, is now in the second week on the Atlantic seaboard. On this side, it is one of those inter-union quarrels, characteristic of the American labour movement—that is, no demands for wages or hours have been presented, but one group of organised workers has struck to enforce recognition instead of some rival union. It is the most serious labour disturbance since the summer of 1934. It is supposed that the strikes in the steel and motor industries have been averted by anticipating wage concessions, on a very substantial scale. Wages (hourly) in the steel industry are now said to be approximately 17 per cent. above the 1929 figure, and with the working-week shorter, weekly money wages will be presumably close to those of that year. In that case, weekly real wages would be materially higher. This arrangement is one of the first to propose an automatic cost-of-living adjustment; but it is uncertain if the workers will accept this proposal. Wage increases are continually reported in the Press; and in a large number of instances the hourly rate is above that of any previous period.

One of the outstanding developments of the autumn has been the appearance of the distinctly recognisable boom mentality in American industry, more pronounced even than in Wall Street. Although the production, distribution, and price indices are not greatly above the figures of, say, the latter part of the second quarter of the year, their persistent maintenance at a high, and very profitable, level has given the confident expectancy which was lacking at

lower levels. To some extent this is expressing itself in rising prices, although the indices do not yet reflect them; still more, it expresses itself in forward orders, in industries where even in the New Era hand-to-mouth buying was the rule. So rapidly is this movement progressing that, where a week ago one could not report any instances of difficulty in obtaining delivery, now instances are coming to attention. In some, perhaps not many, lines a distinct sellers' market has appeared.

"RECOVERY COMPLETE"

The results of the Election justify recollection of the fact that in eight years the United States has swung through all quarters of the economic compass. The following brief table gives the economic background:—

	Sept., 1928	Sept., 1932	Sept., 1936
Federal Reserve Index of Production	115	67	109
Bureau of Labour Statistics Index Wholesale Prices.....	99	65	81
Index* Industrial Share Prices	162	56	130

* Standard Statistics Co.

Because the method of computing bank deposits has been changed, the bank figures cannot be directly compared, beyond the statement that demand deposits are much higher now than in late 1928, and per dollar velocity lower. In considering the production index two facts must be taken into account. In eight years the population has increased by above 5,000,000; in the decade since the index was designed changes in the national economy have occurred that have made the index somewhat obsolete. But broadly speaking, that economy is now quite comparable with that of the autumn of the 1928 election.

There are, of course, major differences in detail. Among them may be cited the great change in the character of outstanding credit. In 1928 the banks were full of stock market loans, brokers' loans and collateral loans to customers; and in addition there was the enormous figure of "brokers' loans for the account of others." Now there are no "loans for the account of others"; brokers' loans, deflated in the bear market, have not been reflatd in the bull market; and collateral loans by banks have scarcely risen from their lowest point. On the other hand, both the commercial banks and the reserve banks are full of Government paper. The following table shows this shift in the credit structure:—

Reporting Member Bank Items

	Oct. 31, 1928	Oct. 26, 1932	Oct. 28, 1936
	(000's)		
Total loans and investments	\$22,028	\$19,118	\$22,517
Loans on securities	6,958	4,352	2,026
All other loans	9,119	6,164	5,542
U.S. securities	3,027	5,298	*10,531
Other securities	2,924	3,304	3,265
Brokers' loans	†4,907	†452	1,153

† Includes some items listed under collateral loans.

* Includes guaranteed obligations.

Total loans and investments in these banks have been restored to a level slightly above that of eight years ago. In spite of the recovery in activity and the great recent expansion in commercial loans, the "other loans" figure is lower than four years ago. "Other investments" changed remarkably little during the whole eight-year cycle. The principal change has come in the relation of banks to the corporate security markets, and the relation of banks to the Government security market. In the earlier period, the principal function of the banks was the financing of a stock market boom; in the recent period, the principal function of the banks has been the financing of the Federal deficit. Quantitatively, the deflation of bank credit was never a dominant feature of the 1929-32 collapse; the severest incidences of deflation were in extra bank credit, brokers' loans for the account of others, mortgages, and consumer credit (partly financed through banks), etc. In short, having returned to the approximate level of eight years ago, the phase of "recovery from depression" can be regarded as virtually complete.

NEW YORK, November 10.

FRANCE

STAY-IN STRIKES OVER?

PARLIAMENT has adjourned until the end of the month for the ordinary session of the "Conseils Généraux." These assemblies have great political significance, because while voting the annual local budgets, they also sent addresses to the Government. These addresses indicate the temper of the Provinces to the Government and the Senate, whose members are also often "Conseillers Généraux." Here also is the explanation of the rapidity of the recent voting of the scheme for reform of local finances, by means of which M. Auriol, the Minister of Finances, alleviated the local budgets by transferring a small portion of their charges to the national Budget. The local budgets have been considerably increased during the crisis by unemployment and public works expenditure. The total rose from 14,000 million francs in 1929 to 17,000 millions in 1934 and 26,000 millions in 1937. M. Auriol's reform was thus a technical necessity, but it was also a political gesture designed to offset criticisms which representatives of local interests—principally the farmers—might address to the Government on account of the many concessions which it had made to industrial labour.

On the other hand, the stay-in strikes are now nearly over, and social peace has returned—apart from controversies between the Minister of Economy and employers, who are accused of sabotaging the economic policy of the Government by retarding production and raising prices. The claims of the workers now seem to be satisfied, at least for the time, though extremists have been claiming a new increase of wages, since the Minister of Economy admitted that there had actually been an increase of 11 per cent. in the cost of living.

MORE SIGNS OF REVIVAL

Further signs of business revival are perceptible. There has been a substantial rise in coal output, and iron and steel output. Railway receipts in the week ended October 20th (compared with the same week of 1935) were 4.67 per cent. higher and loaded waggons 19.51 per cent. higher. The effects of the recent shipping strike must be taken into account. For the first 44 weeks of the year the rise in receipts is 1.24 per cent., and in loaded waggons 0.76 per cent. (There was a fall of 5.88 per cent. for the same period of 1935 compared with 1934.)

The following monthly indices of the Statistique Générale de la France show a similar improvement:—

	Sept., 1935	July, 1936	Aug., 1936	Sept., 1936
General index	94	98	93	95
Engineering	96	100	98	97
Iron and steel	80	81	73	81
Textiles	68	58	51	64
Mines	99	102	87	91
Building (adjusted figures) ..	68	65	63	60
Leather (" ")	92	108	108	106
Paper (" ")	121	166	165	159
Rubber (" ")	773	959	941	941
Motors (" ")	385	418	412	449

In September 10,482 motor cars and 1,484 lorries were put on the road, compared with 10,213 and 1,404 respectively in August. The figures for the cotton industry are as follows:—

	June, 1936	July, 1936	Aug., 1936	Sept., 1936
Spinning (average per spindle in kilograms):—				
Production	1,348	1,606	1,191	1,722
Deliveries	1,440	1,704	1,185	1,844
Stocks	1,652	1,652	1,714	1,642
Unfulfilled orders	5,557	5,069	4,765	4,926

	June, 1936	July, 1936	Aug., 1936	Sept., 1936
Weaving (average per loom in pieces of 100 metres):—				
Production	5.08	5.46	3.21	4.74
Deliveries	6.05	6.23	3.95	4.90
Stocks	7.50	6.74	6.02	5.74
Unfulfilled orders	25.32	22.02	22.39	21.85

The total of bankruptcies and judicial liquidations was 816 in October, against 452 in September and 718 in August. It must be remembered that paid holidays were still going on in September and that devaluation had not then taken place; so that the October figures will be more significant.

Unemployment is falling. During the six weeks since devaluation total unemployment shows a fall of 1,138 to 406,595 (mostly in textiles). In the same period of 1935 there was a seasonal increase of 7,273. The movement of partial unemployment is much more significant. Employment in 100 firms increased by 0.79 per cent. in comparison with October, 1935, while the percentage of workers on short time—i.e., less than 48 hours—was in October, 1936, 24.17 per cent., against 40.98 per cent. in October, 1935.

The first consequence of the business revival and the political and social excitement has been a flight by timorous capitalists into real values. Hoarded capital has returned to the markets and notably to the Stock Exchange. The following table shows the progress of various groups of shares:—

	May 9, 1936	Sept. 12, 1936	Oct. 10, 1936	Nov. 7, 1936
Industrials	172	138	184	211
Banks	113	100	123	135
Insurance	388	315	425	426
North coal mines	131	88	130	151
Iron and steel	59	41	62	69
Chemicals	174	150	194	228
Railway	62	52	66	66
Electricity	233	190	252	267
Food	399	312	422	454
Foreign Stocks	215	228	301	368
"Rentes" and Debentures	74	72.9	81.8	80.9
3% rentes	66.70	65.45	78	78.7
4½% rentes	70.70	68.60	83.50	83.35

Advances are particularly marked in international shares (60 per cent.) and French industrials (50 per cent.), while the rentes are lagging behind (10 per cent.). This is partly a consequence of the Budget deficit and of the prospect of the huge sums which the Government has to borrow next year. It is also due to fears of new political or social conflicts. Thus 4½ per cent. rentes are not above 83 (November 17th), while 3 per cent. Dutch Government stock or even the 3½ per cent. Swiss are at par. It seems, however, that a small but real recovery of business with a minimum of political and social quiet would be sufficient to raise the rentes to much higher levels. A simple announcement of an administrative reorganisation in the Ministry of Finance pushed the rentes two points forward in a day, partly because it was accompanied by rumours of an introduction in Paris of the English "Open-Market" policy. The appeal of the London and New York Stock Exchanges is also rather hampering to prices on the Paris Bourse.

Foreign trade in October, that is, in the first month after the devaluation, was as follows:—

IMPORTS (In thousand francs.)			
	Oct., 1935	Sept., 1936	Oct., 1936
Foodstuffs	530,211	626,890	763,440
Raw materials	902,695	919,746	1,143,225
Manufactured goods	290,453	315,817	340,475
Total	1,723,359	1,862,453	2,247,140
EXPORTS			
	Oct., 1935	Sept., 1936	Oct., 1936
Foodstuffs	222,091	184,175	259,502
Raw materials	372,511	357,814	397,968
Manufactured goods	758,382	648,050	802,459
Total	1,352,984	1,190,039	1,459,929
Import surplus	370,375	672,414	787,211

The favourable effects of devaluation are not yet perceptible; but these figures naturally cover transactions arranged before devaluation.

The French Public Debt in January, 1935 and 1936, is given in the 1937 Budget Bill as follows:—

NATURE OF THE DEBT (000,000 francs omitted)		
	January, 1935	January, 1936
Perpetual	51,640	50,834
Redeemable	197,825	199,103
Middle-term	24,640	27,320
Floating	49,908	55,885
Total	324,013	333,142

ANNUAL CHARGE

Perpetual	1,832	1,670
Redeemable	11,660	11,419
Middle-term	1,395	1,349
Floating	1,171	1,720
Total	16,058	16,058

The increase in the annual charge is very much less than the increase in the nominal total.

PARIS, November 18.

GERMANY

COLLAPSE IN FOREIGN SHARE PRICES

THE Bourse last week witnessed a complete collapse of all foreign securities and a sharp drop of reichsmark shares. The latter occurred in sympathy with the former, or because holders of mark securities had suddenly to raise cash in order to make good their losses on foreign ones. The collapse of foreign securities is, however, a matter of moment. It was brought about deliberately, in fact was enforced, by the Government for a purpose which is not yet divulged, but which is assumed to be confiscation, sooner or later, in the interest of the foreign-exchange balance.

Officially, it has only been declared that foreign securities were quoted at unreasonably high levels. In fact such securities had risen very much. This was the case not only with the handful of first-class foreign industrials quoted in Berlin, but with some score low-priced and mostly speculative South-East European, Mexican, and other bonds. The advance in these markets was due to the belief that any value expressed in a foreign currency, however dubious, was safer than a reichsmark security, that is, due in the end to distrust of home business conditions, to the increasing insecurity of property and to doubt about the reichsmark itself.

MEASURES AGAINST HOLDERS OF FOREIGN SHARES

It now seems likely that the first victims of these unfavourable home conditions will be the holders of foreign, not of domestic, values. Nazi journals imply that the possession of foreign securities is treason against the nation; and point out that these securities would provide a substantial foreign-exchange fund. Whether any general expropriation (which would naturally be against compensation in marks or more probably in mark bonds) is designed, is not yet clear. But among regulations which are to appear late this week one, it appears, will compel the deposit in a bank of all foreign securities in private hands. It was on November 4th that there appeared a "circular" based on a foreign-exchange decree of the preceding week, which "announced," without, it seems, formally decreeing, the expropriation of German foreign bonds acquired after July 12, 1931 (date of the introduction of foreign exchange control), and of such foreign securities as are not quoted on German Bourses. It is not clear whether this measure has been definitively taken or not. But it seems that "State determination of Bourse prices," to use the phrase of a financial journal, may be a permanent fact. In order to facilitate this "State determination" the Bourse Committee on Saturday announced the suspension of "variable quoting" for some thirty bonds and shares, including all the latter that have any importance. This means that these securities will henceforth be officially quoted only once a day. The severity of the fall in shares may be judged from the following specimens (price fractions omitted):—

	Oct. 31	Nov. 16
A.K.U. Rayon	92	53
Chade (Co. Hsp. de Elec.) Lit. A.C.	428	215
Schles. Bergbau	43	35
Otavi	46	22

Some foreign currency bonds, in particular Hungarians, have fallen in the same proportion.

The Reich Finance Minister last week referred to reports of proposed foreign credits to Germany. "New credits," said the Minister, "could not improve Germany's economic

condition." The old credits, he added, were already a sufficient cause of difficulties.

The Reich Prices Commissary, Herr Wagner, has outlined his intentions, chief of which is to operate by "price-creating," and not merely by restriction. This policy, if it is to be carried out, involves intervention in production. General Göring's Second Decree for the execution of the Four Years' Plan lists ten industries in which labour will be controlled, in that the number of employees in individual undertakings, public or private, may not be increased without permission of the local Labour Office. This implies that labour shortage already exists or is anticipated in these industries.

Winter cereals have suffered from cold and bad weather. Farmers have been ordered, under threat of punishment, to deliver 100 per cent. of their compulsory cereals quotas before February 28th. Last year no such measure was taken, and the theoretical compulsion to deliver was loosely observed. The stricter regulation of this year is due to nervousness about the supply, in particular to fear that the farmers will consume grain as fodder.

Pig-iron output in October was 1,379,000 tons. In the first ten months of 1936 it was 12,788,100 tons, against 10,451,600 tons in the same months of 1935.

The foreign trade return for October shows an unchanged export surplus. The surplus for the year so far has thus been raised to Rm. 395 millions. If the figures for November and December, 1935, are maintained this year, the surplus of the whole year will reach 500 millions, as against Rm. 111 millions in 1935. The latest figures are:—

	September	October	January- October
(Millions of marks)			
Imports			
I. Foodstuffs	110.6	126.9	1,229.3
(a) Livestock	8.4	8.4	75.6
(b) Animal foodstuffs	33.2	38.4	368.0
(c) Vegetable foodstuffs	69.0	80.1	785.7
II. Industrial goods	225.8	229.1	2,265.7
(a) Raw materials	121.5	123.5	1,282.0
(b) Semi-manufactured	71.7	64.1	656.0
(c) Manufactured	32.6	41.5	327.7
Total	336.4	356.0	3,495.0
Exports			
I. Foodstuffs	5.0	6.3	70.9
(a) Livestock	0.1	0.1	2.0
(b) Animal foodstuffs	1.0	1.3	8.0
(c) Vegetable foodstuffs	3.9	4.9	60.9
II. Industrial goods	406.6	425.2	3,819.2
(a) Raw materials	37.9	39.0	337.8
(b) Semi-manufactured	40.5	40.6	385.0
(c) Manufactured	328.2	345.6	3,096.4
Total	411.6	431.5	3,890.1

Both import and export prices declined between September and October.

BERLIN, October 18.

SWEDEN

SCANDINAVIAN SOLIDARITY

OCTOBER 26TH was celebrated in the four Northern countries, i.e. Denmark, Finland, Norway and Sweden, as a "Day of the North" in order further to strengthen the links uniting these countries. The Press of all colours devoted front pages to articles advocating inter-Scandinavian co-operation in various fields of public life. The three Scandinavian kings and the President of the Finnish Republic broadcast speeches. The Swedish Foreign Secretary, M. Sandler, spoke in Oslo, the Finnish M. Holsti in Stockholm, and the Norwegian M. Koht in Helsingfors. Co-operation in the economic field was, of course, one of the main objects. An article by the Swedish Minister of Commerce, M. Skoeld, urged that the main efforts of the Northern countries should be directed towards abolishing international trade barriers. Only a few days later a Latvian paper, the *Brīva Zeme*, considered as the mouthpiece of the Latvian Government, called in a leading article for closer political co-operation between the Northern bloc and the Baltic States, and suggested a conference of Baltic and Scandinavian statesmen in Riga. Though it is known that the idea has always been favoured by the present Finnish Foreign Secretary, M. Holsti, it aroused very moderate enthusiasm in the Scandinavian Press. The four Northern countries—at least the three Scandinavian

States—are far too attached to their traditional neutrality to enter into any kind of combination with the politically rather exposed Baltic border States.

STEADILY RISING PROSPERITY

The curve of prosperity in Sweden continues its upward trend, and trade and production show figures which in some fields surpass the records of the boom year 1929. Foreign trade figures for the first three-quarters of the current year were as follows:—

	1935 January- September	1936 January- September
Imports	1,034.9	1,156.2
Exports	917.7	1,064.7
Import surplus	117.2	91.5

During the same period trade with Great Britain has moved as follows:—

	1935 January- September	1936 January- September
Exports to U.K.	229.0	260.9
Imports from U.K.	206.1	223.9
Export surplus	22.9	37.0

Negotiations for revision of the present trade agreement with Great Britain are expected to begin some time after the turn of the year. Modifications of the present agreement will probably be only small.

Exports of staple goods have been satisfactory. Some 850,000 standards of timber have been sold for delivery this year, and another 225,000 standards for delivery in 1937. Demand has been strongest from Scotland and Holland. Pulp sales have been even more brisk, and not only the current year's output but almost the entire 1937 output has been sold. Marked interest has been shown by American buyers in sulphate pulp for delivery in 1938. The iron and steel industry continues to work at full capacity. Industrial production is expanding, and the general production index rose in September by 2 points to 110, compared with 101 in September, 1935. Employment shows hardly any change. The number of unemployed remains at the very low figure of 20,800. A shortage of skilled labour is reported from the mechanical workshops industries.

Following the general movement of world prices, the Swedish general price index rose in September from 120 to 122 (1913 = 100). For raw materials the index rose from 116 to 118, for half-finished goods from 125 to 127, and for finished goods from 120 to 121.

After the devaluation of the gold currencies, the Treasury, the City of Stockholm, and some of the Swedish mortgage banks called their outstanding foreign loans for redemption. The Treasury has called seven loans of a nominal value of Kr. 332.3 millions; so that practically the entire foreign indebtedness has been redeemed.

STOCKHOLM, November 14.

CHINA

FIRMER ATTITUDE TO JAPAN

RELATIONS between China and Japan have reached an interesting stage during the past few weeks. The prestige of Marshal Chiang Kai-shek has been considerably enhanced by his firm but patient handling of the Kwangsi revolt, and although the unification of China is more apparent than real, the Nanking Government undoubtedly commands the support of the country as a whole. For the past year the tactics of the Government have slowly changed from abject compliance with the demands of the Japanese to something approaching stubborn resistance. So far Marshal Chiang has been clever enough to avoid open conflict; but the present tussle of Oriental wits seems to be going in favour of the Chinese, who may be no match for the Japanese on the field of battle, but are certainly superior in playing a game of patience. The recent negotiations opened between the Japanese Ambassador and the Foreign Minister in Nanking are on a very different plane from the preliminaries to a treaty between victor and vanquished; and there is some hope that they may lead to a reasonable arrangement

by which Japan's encroachment on Chinese territory will be ended in return for ample protection for Japan's trade with China.

The negotiations have been interrupted for the time being, and at the moment of writing, political interest is focussed on Hangchow, where Marshal Chiang Kai-shek is in conclave with the Governors of the Northern Provinces, presumably with a view to preserving Chinese sovereignty in the territory which Japan has been endeavouring to convert into another Manchukuo.

Marshal Chiang returned to Nanking by air early last month after a two months' stay in Canton. Shortly before he left, the Governor of Hongkong paid an informal visit to Canton and exchanged courtesies with Marshal Chiang as well as with the leading officials of the Kwangtung Provincial Council. The visit seems to have been made at a most opportune moment, and British relations with Canton have been re-established on a sound footing after a lapse of five years. There is ample evidence that the Central Government and not least Marshal Chiang fully appreciate the sympathetic support of the British authorities.

The Hongkong Government has presented its Budget for 1937. It was realised that the drop in the dollar to rs. 3d. (the rate for last year's Budget being rs. 8d.) would add enormously to the total, because so large a proportion of the Colony's expenditure is on account of Civil Service salaries paid on a sterling basis; and it was feared that some increase in taxation would be found necessary. Expenditure for 1937 is estimated at \$32½ millions; but, apart from an increase in the tax on motor vehicles, no additional duties have been made. The estimated revenue is \$28½ millions, leaving a deficit of nearly \$3½ millions to be met from the Colony's reserve fund, which is normally not allowed to fall below \$10 millions. This raid on the reserves is, however, justified in the present circumstances; and it is hoped that, unencumbered by additional taxation, the trade of the Colony will be able to regain the ground lost during the past few years. The cut in civil servants' salaries is to be maintained for another year, saving the taxpayers over a million dollars; but the Secretary of State has intimated that the cut "is not to be maintained any longer than is demanded by the obscurity of the financial outlook."

RUMOURED BRITISH LOAN

The rumour, which has since been officially denied, that Great Britain was about to make a loan of several millions sterling to China caused a good deal of excitement in Japan, although it was scarcely credited here. We now know that there was no question of a loan, and that what gave rise to the report was the consideration of extending the Exports Credit Guarantee scheme to British exports to China. Although it is true that many big contracts in China have, of recent years, been placed with non-British concerns because of the more favourable credit terms offered, British manufacturers have not been quite so badly left as some home commentators imagine. The Kwangtung Provincial Textile Mills, for instance, have been entirely equipped with British looms and spinning machinery in addition to the electric power plant. Other Government undertakings in South China have also been equipped with British machinery, while many orders for railway locomotives and plant have been ordered from British factories through the Boxer Indemnity Committee. Nevertheless, the extension of the Credit Guarantee facilities is a great gain to British manufacturers in their efforts to obtain orders.

Now that the Hongkong aerodrome has been made available to aircraft of all nationalities, it can only be a matter of months before the Colony is linked with all the important air services of the world. At present Hongkong is the most easterly point reached by Imperial Airways, and as the Trans-Pacific Clipper Service is now functioning regularly, there is only the gap of some 600 miles between Hongkong and Manila waiting to be filled.

Lord Rothermere has recently spent eight days in this Colony. Unfortunately, a favourable impression of his immediate surroundings did not prevent him taking a gloomy view of the Far East generally, which, he remarked, seemed likely to become a tragic page in Britain's commercial history. This mournful foreboding was the introduction to a so-called interview issued to the four local newspapers and apparently cabled to the *Daily Mail*. As is, perhaps, not surprising, Lord Rothermere's knowledge

of Hongkong, which he was heard to refer to as a Settlement, was of the sketchiest description. He was glad to learn of the appointment of Mr W. M. Kirkpatrick to represent the British Export Credits Board in China and felt sure that this gentleman would come to the same conclusion as himself, "that unless aid on a considerable scale is given to British shipping and British trade there will be no British exports to the great markets of China and Japan in five years' time." He made a great point of the need for speeding up British steamship services, but became rather confused when holding up as an example the quick passages made by foreign liners. Unless Lord Rothermere wants P. and O.'s and Blue Funnel's to compete with their foreign rivals solely for passengers, there seems to be no case for subsidising ships which have speed and carry full loads of British merchandise. The reason for the decline in Britain's trade with China is not to be found in imaginary handicaps to shipping, but in various causes mainly arising from the political and economic troubles of China. Those troubles might have been considerably mitigated by this time if Lord Rothermere had not given so much encouragement, through the wide influence which he wields, to the chauvinistic policy of Japan.

HONG KONG, November 1.

ARGENTINA

STRIKING RECOVERY SINCE JULY

THE remarkable change which occurred in the economic outlook in Argentina just after the middle of the year—due to the big jump in cereal and linseed prices following drought and dust storms in the United States and Canada—has, on the whole, continued. The effect became more pronounced because the news from the Northern Hemisphere coincided with more favourable weather in Argentina. The high prices ruling last July have not been maintained; but prices are much better than this time last year, as is shown by the following table:—

	Wheat	Linseed	Maize
(Price per 100 kilos spot)			
November 30, 1935	8.15	12.50	4.30
July 31, 1936	12.10	15.95	6.10
November 10, 1936	10.60	14.00	5.55

Enormous quantities of maize have been shipped from Argentina in the last three months; and, as most of the contracts were made when prices were very high, the recent decline in value has not materially affected the prosperity of the country.

The figures of Argentine exports for the first 10 months of 1936, with the corresponding figures for the two previous years, are as follows:—

	Volume in Tons	Market Value in Pesos
(First 10 months of each year)		
1934	13,032,286	1,212,939,782
1935	13,956,840	1,331,700,139
1936	11,360,627	1,287,746,571

The value of exports for this year and last year is made up as follows:—

	1935 (Market value in Pesos first 10 months)	1936
Products:—		
Pastoral	483,915,995	439,965,665
Agricultural	742,982,353	828,624,026
Forestral	28,620,469	34,825,148
Mining	7,759,297	6,333,342
Hunting and fishing	7,078,619	5,838,553
Divers	17,389,838	16,113,405

When one remembers that 1935 was a year of unprecedented drought in Argentina, and that during the first half of the current year exports declined so rapidly that an economic crisis threatened, the recovery of the last three months is very striking. The exact extent of the improvement is shown by the values of exports during August, September, and October of this year compared with the same months of 1935:—

	1935	1936	Increase
August	118,017,798	128,367,676	10,349,878
September	120,876,040	160,968,202	40,092,162
October	122,706,131	153,971,045	31,264,914
	361,599,969	443,306,923	81,706,954

As imports during the first nine months of 1936 (the last figures available) were 57,986,708 pesos lower than in the same period of last year, there is reason to expect that Argentina's export surplus will be larger this year than in 1935—a result which appeared beyond possibility when the Argentine peso was falling last June.

During the first half of this year the value of exports showed a fall of 14.8 per cent. compared with 1935; but by the end of last month the decline for the year up to date had been reduced to 3.3 per cent. The effects of this remarkable recovery are reflected in all the economic indices. The value of the peso in the free market, which fell to 18.85 to the £ on July 3rd, is to-day 17.60 (against 18.02 a year ago). Cash revenue for the first ten months of 1936 amounted to 798,365,208 pesos, compared with 732,884,558 pesos in the same period of last year—an increase of 65,480,650 pesos. The value of cheque clearings in the City of Buenos Aires during the ten months is the highest for any year since the world depression, and amounts to 28,144 million pesos for 1936, against 26,663 million pesos last year. The total of liabilities involved in commercial failures was 55,589,983 pesos for the first ten months of 1936, against 79,085,019 pesos and 117,132,128 pesos in the same periods of 1935 and 1934 respectively.

EXCELLENT CROP PROSPECTS

The fears of currency inflation, which were entertained in some circles in Argentina in the second quarter of 1935, at the time of the revaluation of the gold stock, have proved unjustified. The note circulation shows no significant increase. Some of the foregoing indications of improvement, however, are the consequence of the economic progress which Argentina had made and was making before the drought of 1935. The recent recovery came in time to prevent the effects of a drought which otherwise would have been disastrous from being seriously felt, and the downward trends which were apparent last June have all been reversed.

Prospects for the coming crops are excellent, and, so far, throughout the present spring, rain has fallen at fairly regular intervals. Moreover, it has been well distributed and has included grain-growing zones where drought is more or less endemic, such as the South of Buenos Aires Province and the Territory of La Pampa. The dangerous period of the season is now nearly over; for November is the crucial month in Argentina, when drought, hot winds and locusts, and particularly late frosts, can unexpectedly reverse the most optimistic expectations.

Whereas six months ago there was a spirit of gloom in Argentina, and traders regarded a period of depression as inevitable, there is now almost boundless optimism. This is partly because in an agricultural country one night's rain or a drought in a foreign land can change the whole outlook; and hence optimism and pessimism succeed each other easily. But it is also due to the belief that Europe is moving towards war, and that much higher prices for Argentine pastoral and agricultural products are only a question of time.

BUENOS AIRES, November 11.

IRISH FREE STATE

THE NEW CONSTITUTION

THE new Constitution which is being drafted will not be available for some weeks, but its main features can be gathered from Mr de Valera's speech at the annual congress of his own party. The most important fact that emerges from this very interesting and statesmanlike speech is that there will be nothing in the new Constitution to change the existing relations between the Free State and Great Britain. Nor will the question of partition be raised. These vital matters are postponed for the present, and the existing arrangements in respect of the Free State's external relations are to be continued for at least the immediate future. Public opinion has been relieved of much anxiety by this declaration of policy, which excludes the possibility of the announcement of a twenty-six county republic.

Meanwhile the Free State is to put its own house in order. The new Constitution is clearly being drafted on conservative lines. The present system of an executive responsible to the Dail is to be retained, and a second

chamber, partly vocational and partly nominated, is to take the place of the former Senate. Provision is to be made for the election of a new dignitary who is to be above party politics and is to act as ceremonial head of the State. It is not unlikely that, when Anglo-Irish relations improve, this personage may also act as the King's representative; but this will be a later development. The original Constitution has been amended so frequently and in such a piecemeal manner that a complete revision is called for, and there is no reason to suppose that the new proposals, when they appear in concrete form, will contain anything calculated to alarm even the most timid.

In spite of all the Government has done to provide rural employment the flight from the countryside continues. In recent years very substantial inducements have been offered to farmers to engage in extensive cultivation of wheat, beet, tobacco and other crops which give a large amount of employment, and a considerable number of small holdings have been created by the division of larger farms and the breaking-up of pasture land. In spite of all these efforts agricultural employment has not increased, and the population of the rural areas has fallen by 4.8 per cent. since 1926.

INFLUX OF LABOUR INTO DUBLIN

Part of this stream of rural migration finds its way to Great Britain, which receives about 15,000 emigrants from Ireland every year. A larger part flows into the Irish towns, especially into Dublin, the population of which has increased by 15 per cent. in the last ten years. This influx of unskilled labour greatly adds to the difficulty of the housing problem in the capital, where enormous sums are being spent on building new houses for the working classes. As soon, however, as the slums are cleared of their existing inhabitants they are refilled by immigrants from the country; and a new slum problem takes the place of the old.

Considerations of this nature probably underlie the Bill to regulate agricultural wages which is about to be introduced. Of course, wages in agriculture are wretchedly low, but it is impossible to raise them by the creation of any machinery or arbitration. Farmers who employ wage-paid labour are already in difficulties and could not endure a further rise in their costs, while the great majority of farmers do not employ any paid labour at all. The farming community as a whole has far less to gain from the compulsory fixation of money wages than from the slowing down of the urban protective drive which is operating to depress their real incomes by raising the prices of what they have to buy.

The improvement in the external trade position is shown in the following table:—

EXTERNAL TRADE OF THE IRISH FREE STATE

	Imports	Exports	Import Surplus
Oct., 1933-Sept., 1934	38,431,734	18,423,821	20,007,913
Oct., 1934-Sept., 1935	37,342,870	19,247,769	18,095,101
Oct., 1935-Sept., 1936	38,656,266	22,064,851	16,591,415

The decrease in the import surplus is probably sufficient to restore equilibrium in the country's external balance of payments, since the favourable balance on invisible account almost certainly outweighs the import surplus. The latest banking statistics confirm the suggestion that funds have begun to flow into the Free State again and that the drain of the last few years has come to an end.

DUBLIN, November 15.

AUSTRALIA

EXPANDING BUSINESS ACTIVITY

THE financial position in Australia is at present somewhat anomalous. Activity in building and in general business has resulted in increased demand for banking accommodation, and the quarterly average returns of the trading banks to September 30 show that their advances have risen to £266,526,961, showing an increase of £8,499,599 compared with a year ago, and a total increase of £24,190,034 compared with two years ago. Deposits, at £284,279,436, show an increase of only £300,350 for the past year (previous comparisons being affected by the shifting of overseas funds from Australia), and the low rates of interest

on fixed deposits now ruling are relatively unattractive to investors.

The position would warrant an advance in rates, though practical difficulties have to be taken into account for the time being. While the banks have increased their advances, their holdings of Government and municipal securities, at £43,126,382, including Treasury Bills, show a reduction of £6,522,741 during the past twelve months, while their cash assets within Australia have declined by £4,438,816. The foregoing figures apply only to Australian business, and the various movements indicate some increase in external resources as compared with a year ago. During the next few months there should be an increase in London funds as usual in the export season, but the subsequent outlook is affected by the volume of imports, even after allowing for movements of private capital to Australia.

Commonwealth Government securities are showing weakness owing to anticipations of a fresh loan late this year. The previous internal loan of £9,000,000 at 3½ per cent. issued at 98½ and yielding £3 17s. 6d. per cent., including redemption, was not fully subscribed by the public, and business expectation is that a higher yield will be required in future.

MELBOURNE, November 1.

CANADA

BETTER TRADE FIGURES

BUSINESS conditions remain reasonably satisfactory, but for the week ending October 17th the general economic index of the Bureau of Statistics fell from 115.2 to 111.6. But it remained 15 points above the figure recorded for the parallel week in 1935:—

Week Ending	Car Loadings	Wholesale Prices	Bank Clearings	Economic Index
October 3, 1936	78.3	76.7	112.6	114.9
October 10, 1936	77.3	76.7	111.2	115.2
October 17, 1936	77.2	77.1	103.0	111.6
October 19, 1935	75.1	73.0	84.3	96.6

Industrial activity is being well maintained, and continues to be helped by the steady expansion of the mining industry, which pours out a continuous demand for machinery and supplies of all kinds. The increase of employment in September, testified by an addition of 28,539 workers to the pay-rolls of employers reporting to the Bureau of Statistics, was the largest in any month of the present year; and in the eight months period December, 1935, to July, 1936, the number of recipients of public relief fell from 1,212,262 to 1,063,546. The construction industries still tend to lag behind, but they are expected to receive a stimulus from a new housing scheme sponsored by the Federal Government in co-operation with the banks under which the latter undertake to lend money cheaply for the reconditioning of houses. The output of the newsprint industry is keeping up, and for September amounted to 269,782 tons, compared with 223,892 tons in August and 270,053 tons in September, 1935, while the salmon pack of British Columbia for the first eight months of 1936 at 1,200,000 cases is the largest in the last six years.

Foreign trade returns for September are as follows:—

	September, 1935	September, 1936
Exports	\$78,845,842	\$89,582,398
Imports	44,689,463	52,879,429

The Federal Budget position has been steadily improving. The yield of revenue for September was \$32,222,000, as compared with \$26,031,000 in September, 1935. Expenditure for the month was \$33,348,000, a decline of \$4,000,000. For the first six months of the fiscal year ending September 30th the aggregate yield of the Federal revenues was \$233½ millions, a gain of \$34½ millions; and as in this period expenditure, at \$220½ millions, was down by \$2½ millions, the net improvement in the Budget position for the half-year was, roughly, \$37½ millions. As the annual deficit of the Canadian National system will not show any large decrease, the Government will be well satisfied if it can keep the aggregate national deficit below \$75 millions.

Last week representatives of the Canadian and German Governments signed at Ottawa a new trade treaty and a separate pact regulating "payments." The latter pact aims at the allocation of German foreign exchange which

is to become operative on November 15th, and has been given a time limit of one year but will be extended indefinitely until either party gives two months' notice of termination. The net effect of the trade agreement is to change from a temporary to a more permanent basis the most-favoured-nation treatment on tariff rates and Customs regulations which the two countries have been giving to each other since 1933.

Admitting recently that it had only some \$366,000 available to meet a bond issue of \$1,250,000, maturing on November 1st, the Social Credit Ministry of Alberta appealed for assistance to the Federal Government. The latter rejected the request on the ground that the Federal Treasury under existing legislation only had power to make advances to the provinces for the purpose of meeting obligations about unemployment and lacked statutory authority to make loans for the liquidation of debt obligations. The Alberta Government then asked the Bank of Canada for a loan of \$3,500,000 and encountered another refusal; but it is continuing to press for it.

SOCIAL CREDIT ON THE WANE

Canadian financial institutions and political parties were fearful a few weeks ago of Social Credit spreading from Alberta into the neighbouring provinces of Saskatchewan and Manitoba, but recent developments, including a cancellation of Saskatchewan farmers' debts totalling \$75 millions, have definitely forestalled Mr Aberhart. Members of the Federal Cabinet now believe that he and his Social Credit schemes will be discredited and discarded within two years, although he is now as strong in Alberta as he ever was. It is true that the Social Credit Party elected five members to the Legislative Assembly of Manitoba in the recent general election in that Province, but Federal Cabinet Ministers attribute this to the over-confidence of the Liberal-Progressive Government of Mr John Bracken, who has been in power since 1922. In the Province of Saskatchewan, which lies between Manitoba and Alberta, the Social Credit Party were able to elect only two out of twenty-one candidates for the Federal Parliament last October. There can be little doubt that the \$75 millions debt reduction plan recently effected in the Province of Saskatchewan by arrangement of the Federal and Provincial Governments with the mortgage and loan companies was facilitated by the fear that Social Credit might spread into other provinces, particularly Saskatchewan, where the Dominion Government and the Government of Saskatchewan to leave the drought-stricken farmers of the prairies to sink or swim. It affects 40,000 farms and 200,000 persons, many thousands of whom have suffered seven consecutive crop failures. Thus the farmers within the Saskatchewan section of the drought area, which stretches from Crystal City in Southern Manitoba to Calgary in Southern Alberta, will be maintained with reduced financial obligations, until fortune in the form of a good crop again smiles upon them. In Alberta the debtor said to his creditors: "We will arbitrarily reduce interest rates"; while in Saskatchewan the debt reduction plan was effected by a friendly round-table conference.

Critics of Mr Aberhart and his Government have been encouraged by a report of an Alberta Bondholders' Committee representing United States, British and Canadian investors in Alberta securities, which finds that the Social Credit Province is "economically and fiscally solvent and can pay all its interest obligations in full and reasonably expect surpluses in the near future." The Committee thinks that the Alberta Government was not justified in cutting interest rates from more than 5 per cent. to 3 per cent.

Meanwhile, the payment of Social Credit dividends by December 1st has become a distinct possibility; but instead of the \$25 a month which Mr Aberhart promised before the election to every adult citizen the prospects now are for a monthly dividend of only \$5 or \$10. Some 370,000 men and women have registered for dividends, and the necessary machinery is now being set up. The Government will probably stipulate that only goods made or produced in Alberta may be purchased with the social dividend disbursements. Legal tender will be used for purchases from other Provinces.

OTTAWA, November 1.

LETTERS TO THE EDITOR

BRITISH MONETARY POLICY

TO THE EDITOR OF THE ECONOMIST

SIR,—I beg leave to make the following observations upon the points to which my attention is drawn in your footnote to my letter of October 31st.

1. The *Economist* index of the sterling prices of primary products has risen 45.7 per cent. since September, 1931.

This index is liable to produce a grossly exaggerated view of what the population of the Empire has enjoyed out of the recovery in prices. It takes the lowest level of prices as the basis; so that a 50 per cent. fall since 1924 and a 50 per cent. rise on this basis leaves the general run of primary producers still with only 75 per cent. of their gross income in 1924, which was the last year of anything like reasonable recovery for basic industries in general. Then, the distinctive armaments rise in mineral prices does not affect the farming communities, which comprise about 60 per cent. of the Empire's population, and affects (through their customers) only a small proportion of the industries which produce and transport necessity goods. Again, a selection of, I believe, only 17 primary products for calculation leaves out of account innumerable other primary products upon which many millions of the Empire's farmers depend for their money income.

2. The *Economist* has consistently supported the reflationary policy pursued in the last five years, which has resulted in this 45.7 per cent. rise in its primary index.

In our judgment you have supported what has proved in effect to be the least measure of reflation possible without precipitating renewed crises at home and in the Empire. Actually, in most parts of the Empire, primary producers are still not only destitute but desperate. We would refer you particularly to India, where the Calcutta official index records a fall from 178 in 1924 to 96 in 1931, 88 in 1933 and a recovery to only 91 January-June, 1936.

3. The "special" unemployed, in our opinion, cannot be rapidly absorbed in their old trades as a result of any monetary measures, but only by a freeing of international trade.

In our opinion, nothing like adequate relief from other than deflationary restrictions is at all practicable until there is in fact an adequate monetary reflation. This is absolutely essential if primary and other basic producers are again to enjoy the purchasing power which deflation has taken from them this past dozen years. It is in leading the world in adequate reflation that the only effective chance for British statesmanship exists.

Yours, etc.,

W. N. WIGGINS,

Chairman, Monetary Policy Committee.

The Federation of
Master Cotton Spinners' Association, Ltd.
Royal Exchange, Manchester.

[The commodities covered by our index of primary product prices are as follows:—Wheat, maize, rice, bacon, coffee, cocoa, butter, coco oil, cotton, wool, pig iron, lead, tin, copper, petrol, linseed oil, and rubber. The price of every one of these has risen since September 1931; and in only four cases is the rise less than 20 per cent. Our complete index, which covers 58 commodities, has risen 25 per cent. since September, 1931.—Ed. *Econ.*]

THE DEPRESSED AREAS

TO THE EDITOR OF THE ECONOMIST

SIR,—The two illuminating articles by your special correspondent, coupled with the final report of the Commissioner for the Special Areas, show only too clearly that the attempts which have been made to overcome the chronic unemployment in the distressed areas have been a complete failure, and it is becoming increasingly evident that something far more drastic will have to be done if any appreciable results are to be achieved. At the same time, there appears to be general agreement that it would be much more satisfactory to bring new industries into the distressed areas rather than to encourage emigration of the unemployed to other areas which are now more prosperous. The question is how this objective is to be achieved, and the purpose of the present letter is to urge the advantages of a direct subsidy as a means of attaining this end.

Your correspondent tells us that the Board of Trade is opposed to a subsidy on the grounds that it is a first step on the slippery slope towards dictating the location of industry, and the answer to this objection is easy. The phrase "dictating the location of industry" may be applicable to the payment of a subsidy, but, if it is, then it is no less applicable to any other proposal which aims at encouraging the location of new industries in the distressed areas. It is applicable to the proposal to create a special marketing board, to the proposal that new factories in other areas should be prohibited, and so forth. Stripped of pretence, objection to a proposal on the grounds that it tends to dictate the location of industry is simply an argument for *laissez faire* and nothing else.

No one will suggest, of course, that the working out of a scheme for subsidising new industries is not a difficult problem, and it would clearly take up too much of your space to discuss the matter in detail. There are two points, however, which I should like to make here. In the first place, experience seems to show that direct methods are usually, in the end, cheaper and more effective than indirect methods. The relief of unemployment is a case in point. Your recent article on the New Deal brought out very clearly the fact that the dole is a much cheaper and more effective method of dealing with unemployment than any hitherto devised of a less direct character. In the second place, experience shows that industry tends to attract industry. A determined and adequate effort to attract industry to the distressed areas would soon expend their force and achieve nothing.

Yours faithfully,

K. E. EDGEWORTH.

Boosterstown.

BOOKS AND PUBLICATIONS

THE TRADE CYCLE

EVERYBODY wants to know about the trade cycle, and in particular to foretell when the boom will end. Mr Harrod, however, comes not to predict, but to explain. His explanation will be tough reading to all but the most up-to-date economists. Nobody, however, who aspires to a scientific understanding of the trade cycle should on any account miss his book; and the more popularly written sections on remedies and policy might with advantage be read by all who agree that depressions tend to occur and that something ought to be done to stop them.

Mr Harrod's theory is new in the sense that it gives much greater analytical accuracy to widespread but vague ideas connecting the trade cycle with investment, and also that it attempts to relate the theory of the trade cycle to ordinary economic theory. In the main, Mr Harrod builds on the general theory of changes in aggregate business activity set forth by Mr Keynes in his latest book; and some will find Mr Keynes' analysis more intelligible and realistic after reading Mr Harrod's book. The crux of that analysis is the contention that saving and investment, if satisfactorily defined, cannot diverge, and that changes in investment (i.e. the output of capital goods) so affect the total level of output and incomes that the proportion of those incomes saved must be equal to the investment.

* "The Trade Cycle." By R. F. Harrod. Oxford. Clarendon Press. London: Milford, 232 pages. 10s.

Normally, however, the demand for capital—and so the level of ordinary investment—depends on the level of consumption. But this in turn depends partly on the total of incomes; and it is in this twofold relation between the output of capital and of consumable goods that, in Mr Harrod's opinion, the explanation of the trade cycle is to be found.

Suppose, Mr Harrod argues, that the proportion of total incomes saved, and the amount of capital necessary to produce a given amount of consumable goods, both remained constant. Then a steady increase in investment (by the same percentage every year) could be indefinitely maintained. For on these conditions, new investment, the total stock of capital, total output, total incomes and total consumption must all increase in the same proportion. For if there is no change in the percentage of incomes saved, total expenditure must increase in the same proportion as investment; and if there is no change in the amount of capital necessary to produce a given number of consumable goods, the total output of consumable goods must increase at the same rate as the stock of capital. Therefore, consumption will be equal to the output of consumable goods, and the steady advance will be maintained.

In the real world, however, these conditions do not hold; and Mr Harrod consequently conceives the trade cycle to arise—in brief summary—as follows. A small increase in consumption in the depression means a large demand for capital goods; and the production of capital goods leads to a further increase of incomes and consumption. As total

incomes rise, however, and more goes to profit (in which Mr Harrod includes fixed-interest incomes), a higher proportion is saved, and this—in conjunction with various other factors—in the end diminishes consumption below the productive capacity of the new capital goods. Orders for capital goods are shortly reduced; and so the well-known vicious spiral starts. There is only a bottom ("or anyhow there has been one on all past occasions") because increasing poverty diminishes saving. If it were not for payment of dividends out of reserves, borrowing for unemployment relief, etc., the depression might go on indefinitely.

Though a great many other factors are naturally given their proper weight, Mr Harrod thus regards over-saving as the main cause of the collapse, and diminishing saving as the main cause of the recovery. He does not think that changes in interest rates or the volume of money can, in themselves, exert much corrective effect, on the ground that the cyclical forces making for less or more investment are usually too strong to be counteracted by these means alone. Here Mr Harrod implicitly parts company with Mr Keynes, and with Mr Hawtrey. He accordingly does not believe that depressions can be stopped unless governments can in the nick of time (the "breathing space" before cumulative deflation begins) embark on very large public investment plans or make large reductions in taxation on the poor. Mr Harrod is not very sanguine about the possibility of such plans being adopted; but if they are to be, they would have to be planned well in advance, as he points out.

Mr Harrod does not believe in "psychological" theories of the trade cycle. But his own account is a clarification rather than a contradiction of theories which have regarded the boom as a temporary spurt in investment unable to sustain itself. He does not deny that subsidiary causes, e.g. the "foreign balance," or a Stock Exchange crash, may start deflation (and a devaluation start recovery); but he thinks his own account lays bare underlying factors which must in the end prove dominant. Many will agree that the factors described by Mr Harrod would produce a trade cycle, in the absence of other equally important factors. But it is not therefore necessarily certain that they always do.

SHORTER NOTICES

"Farewell to Rousseau: a Critique of Liberal Democracy." By C. W. H. Sutton. Christophers. 220 pages. 7s. 6d.

This book has the interest of being the first attempt to translate the Nazi position in political theory into English terms. The process of translation is hardly complete, however; Mr Sutton has swallowed whole the racial and pseudo-biological theories of the Nazis; and one often has the feeling, in reading his book, that he has lived so long with German thought that he no longer understands the language or common-sense of the English.

Mr Sutton thinks that the tale of democracy is told, and that we stand "at the end of an epoch." In this book he is making "an attempt to remodel political theory in accordance with this view." With some of the more outmoded of democratic assumptions he makes good play; but it is very much a game of putting up the skittles to knock them down again. And Mr Sutton cannot be acquitted of loading the dice at every point against democracy, and even of omitting the most grave charges that can be brought against dictatorship. He says, very ingenuously: "I do not know of any dictatorship in which political discussion as such is forbidden or even frowned on . . . or in which it (the government) does not attempt to reach voluntary agreement as far as possible!"

Nevertheless, what Mr Sutton has to say about the nature and constitution of interest groups, and his description of politics in terms of their conflict, is sensible enough. What is of interest in his book is derived, though it is not acknowledged, from socialist thought; what is not, is apt to be nonsense. It is on the international side, as was to be expected, that the weakness, or rather the bankruptcy, of the Nazi theoretical position is most clearly revealed. Mr Sutton regards socialism as somehow responsible for imperialism, and equates the two as "Economic Nationalism"! The future of Europe he sees as merely a struggle for power between nation-states, with no international obligations or order, and he merely expresses the hope that his own country "will at least be in the final." It does not appear that his hope is very great.

"Commerce and Society." By W. F. Oakeshott. Clarendon Press. 418 pages. 7s. 6d. net.

This book is a history of the economic development of the world, with special emphasis on trade, from pre-classical times to the present day. It covers such diverse subjects as the Greeks, the Romans, the Eastern Empire, Arabs, Muslims, Jews, Mongols, the discoveries of the sixteenth century, the mercantilism of the seventeenth and eighteenth, the growth of banking, the Industrial Revolution, the development of the New Countries, imperialism in Asia, and the gold standard since the war. It is intended to be used as an encouraging introduction to the study of economics in schools and training colleges.

The main value of this work lies in its emphasis on the comprehensiveness of the past. It cannot perhaps help suffering from the dangers of generalisation. But one might include cautions, even for schoolchildren, before referring with so much freedom to "the break-up of the old order" and "the coming of the modern age." One would also like a definition of the much-used word "State." Mr Oakeshott inclines to an economic philosophy of history, though he emphasises the influence of trade, as opposed to other economic relations, on civilisation. His references to the effects of economic changes on culture are interesting and suggestive.

One is supplied with a mass of information: comparisons between the trade-per-head figures for India (22s.) and Great Britain (£49), contrasts between wealth and poverty that have always existed, the power of business in war-time, and the origins of the aristocracy in the middle-classes enriched by commerce. Many of the maps and diagrams are novel and ingenious. But the survey of so much material demands perhaps rather more synthesis in the arrangement than is actually provided.

BOOKS RECEIVED

An Introduction to Economic Analysis and Policy. By J. E. Meade. (London) H. Milford. 392 pages. 10s. net.

The Four Green Fields. By George O'Brien. (Dublin) The Talbot Press, Ltd. 152 pages. 3s. 6d. net.

Is It Peace? A Study in Foreign Affairs. By Graham Hutton. (London) Gerald Duckworth and Co., Ltd. 364 pages. 12s. 6d. net.

Value Theory of Business Cycles. By H. L. McCracken. (London) McCraw Hill Publishing Co., Ltd. 259 pages. 24s. net.

International Police Force. By W. Bryn Thomas. (London) Allenson & Co., Ltd., 5, Wardrobe Place, E.C.4. 173 pages. 3s. 6d. net.

Elementary Economics, Third Edition. By F. Fairchild, E. Furniss and N. Buck. Vol. I. 717 pages. 10s. 6d. net. Vol. II. 683 pages. 10s. 6d. net. (London and New York) Macmillan and Company, Ltd.

Year Book of World Timber Trade, 1936, Final Results for 1935 and 1934. (Vienna) Comité International du Bois. Singerstrasse 27. 128 pages. Austr. Sch. 10.

Audits. By A. E. Cutforth. (London) Gee & Co. (Publishers), Ltd. 362 pages. 10s. 6d. net.

Country Conditions. By V. Ackland. (London) Lawrence & Wishart, Ltd. 126 pages. 2s. net.

America's Heritage from John Stuart Mill. By G. Morlan. (London) H. Milford. 209 pages. 10s. net.

Elements of Economics, Eighth Edition. By S. Evelyn Thomas. (London) The Gregg Publishing Co., Ltd., 15, Russell Square, W.C.1. 719 pages. 10s. 6d. net.

The Centenary Book of the Liverpool Stock Exchange, 1836-1936. (Liverpool) C. Tinling & Co., Ltd. 68 pages. No price stated.

King Street, Cheapside. By G. H. Recknell. (London) R. F. White & Son, Ltd., 72-78, Fleet Street, E.C.4. No price stated.

Economic Development in Victorian Scotland. By W. H. Marwick. (London) Allen & Unwin. 295 pages. 12s. 6d. net.

Soviet Communism. Dictatorship or Democracy? By Sidney & Beatrice Webb. (London) The Left Review, 2, Parton Street. 32 pages. 3d. net.

The French Franc and the Gold Standard, 1926-1936. By P. F. Vineberg. (Montreal) The Witness Press. 95 pages. No price stated.

OFFICIAL PUBLICATIONS

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

Bankruptcy, 1935: Fifty-Third General Annual Report by the Board of Trade. 9d. net.

Scotland: Report on Agricultural Marketing Schemes for the year 1935. Cmd. 5284. 2s. net; *Report on Development Schemes for the year 1935.* Cmd. 5285. 2d. net.

Imperial Economic Committee: Supplies of Canned and Dried Fruit, 1935. 2s. 6d. net.

MONEY AND BANKING

THE NEW FUNDING LOAN

LATE on Tuesday evening the Bank of England announced the issue of a new British Government Funding Loan of £100 millions. The loan consists of 2½ per cent. stock, redeemable at any date between June 15, 1952, and June 15, 1957, at the option of the Government. The price of issue is 98½ per cent., and assuming redemption at the latest possible date, the redemption yield is £2 16s. 11d. per cent. Last December the Treasury issued £200 millions of 2½ per cent. Funding Loan, 1950-61, at 90½, giving a yield to latest redemption of £2 13s. 10d. per cent. On this occasion, therefore, the investor is receiving somewhat more generous terms. The yield on the new loan, however, coincides almost exactly with the £2 16s. 6d. per cent. obtainable on last December's loan at this week's market price of 93½—i.e. three points below last year's issue price.

It is an undeniably sound principle that the borrower should strive to reduce the generosity of his terms for each successive loan. But desirability must wait on expediency, and the Government, like everyone else, must take cognisance of stubborn facts. Last December's Funding Loan needed heavy official support, and has never even looked like regaining its issue price in the intervening period. Some of the strongest municipal borrowers, moreover, have recently floated new loans which have not been over-enthusiastically received, although their issue price has been a couple of points more favourable to subscribers than that of similar issues at the beginning of this year. The Government has shown its willingness to "conform," and has kept its regrets, if any, to itself.

Though the authorities have taken a realist view, it by no means follows that their latest stroke has been timed with less than their usual skill. It is difficult, indeed, to follow the suggestion, made in some quarters, that an inauspicious moment has been chosen for the new issue and that insufficient preparation has been made for it. On the contrary, the evidences of preparation have been so apparent that twice within the past month we have been impelled to warn our readers of the likelihood of an early Government issue. Last September the clearing banks, which had formerly been holding off the market, resumed their purchases of gilt-edged securities, which totalled over £15 millions between August and October. These purchases helped to keep up the whole gilt-edged market. Simultaneously, the Government Departments bestirred themselves to lighten their holdings of 2½ per cent. Funding Loan, which they had been carrying since last December. This is suggested, not only by the experience of the Stock Exchange, but by the temporary expansion during October in public deposits, and more directly by the increase since the end of August of £70 millions in the floating assets of the Departments. One result was that at a time of seasonal increase in the floating debt the quantity of Treasury bills issued by tender was actually reduced by £27 millions. It was obvious that the authorities were rendering themselves more liquid. Our conclusion that the decks were probably being cleared for a new issue has been confirmed, possibly a little earlier than we should have cared to forecast.

Under contemporary conditions, no excessive importance probably attaches either to the date or the terms of the issue. The technique of the authorities—well established by earlier precedents—consists in offering a medium-to-long-term Government Loan to those who choose to subscribe on the terms of the moment, with the implication that any unsubscribed balance will be taken up by the Government Departments, and subsequently re-sold "through the tap" (or more specifically through the Government broker) during a period which may extend over many weeks or months. The exact "date of issue" and the original "advertised price," accordingly, have less than decisive importance. What really matters is the "tap price," which can be varied from day to day, and

which will be governed by the conditions ruling during the next few months—or for as long as "tap" sales continue.

The authorities have been at pains to make it clear that the proceeds of the new loan are not required to finance re-armament. The immediate object of the issue is to provide funds for the redemption of £30.2 millions of 2½ per cent. Treasury bonds falling due on February 1, 1937, and also the outstanding balance of the United Kingdom 5½ per cent. 20-year dollar bonds, maturing on the same date. The latter amount is \$20.1 millions, but its sterling equivalent is uncertain so long as the House of Lords has not had an opportunity to review this month's gold clause judgment by the Court of Appeal, which went against the Treasury. In round figures, however, there will be a surplus of about £60 millions available for the reduction of the floating debt. If the money is so applied, it will not, of course, have been used for re-armament. But if the floating debt is, in fact, increased when re-armament expenditure is paid, at some future date, the distinction will be mainly chronological. Indeed, if the "tap" is still open in six to eight months' time, the cash received in payment may well accrue to the authorities at a time when cash is being paid out for re-armament purposes.

At the moment the floating debt consists of £603 millions of "tender" Treasury bills and £265 millions of floating assets held by the Departments. Other things being equal, the total floating debt will be reduced *pari passu* by subscriptions to the new loan, whether these come from the public or the Departments. It is, however, here advisable to draw an important distinction. Apart from the money required to redeem the loans maturing next February (some of which may already be held by the Departments), any direct public subscriptions to the new loan will be available to redeem tender issues of Treasury bills. Subscriptions by the Departments, however, will merely reduce their floating assets and will not affect tender Treasury bills. As the Departments re-sell their loan through the "tap," they will replenish their floating assets so that the volume of Bills for tender will be reduced. The outlook is further complicated by the fact that the final call of 45 per cent. is not due until January 1, 1937, and by the falling due of the Government's redemption obligations next February. In general, however, it would seem that the redemption of tender issues of Treasury bills facilitated by the new loan will be spread over a period of many months. No immediate contraction in tender issues is therefore to be expected.

On the whole, the authorities may be commended for putting prudence before audacity, and frankness before the flamboyance which was the impression left by last December's issue. This year they had no incentive to delay in the hope of catching a specially "favourable" moment for the primary issue, whose immediate "result" was not even a matter of sentimental concern. Window-dressing as an item of salesmanship technique is relevant only when customers come in through the front door. And if part of the national expenditure on re-armament is to be financed, eventually, by borrowing (as Mr Chamberlain hinted in his last Budget speech) and the next Budget is not to include any substantial addition to taxation (as the Chancellor suggested in a more recent speech)—then the Treasury's ultimate task will be rendered all the easier by a policy of debt-funding in advance. Whether borrowing for re-armament is wise is a matter on which we have already expressed a strong opinion. All we are concerned to point out to-day is that if the Government intend to borrow, the present issue may help to prepare the ground.

One pertinent question, however, remains to be asked. Will the future financial historian attach special significance to this loan as the first official recognition of a turning-point in interest rates?

FINANCIAL NOTES

The Foreign Exchanges.—The London market has been very quiet, but dollars were offered at the week-end on President Roosevelt's "hot-money" declaration. It now appears that official buying of dollars begins so soon as sterling rises to above \$4.89, and while the intervention has been limited in scope, the market for the moment has the impression that the rate will not be allowed to rise above this point. The franc is under strict control from Paris at a pegged rate of Frs. 105.15. Three months' francs have strengthened, but are still quoted at Frs. 2 discount, or 7½ per cent. per annum. Spot guilders have been bid for, and the rate has been firm at Fl. 9.04½, with occasional official Dutch selling of guilders. Three months' guilders have also been in demand at a narrower discount of 5½ cents. The London market has changed its view and now thinks that the rate may fall below Fl. 9.00. Swiss francs have been steady, but sales by the Swiss Control have moved the sterling rate from Frs. 21.25 to Frs. 21.27. Forward Swiss francs remain at a small premium. In Paris, the dollar is quoted at Frs. 21.49 and Frs. 21.50.

The Bank Return.—There is the usual mid-monthly contraction in the note issue, but we are now near the beginning of the Christmas expansion. Gold is again unchanged and the Reserve slightly higher:—

	BANK OF ENGLAND				
	Nov. 20, 1935	Oct. 28, 1935	Nov. 4, 1935	Nov. 11, 1935	Nov. 18, 1935
	£ mill.	£ mill.	£ mill.	£ mill.	£ mill.
Issue Department:—					
Gold.....	187 2	248 7	248 7	248 7	248 7
Note circulation.....	398 9	442 7	447 1	446 6	444 9
Banking Department:—					
Reserve.....	59 2	66 9	62 5	62 9	64 6
Public deposits.....	21 6	27 6	27 2	14 9	14 1
Bankers' deposits.....	90 9	86 5	85 3	98 0	96 1
Other deposits.....	36 5	41 4	41 8	41 6	44 7
Government securities...	83 6	80 2	82 0	80 4	79 0
Discounts and advances..	9 7	6 6	7 7	8 6	7 4
Other securities.....	14 4	19 5	20 0	20 3	21 7
Proportion.....	39.6%	43.0%	40.4%	40.7%	41.7%

The only significant change in the banking department is a slight—and probably temporary—transfer of funds from bankers' to other deposits.

The Money Market.—Conditions have been quiet and easy, but there has been the usual clearing bank calling on every day. There has been a moderate demand for bills from the banks. There are now no December maturities on offer, and no one is interested in early Januaries, but late January and early February Treasury bills have been bought at ½ per cent. and three months' bank bills at ½ per cent. There has already been a small amount of borrowing into the New Year, but as lenders are asking 1 per cent. over the whole of the intervening period, it appears more profitable to wait and take the chance of having to borrow from the Bank at the New Year. On the other hand, one per cent. New Year money can be used against bonds without additional cost, for the clearing banks' rate for bond money is one per cent. for all dates.

	Oct. 29, 1936				Nov. 5, 1936				Nov. 12, 1936				Nov. 19, 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.....	½-¾				½-¾				½-¾				½			
Three months' bank bills....	¾-1				¾-1				¾				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.

Arrangements have now been made for placing the new Russian notes to be issued under the Export Credits Guarantee Department's scheme. No notes have yet appeared, but there will be keen competition for them as soon

as they come forward. The new Funding Loan is not of direct interest to the market, which chiefly wants to know if it will involve any immediate reduction in the Treasury bill tender issue. As we have said above, we do not expect this, and in point of fact £50 millions of bills were to be offered on November 20th, against an allotment of £45 millions the preceding week.

Royal Bank of Scotland.—The latest accounts of this bank indicate the progress of recovery in Scotland. Both deposits and notes in circulation are higher than a year ago, while cash, investments, discounts and advances have all risen. The fall in acceptances, endorsements, etc., is purely fortuitous. This item includes the bank's outstanding forward exchange commitments, and by October of this year the bank had naturally been anxious to reduce them as far as possible in view of the uncertainties arising out of the devaluation of the gold *bloc* currencies.

	October 10th		
	1934 £'000	1935 £'000	1936 £'000
Liabilities:—			
Deposits.....	58,945	64,009	66,801
Note circulation.....	2,793	2,813	2,930
Acceptances, etc.	3,895	3,734	3,534
Assets:—			
Cash.....	6,207	6,833	7,258
Call and short money.....	8,133	7,762	7,720
Investments.....	26,386	30,045	31,638
Treasury bills.....	1,890	1,850	2,035
Other bills.....	1,984	1,934	2,080
Advances.....	20,921	21,787	22,412
Loans on securities.....	860	847	922
Net profit.....	621	629	632
Dividend.....	17%	17%	17%

The net rise in profits may appear small, but the bank has had to rely solely on the expansion in its earning assets as the means of overcoming the deadening influence of ultra-low money rates. It is also possible that by 1935, the trade revival had proceeded far enough to enable the bank to reap the main benefit of all recoveries of debts formerly reserved as bad or doubtful. The main fact is that the trend of Scottish banking profits remains upwards, and this augurs well for the 1936 British banking results.

English, Scottish and Australian Bank.—The last three balance-sheets of this bank provide an interesting contrast with the general trend of banking in Australia. Broadly speaking, the steady increase in both the bank's current accounts and advances conforms to the general banking trend. Trade in Australia is expanding and the banks are reaping the benefit. On the other hand, the English, Scottish and Australian Bank's deposits at interest increased slightly during 1935-36, whereas fixed deposits for all the banks declined by nearly 2 per cent. The increase in this bank's cash also contrasts with the general decrease in the cash reserves of the Australian banks, but this may be the counterpart to an apparently fortuitous and temporary decrease in bills receivable, etc.

	YEAR ENDED JUNE 30		
	1934 £'000	1935 £'000	1936 £'000
Liabilities:—			
Capital.....	3,000	3,000	3,000
Reserve Fund.....	1,650	1,665	1,680
Special depreciation reserve fund	1,583	1,585	1,585
Perpetual stocks.....	1,873	1,873	1,873
Deposits at interest.....	20,131	19,577	19,710
Current accounts.....	11,900	12,832	13,183
Bills payable, etc.	1,870	1,844	2,011
Assets:—			
Cash.....	9,232	6,168	8,412
Investments.....	1,881	2,201	2,132
Bills receivable, etc.	4,379	4,878	3,127
Advances.....	26,218	28,813	29,112
Gross profits.....	1,001	1,025	1,103
Expenses.....	700	717	749
Taxation.....	79	65	96
Net profits.....	222	243	258
Dividend.....	5%	5%	5%

Gross receipts have risen by £78 millions, but most of the increase has been absorbed by higher expenses and taxation charges. The dividend is unchanged.

THE STOCK EXCHANGE

THE POSITION OF RICHARD THOMAS

ONE of the most striking recoveries of the last few years, striking even among iron and steel companies, has been staged by Richard Thomas and Company. For seven years in succession the company was unable to pay even its preference dividend. The old £1 ordinary shares hovered uneasily for nearly five years between 6d. and 3s. 6d. Now, the group is making a gross profit of some £1,200,000 a year; the preference shares are valued on the basis of a 5½ per cent. yield; and the ordinary shares, now of 6s. 8d. denomination, stand at 17s. 1½d. The company is raising new capital to finance modern and extensive developments. The group now ranks among the Great Powers in the British iron and steel industry, and its ramifications merit detailed survey.

The activities of the group (which are indicated in the accompanying analysis and chart) may be regarded as falling into industrial and geographical sections. The first and most important, the production of steel (from pig iron and scrap), sheets and tinplates, is centred in the Swansea district. The sheet industry is at present prosperous, thanks to the demand for motor production. But the position of the tinplate industry, which is the more important, is less satisfactory. Production is certainly concentrated within a relatively few organisations, for the Richard Thomas group itself controls some 42 per cent. of the productive capacity, and six other concerns control, between them, a similar proportion. But present productive capacity is large, in proportion to present or prospective requirements (at current prices), while the quota scheme and the lack of co-operation in the industry is a drag on efficiency. Sir William Firth, chairman of Richard Thomas, has criticised and, in part, remedied this situation by increasing the scope of his company, but the industry still lacks cohesion. Moreover, the total demand for tinplates, unlike that for other steel products, is still far below the 1929 level. The industry's capacity was created in order to supply a large export demand. In 1913, some 60 per cent. of the output was exported, and in 1929 the proportion reached 66 per cent. The slump in exports, alleviated at first by the depreciation of sterling, but since intensified by the devaluation of the dollar, has reduced the proportion to below 50 per cent. Although the external price level has been strengthened by the working of the International Tinplate Cartel, the recovery during the last two years has been achieved in the home market, which is now absorbing about 50 per cent. more tinplate than in 1929. New uses have been found and old uses have been developed.

Coming technical changes, however, may fundamentally alter the structure of the industry. At Ebbw Vale, Richard Thomas is now erecting a new American continuous strip mill and a new steelworks, which will reduce the cost of tinplate and sheets very substantially. The strip mill, however, is extremely costly—the whole development requires £4,500,000—and the very large annual output of 300,000-350,000 tons of sheets and tinplates will be required to achieve these cost reductions. This represents about one-sixth of the national output, and nearly one-half of Richard Thomas's output. It is true to say, of course—as Sir William Firth might say—that in the long run this development must prove profitable. But it is also possible that it might not prove profitable without a period of price uncertainty and considerable adjustment of Richard Thomas's organisation in South Wales. The company would not, of course, invite a struggle, but if home demand were to fall off, for cyclical or other reasons, difficulties might ensue.

The second main interest of the group is at Redbourn, in Lincolnshire. Here the company produces pig iron and steel from its local ore and coke. The intensive reorganisation at Redbourn should reduce costs. The company, however, "ties" as much of the output as possible. Some pig iron goes to South Wales for the steelworks; part of the

steel is supplied to the re-rolling subsidiary, the Monks Hall Company at Warrington, and part to the Whitehead works at Newport. Some, again, goes to Whitehead Thomas Bar and Strip, a local subsidiary owned jointly by Richard Thomas and the very progressive Whitehead Iron and Steel Company. By these arrangements, the company presumably hopes to avoid the worst effects of competition during depression. Third come the extensive South Wales collieries. Here, again, a considerable part of the output is "tied" for the company's coke ovens. Apart from this tactical convenience, the collieries make a minor contribution to net profits, although recent reorganisations—for example, at Lancaster's Steam Collieries—have probably placed some collieries upon a sound earnings basis.

This completes the list of interests, apart from the ore-fields in Northamptonshire, which were acquired from Ebbw Vale, and a miscellaneous assortment of subsidiaries. The ore-fields represent the last step in the company's far-reaching programme of self-sufficiency in raw materials, but they may have a wider significance. Northamptonshire has natural advantages for steel production under modern protectionist conditions, and whilst no decision has yet been taken, the company might consider the erection of another strip mill there if the Ebbw Vale project proved successful. Finally, the miscellaneous interests, which are mainly designed to further the policy of "tying" output, include such concerns as H. F. Spencer and Company, the sheet merchants, and R. T. Metal Productions, formed to

GROUP HOLDINGS

Ref. No.	Group and Companies	Issued Capital (Ord. unless stated)	Group Holdings†	Director
			Richard Thomas & Co. Ltd. R. Thomas Directors Others	Richard Thomas
1	RICHARD THOMAS & CO. LTD.	Deb. 1,748,000 Pref. 3,120,346 Ord. 3,124,372	% % %	15
	TINPLATES, SHEETS, ETC.			
2	Grovesend Steel & Tinplate	Deb. 841,500 Pref. 250,000 Ord. 500,000	98½ 100 100	7 7*
2(i)	Raven Tinplate	10,700	76½	5 5*
2(ii)	Wellfield Galvanizing	Pref. 35,850 Ord. 23,900	100 98	5 5*
2(iii)	Whitford Steel Sheet & Galvanizing	30,000	90	6 6*
2(iv)	Llanelli Foundry & Engineering	124,004	36½	5 2*
3	South Wales Tinplate	242,508½	68	31½ 7 4
4	W. Gilbertson	Pref. 49,000 Ord. 420,000	13 14½	8 5
5	Mellingriffith	Pref. 30,000 Ord. 70,000	100 98	4 4
6	Aberdulais Tinplate	17,540	85½	4 4
7	Bryn Works	17,730	75	4 4
8	Richard Nevill	24,300	33	6 4
9	A. J. Burrell Prior	150,000	100	4 4
10	H. F. Spencer	Red. Pref. 25,000 A. Ord. 1,000 B. Ord. 1,000	100 100 100	4 3
11	R. T. Metal Productions	19,199	88	5 3
12	Electrolytic Iron	"A" 10,000 "B" 12,000 "C" 50,000	25 23 b	7 3
	COLLIERIES			
13	New Sharlston Collieries	Pref. 230,900 Ord. 205,000	94½ 99½	5 4
14	Loughor Colliery (1920)	Pre. pref. 37,265 Ord. 28,500	100 100	3 3
15	Swansea Navigation Collieries	Pref. 28,500 Ord. 57,000	86 100	3 3
16	Lancaster's Steam Coal Collieries	Details not filed	...	...
17	Raglan Collieries	Now wound up	...	...
	IRON AND STEEL WORKS			
18	Redbourn Hill Iron and Coal	Now wound up	...	...
19	Whitehead Thomas Bar and Strip	100,000	30½	5 5
20	Monks Hall	Pref. 135,650 Ord. 120,000	17 99	5 5
20(i)	Church Ironworks (e)	15,000	100	4 4
20(ii)	Phoenix Bolt and Nut	Now wound up	...	...

† Where italic figures are shown under "Richard Thomas" they relate to the company in immediate control. Thus, the holding of 76½% in 2 (i) relates to Grovesend Steel and Tinplate. * Includes Mr Dudley Pratt, who is a director of other companies in the group, but not of Richard Thomas. ‡ Controlled jointly with Llanelli Steel Company, who own 43% of share capital. § Issued capital, 64,252 partly-paid £10 shares, of which percentages refer. Other group-holdings include 26% owned by Grovesend Steel. (a) Issued capital, 10,980 fully-paid and 9,000 15s. paid £1 shares. (b) 40,000 "B" £1 shares issued; all "A" and "C" shares held by Kelsen Blackplate Holding jointly with two others. (c) Ordinary shares surrendered and cancelled. (d) Whitehead Iron and Steel hold remaining 50%. (e) Voluntary winding-up in progress.

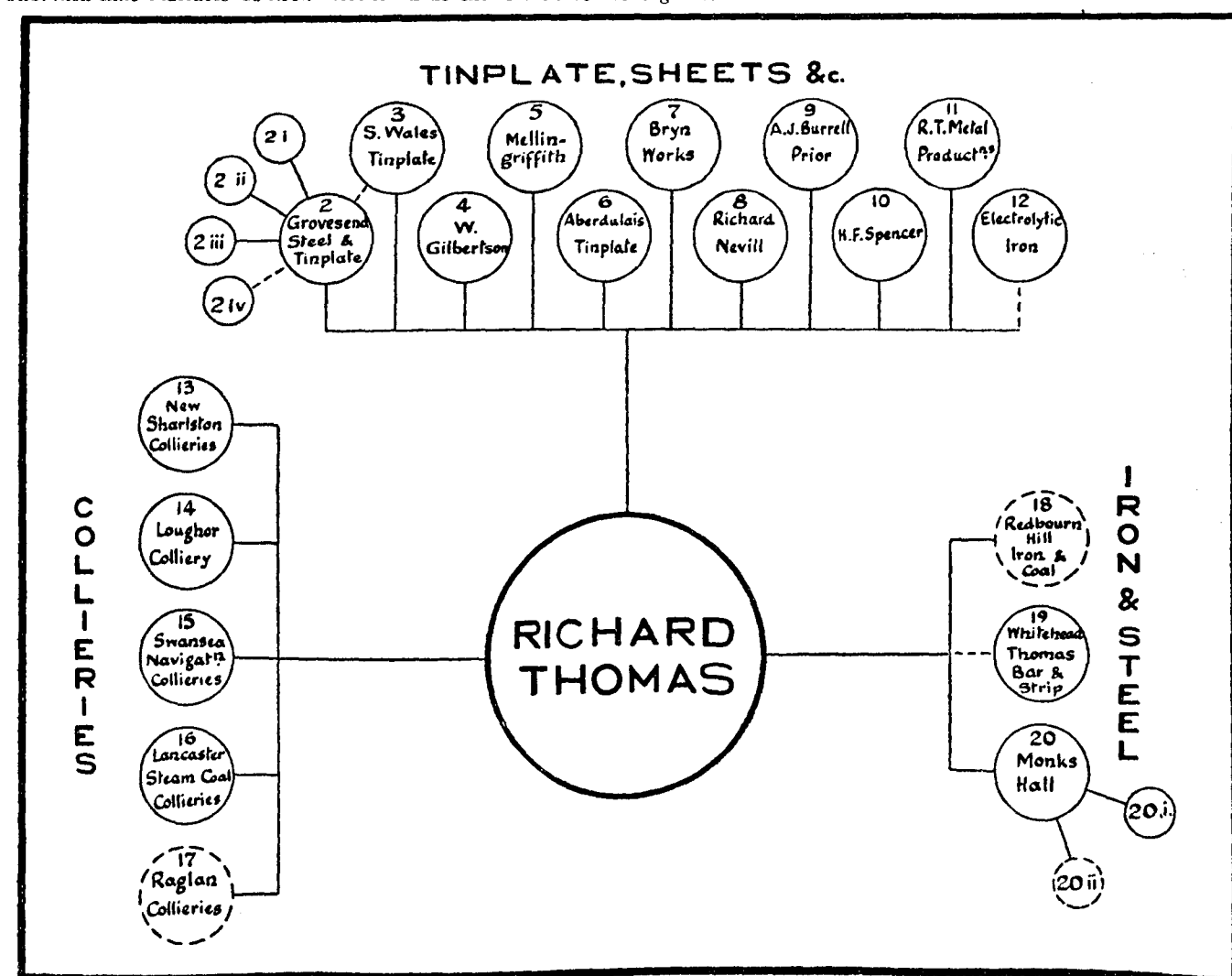
SUMMARY OF COMPANY'S ACCOUNTS

	Years to September 30th					Six Months to March 31	Years to March 31st			
	1927	1928	1929	1930	1931		1932	1933	1934	1935
RICHARD THOMAS										
ISSUED CAPITAL AND MORTGAGES:—	£	£	£	£	£	£	£	£	£	£
Debtenture stock	955,700	942,600	917,800	896,267	878,441	878,441	859,622	1,289,922	1,268,722	1,246,022
Mortgages (less redemption account)	297,977	257,882	259,368	255,810	251,613	250,352	243,353	51,882	Nil	56,280
6½% Preference (tax free to 6s.)	3,120,346	3,129,346	3,120,346	3,120,346	3,120,346	3,120,346	3,120,346	3,120,346	3,120,346	3,120,346
Ordinary	2,790,560	2,790,560	2,790,560	2,790,560	2,790,560	2,790,560	2,790,560	2,790,560	2,790,560	2,790,560
PROFITS AND DIVIDENDS:—										
Total profits (1)	223,293	242,728	231,128	391,573	146,794	105,280	288,130	470,289	633,243	940,455
Debtenture interest, tax and other charges	150,719	132,441	136,226	130,077	140,640	64,079	118,389	146,630	198,559	302,969
Depreciation and special expenditure	61,944	67,182	67,336	307,505†	65,000	32,500	65,004	65,051	74,795	108,236
Available for dividends	10,630	43,105	27,566	Dr. 46,000	Dr. 58,846	8,711	104,737	258,608	359,889	529,250
Preference dividend	Nil	Nil	Nil	Nil	Nil	Nil	Nil	202,822	202,822	202,822
{ Earned	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	157,067	326,428
Ordinary {	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	129,761	296,041
{ Paid	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	7-8	13-8
{ Paid%	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	6	12½
Total carried forward	189,747	232,852	260,418	214,409	213,423§	222,133	333,573‡	393,813‡	424,264‡	448,318**
BALANCE SHEET ITEMS:—										
Fixed Assets, including investments	6,890,578	6,866,792	7,009,267	7,231,953	7,126,688	7,138,766	7,121,612	7,129,232	7,180,450	7,919,950
Less depreciation reserve	813,168	871,134	930,402	1,378,723	1,499,844	1,499,025	1,537,759	1,612,220	1,289,888	1,371,923
Net total	6,077,411	5,995,658	6,078,865	5,853,230	5,626,844	5,639,741	5,583,853	5,517,012	5,890,562	6,548,027
Total invested in subsidiary companies (2)	1,937,017	1,943,415	1,935,383	1,825,697	2,015,639	1,975,382	1,901,150	2,288,994	2,045,753	2,660,621
General reserve	415,398	408,422	351,870	201,919	202,484	202,474	204,463	208,431	208,707	300,000
Net floating assets (3)	55,685	123,364	6,423	122,052	Dr. 19,310	9,632	212,091	422,580	Dr. 125,683	Dr. 913,310¶
Bank loan††	Dr. 354,972	Dr. 374,836	Dr. 375,758	Dr. 294,469	Dr. 131,644	Dr. 364,760	Dr. 131,462	Dr. 107,080	Dr. 310,498	Dr. 307,120
CONSOLIDATED FIGURES										
GROUP PROFITS:—										
Gross profits	...	...	...	...	...	...	531,243	778,001	883,614	1,277,514
Depreciation	...	...	...	...	...	...	141,105	145,492	175,000	225,000
Available for Richard Thomas after providing for all expenses and for outside interests	...	...	...	...	...	...	172,926	375,393	415,300	621,694
Combined credit balances carried forward	...	...	...	...	...	...	423,389	589,205	746,705	877,137
BALANCE SHEET ITEMS:—										
Fixed assets, including investments	...	...	...	...	...	10,342,690	10,404,679	11,191,078	11,276,744	13,119,279
Depreciation and capital reserves	...	...	...	...	...	2,434,923	2,607,227	2,929,634	2,701,335	3,267,547
Net value, fixed assets	...	...	...	...	...	7,907,766	7,796,842	8,261,384	8,575,409	9,851,732
Gross floating assets	...	...	...	...	...	2,117,861	1,830,085	2,396,132	2,951,700	3,510,525
Share capital and reserves	...	...	...	...	...	6,404,586	6,567,913	6,970,720	7,055,434	7,824,740
Goodwill	...	...	...	...	...	442,899	450,838	352,744	358,394	309,541

(1) Including dividends received from subsidiary companies. (2) Including amounts owing to and by subsidiary companies. (3) Less creditors and provisions for taxation and contingencies, and final dividends. No credit is taken for deposit account, but unsecured and bank loans are deducted. † Includes £250,000 transferred to special reserve for revaluation of capital assets. ‡ Includes extraneous profits for 1933, £8,703; 1934, £4,454; 1935, £3,144. § After transferring £57,861 from reserve for taxation and contingencies. ** Balance forward includes £33,600 profit from sale of investments, and £43,759 extraneous credits: an amount of £112,554 received from liquidation of Raglan Collieries and ordinary share premiums less £104,953 Redbourn Works expenditure written off is also credited, and £91,233 has been transferred to general reserve. †† Without deducting unsecured loans and including deposit account, this figure is reduced to Dr. £162,470. ‡‡ Unsecured loans from 1934 onwards.

RICHARD THOMAS GROUPING.

Unbroken Line indicates Control. Broken Line shows Non-controlling Interest. Broken Circles indicate Companies now wound up.



develop new uses for sheets. These, with the Electrolytic Iron interest, which is experimenting in electrical tin depositing, are the outposts, so to speak, of a group which has an annual capacity of 2,000,000 tons of coal, 250,000 tons of pig iron, 600,000 tons of coke, 1,100,000 tons of steel ingots, 750,000 tons of sheets and tinplate, and an indefinite amount of iron ore.

In this development, much of it very recent, two broad objectives are discernible. The first is to reduce costs and to improve efficiency. Each subsidiary has been modernised and reorganised. The main plants are kept abreast of new technical developments. The second is to secure self-sufficiency. On the one hand, the supply of raw materials is safeguarded; on the other, markets are guaranteed as far as possible, both by the acquisition of new consuming interests and by the conclusion of long-term contracts with firms outside the group. Both these principles are reasonable, but they require a heavy capitalisation. The Ebbw Vale steel-works and strip mill alone will cost £4,500,000. In addition, debentures to a total of £1,250,000 are redeemable, optionally or finally, next year. And after the last year's acquisitions, liquid assets are now at low ebb. The company will be forced, sooner or later, to issue new capital.

How will this affect the earning power of the ordinary shares? Extracts from the consolidated profit-and-loss accounts of the last four years in the accompanying table show that last year the earnings on the ordinary shares totalled nearly 14 per cent. This year an interim dividend of 5 per cent. (compared with 3 per cent.) has been declared, and shareholders can reasonably hope for a total dividend of 15 per cent. for the year. At that rate of dividend the ordinary shares offer a prospective yield of 5½ per cent., which compares by no means unfavourably with the prospective yield on some popular steel shares at present. The need for extra capital, however, is giving the market some pause. The money will be soundly spent, but an interval must inevitably elapse before it fructifies. All the indications suggest that the new money will be raised in ordinary shares. The preference shares bear a very high rate of dividend, and it is unlikely that more will be issued. It is possible that the existing debentures might be converted to a lower rate. But the first step, it seems, would probably be an issue of 4,500,000 6s. 8d. ordinary shares, at a price to provide a bonus for the shareholders and a premium for the company. This, in fact, would cover the debenture repayment and leave something over for the Ebbw Vale development; but a further issue would be necessary at some not-far-distant date. As far as the coming issue is concerned, however, shareholders need not be afraid. The economy from the debenture repayment would keep the earnings yield above the 5 per cent. mark, even on last year's profits, on the assumption that the new shares were issued at no more than 10s.

The prospects, on the whole, seem reasonably promising. The company's export market should continue slowly to improve, for, as world prices rise, the demand for tinplate will increase. The home demand for sheets and tinplate is also expanding. It bears little relation to the armaments boom, and is probably less susceptible to cyclical fluctuations than the demand, say, for structural steel. The demand for the group's other products—chiefly surplus steel and rolled products—is likely to be maintained for the time being. Again, the organisation of the industry itself is likely further to improve. The investor's chief qualms, paradoxically, may be due precisely to the pace at which the company's interests are being expanded. Investors may question whether increased capacity—though admittedly more efficient capacity—does not bring dangers of its own at a time when the steel industry is nearing boom conditions. They may ask whence the large demand which is needed to make the new strip mill profitable will come, if it is not to be accompanied by serious price-cutting in the industry. The case for or against Richard Thomas shares, in fact, depends entirely upon the investor's confidence in the group's ability to solve a difficult monetary problem. The principles upon which the management works are known. During the last three years they have been very successful. But the question whether they can be translated into practice as speedily as is implied in the present rate of development remains for the future to answer.

INVESTMENT NOTES

New Treasury Borrowing.—The initial result of the Treasury's offer of £100,000,000 of 2½ per cent. Funding Loan, 1952-57, at 98½ per cent., was a tail of ¾ to a point or more on Wednesday, in existing gilt-edged stocks with comparable redemption dates. The issue was certainly not unexpected, for in a controlled, or semi-controlled, market, coming events cast fairly long shadows before. The terms of the offer, however, certainly came as a surprise to some quarters, which tended to regard the price as a tacit abandonment of the attempt to run a Treasury bluff, and an important pointer to the authorities' attitude towards general interest levels. Naturally, the market would not welcome the long existence of a second "tap" while that of the 2½ per cent. Funding Loan issued last year is still running. With further Government borrowing in prospect, the creation of a veritable Treasury fountain would be obviously anything but a bull point for gilt-edged securities. But the obvious and praiseworthy desire of the authorities to make the new loan "go" has involved the adoption of terms demonstrably less favourable to the Treasury than those of last December's issue. It is true that last year's issue price was never really effective, and that the Treasury, on this occasion, has merely adopted the realist attitude of one who sees no point in keeping his watch ten minutes fast. But the choice of a price for the new loan which was based on the current market quotation, rather than on the issue price of its predecessor, gave the new bonds a flat yield over 2s. per cent. higher than the old, although the two redemption yields were identical within a few pence. As evidence of official acceptance of the view that interest rates have touched bottom, this is not wholly conclusive. It is now clear, however, that the authorities would have been wiser, last December, had they pitched their offer in a slightly lower key.

No Company Law Amendment.—An answer by the President of the Board of Trade to a Parliamentary question by Sir A. M. Samuel on Tuesday makes it clear that the Government is unwilling to set up a Departmental Committee in the near future to consider amendments to the Companies Act, 1929. The Board of Trade's attitude is, broadly, that it has enough on its hands at present with proposed legislation on Unit Trusts and the forthcoming appointment of a committee to inquire into "the urgent question of share-pushing." Indeed, the wording of Mr Runciman's reply suggests that legislation on both these matters must be on the Statute Book before the broader question of Company Law amendment will even be considered. If so, the present Stock Exchange boom is likely to have become a matter for the historian before even the preliminaries of Company Law reform are put in hand. Mr Runciman has committed himself to no definite date for the introduction of the Unit Trust Bill, which will be brought forward merely "as soon as practicable." At the earliest, it is unlikely to be on the Statute Book before the middle of next year, while any legislation arising out of the report of the promised committee on share-pushing (whose terms of reference, apparently, have not yet been fully decided), can hardly be enacted before the middle or end of 1938. Some five years elapsed between the appointment of the Greene Committee, which last considered the state of British Company Law, and the coming into effect of its major recommendations. If a similar time-table is applied to any future change, investors may expect the next revision to date from 1943 or later. Undoubtedly, the interim would provide an extended body of evidence, and, *pro tanto*, add to the value of the new measure. But in this particular terrain, experience is dearly bought.

Wall Street, the President and "Hot" Money.—Wall Street has been very much influenced by the President since the election. The completeness of his victory has apparently convinced many industrialists that Labour is now in the ascendant, and they have anticipated some

Labour demands in the hope of weakening the movement for industrial organisation of labour unions. Wages have thus been increased and many commodity prices are expected to follow. Dividends are now flowing in fullest flood, thanks to the excess profits tax, augmented by bonus distributions to shareholders and employees. The President has declared Budget balancing to be his main task, but many are convinced that this will be a very difficult political feat. There are signs that the utility companies are now more reconciled to negotiation on questions of regulation and Government competition. These and similar factors at first combined to put prices higher, but at the end of last week the President put on the brake by airing the possibility of limiting foreign participation in the American stock markets. He evidently fears that the strong westward flow of funds will raise American stock prices to unreasonable levels, that the accompanying flood of gold will further augment the surplus reserves of the American banking system, and that a sudden reversal of the movement might invite disaster. It is probably true that foreign speculative holdings represent a significant proportion of the normal volume of securities which are traded. For a time, the market behaved as if control were imminent, and prices drifted downward. On Tuesday, however, Mr Morgenthau declared that sufficient powers of control existed, and prices recovered their high levels. It is, indeed, difficult to see what workable method of freezing out foreign investment could be adopted, short of an extremely elaborate international control of all international investments. Discriminatory dividend taxes would be unaffected, and the capital profits tax on foreign nationals was abandoned because it had proved impossible to collect. For the present, the markets have recovered from the check, though a more definite technical reaction appears to be approaching.

Bulgarian Bond Service.—Slowly the means and the ways of the debtor countries improve. Bulgaria, long the subject of regretful *communiqués* by the Council of Foreign Bondholders and the creditors' organisations with which it co-operates, this week sends more cheerful news. Last March (see the *Economist* of March 28th, page 717) the Government undertook to increase the transferred debt service from 15 per cent. to 21½ per cent., out of the total provision of 32½ per cent. in "effective leva" which it undertook to pay to the National Bank. The balances, of 17½ and 11 per cent., have accumulated at the National Bank, and are now the subject of an offer for settlement which the bondholders' organisations recommend for acceptance. The payments recommended represent approximately 40 per cent. of the untransferred balances, and, if accepted, will constitute full discharge of all partly-paid coupons. Throughout the period, the basic undertaking of the Bulgarian Government—to provide 32½ per cent. service in leva, and the balance in non-interest bearing Treasury Bills—has remained unchanged. The new agreement, however, will have an important bearing on the resumption of negotiations for the renewal of the transfer agreement next month, for Bulgaria will come to the table untrammelled by past arrears and, it may be hoped, prepared to recognise the patient claims of her creditors. Her trade and banking position are improving, and while the financial problem of the Treasury is still acute, the creditors' organisations are looking for complete transfer of the present budgetary provision of 32½ per cent., rather than any further increase of the basic rate. The former should be well within Bulgaria's means.

Large "Placings."—In view of the public interest aroused by this month's "placing" of Morris Motors shares, it may be relevant to discuss the extent to which this method of introducing new capital to the market is normally utilised. Broadly, whenever an existing "line" of securities is already dealt in, additions thereto can be conveniently made by formal notification in the official weekly publication of the London Stock Exchange, after permission has been duly obtained from the Com-

PRELIMINARY NOTICE

AMALGAMATED COLLIERIES OF SOUTH AFRICA LIMITED

(Incorporated under the Laws of the Union of South Africa)

CAPITAL in shares of £1 each
 Authorised £2,000,000 Issued and fully paid £1,900,000

DIRECTORS

THEODORE MARKS GUY ELIOT DE PASS,
 (Chairman) D.S.O.
 LOUIS MARKS GILBERT ROY LEWIS
 HOWARD BUTTON, JOSEPH MORDECHAI
 C.B.E., F.C.A. MARKS
 ALFRED DAVID OWEN

The **LISTS WILL OPEN and CLOSE on WEDNESDAY next, NOVEMBER 25th, for an OFFER FOR SALE by**

VEREENIGING ESTATES LIMITED, AFRICAN AND EUROPEAN INVESTMENT CO. LTD.

and LEWIS AND MARKS LIMITED

OF

200,000 Shares at £1.10.0 per Share
 payable in full on application.

The Shares offered for sale carry the right to the dividend which it is intended to declare in respect of the profits made during the eight months to the 31st December, 1936.

The Offer for Sale shows, inter alia, that:

The Company's principal properties are four collieries of which the mining profits were as follows:—

	1933	1934	1935
CORNELIA COLLIERY.			
Year ended 31st December	£103,154	£125,189	£123,763
LARGO COLLIERY.			
Year ended 30th June	£20,733	£20,894	£22,418
SCHOONGEZICHT COLLIERY.			
Year ended 30th June	£47,403	£50,993	£48,895
10 months ended 30th April	...	...	£48,895
SPRINGFIELD COLLIERY.			
Year ended 30th June	...	...	£25,314

The above profits are from coal mining before providing for Directors' fees, depreciation, interest on loans and South African taxation and, in the case of the Springfield Colliery preliminary expenses and Debenture issue expenses, but after charging engineering fees and administration expenses (except in the case of Cornelia Colliery, which includes no portion of the Vereeniging Estates Limited administration expenses).

The Springfield Colliery profit shown above represents the profit made during the initial development period and includes only four months' deliveries of contract coal to the Victoria Falls and Transvaal Power Company's new station at Klip. It is anticipated that future profits will be on a substantially increased scale.

It is estimated that, after providing for South African Income Tax, Depreciation of Buildings, Plant and Machinery, Remuneration of Directors, General charges, and, in the case of the Springfield Colliery, Debenture interest, the profits of the four Collieries will leave an available balance:—

For the year ending 30th April, 1937 of £203,000
 " " " " " " " " 1938 of £216,000

The latest calculations of the lives of the four collieries as at 1st May, 1936, are estimated as follows:—

Cornelia ... 25 years. Schoongezicht ... 25 years.
 Largo ... 20 years. Springfield ... 40 years.

Approximately 64 per cent. of the output of the four collieries is sold under contract to the Victoria Falls and Transvaal Power Company Limited.

Copies of the Offer for Sale and Forms of Application can be obtained from:

STANDARD BANK OF SOUTH AFRICA, LTD.,
 10 Clements Lane, London, E.C.4;

E. S. MARCUS & CO., 5 & 6 Great Winchester Street, E.C.2;

GREENER, DREYFUS & CO., Salisbury House, London Wall, E.C.2; and the

OFFICES OF THE COMPANY, Stafford House,
 14/20 King William Street, London, E.C.4.

mittee. The published figures relate to the *maximum* numbers of shares or amounts of stock to which such permission extends, and not to the actual amounts which those responsible may actually intend to market within any specified future time. Nevertheless, holders are free to dispose of the whole without further formality, and for that reason we now include these gross items in our regular "Capital Issue" compilations. Actually, the figures involved are considerable. The following table, for example, shows that since the beginning of this year (exclusive of the Morris Motors issue) some 19 "placings" of this character have involved a maximum potential cash total of over £1 million each—the basis of computation in each case being the opening market price applied to the whole of the securities for which "permission to deal" was given:—

	£		
Aspro 5/- Ord.	1,500,000	Cerebos 1/1 shs.	2,343,750
Crompton Parkinson 5/- A	3,240,213	Elder Dempster Hldgs. 1/1 shs.	1,855,350
Turkish Rep. 7½ %	1,104,609	Ind. Coope, etc., Ord. Stk.	1,674,000
British Oxygen 1/1 Ord.	2,485,674	Cons. Goldfields of S.A. 1/1 Ord.	1,119,105
Newcastle & Gateshead Water		Metal Industries B shs.	2,373,000
5 %	1,703,875	Anglo-Am. Inv. Trust Ord.	4,750,000
Thos. Tilling 1/1 Ord.	2,093,117	Herbert Morris 10/- Ord.	2,300,000
Brazil 4 % 1936	1,862,752	Edmundsons Elec.	1,840,000
United Auto. Services 1/1 Ord.	1,018,555	Clan Line Steamers 1/1 Ord.	1,275,000
Brit. United Shoe Mach. 1/1 Ord.	1,505,430		
Tilling and British new Ord.	3,437,498		
		19 Issues	£39,581,928

The aggregate of these issues, it will be seen, is over £39½ millions—i.e. an average of over £2 millions per company. Our table takes no account of the host of smaller "placings," which are included in our regular quarterly articles, the last of which appeared in the *Economist* of October 10th, page 51. It will be apparent, however, that the method of "placing" is an established and widely used part of the machinery of the London capital market; and that no estimate of the extent to which use is made of the market's facilities is complete without some reference to it.

Insurance Share Index.—Each quarter this year has seen a new high level for our insurance share index, which stood at 5,060 on September 20th, compared with 4,965 at the end of June and 4,952 at the end of March. The movements of the component shares, assuming that £1,000 had been originally invested in 1913 in the issues of twenty-four companies, and that all rights had been applied in the purchase of an equivalent holding in the original shares, are set out below:—

	1929	1932	1934	1935	Mar. 31, 1936	June 30, 1936	Sept. 30, 1936
Alliance	1,675	1,638	2,208	2,316	2,478	2,478	2,520
Atlas	3,532	3,000	3,452	3,667	4,063	3,905	3,936
Caledonian	5,700	4,183	4,820	5,032	5,535	5,221	5,535
Commercial Union	4,545	3,352	4,449	4,694	4,789	4,789	4,789
Employers Liability	2,725	1,775	2,355	2,405	2,567	2,658	2,522
Equity and Law	2,009	2,076	3,733	4,670	6,071	6,160	6,205
General Accident	8,133	7,250	10,165	12,099	14,266	14,132	14,932
Gresham Fire	2,872	2,118	4,651	5,166	4,762	4,381	4,762
Guardian	2,596	2,538	3,272	3,487	3,692	3,737	3,763
Legal and General	6,536	5,678	10,068	11,735	13,771	13,552	14,088
Life Assoc. of Scotland	1,989	2,080	3,186	3,667	3,790	3,923	3,994
London and Lancashire	4,548	3,808	4,679	5,039	5,482	5,539	5,577
London Assurance	2,126	1,783	2,687	2,966	3,081	3,493	3,493
North British & Mercantile	4,514	3,990	4,984	5,995	6,815	6,879	7,134
Northern	2,011	1,904	2,149	2,364	2,627	2,686	2,567
Phoenix	1,945	1,666	1,970	2,089	2,199	2,199	2,148
Prudential	2,163	2,148	3,195	3,387	3,549	3,597	3,597
Royal Exchange	3,227	2,696	4,204	4,805	5,340	5,806	5,806
Royal	2,682	2,464	3,228	3,129	3,398	3,333	3,419
Scottish Life	2,680	2,583	3,708	4,382	4,494	4,494	4,494
Scot. Union and National	5,213	3,803	4,732	4,996	5,472	5,620	5,620
Sun Fire	2,853	2,364	3,088	3,271	3,422	3,333	3,333
Sun Life	2,237	2,040	2,632	2,972	3,325	3,426	3,325
Yorkshire	3,041	2,731	3,401	3,575	3,865	4,020	4,071
Average	3,406	2,911	4,025	4,497	4,952	4,965	5,060

The table shows that 13 of the 24 issues registered an advance during the quarter, which was particularly appreciable for Caledonian, General Accident, Gresham Fire, and Legal and General. As many as seven shares showed no change, and the four declines were merely slight.

Industrial Profits in October.—The large increase of 18.09 per cent. in the profits of 146 companies whose reports were published last month is the highest rise recorded in 12 months, though it is, perhaps significantly, below the 29 per cent. increase recorded a year earlier by a similar though not identical sample of companies. Total

profits continue to advance satisfactorily, but at a less rapid rate, as the following table shows:—

Reports published in	No. of Companies	Rise in Profits*	Reports published in	No. of Companies	Rise in Profits*
1935—			1936—		
June ...	191	21.72	February ...	205	9.00
July ...	232	13.44	March ...	236	17.39
August ...	38	5.93	April ...	254	9.66
September ...	77	9.28	May ...	269	9.41
October ...	166	29.19	June ...	214	13.50
November ...	160	17.47	July ...	228	15.69
December ...	159	12.27	August ...	47	14.21
1936—			September ...	107	12.32
January ...	128	13.66	October ...	146	18.09

* After payment of debenture interest.

The total net profits covered by the October reports amounted to £8,104,438, compared with £6,862,991 for the preceding year. No single group contributes any large proportion towards the increase of £1,241,447. Motor company profits contributed £1,878,454 towards the total, but the increase in this group—£246,185—is comparatively small owing to the Austin setback. Improved rubber company prospects are more consistently reflected in recent reports, and miscellaneous industrial concerns show average progress. Investment trust revenues, however, continue to lag.

Actuaries' Investment Index.—Although a majority of the component groups bear witness to the general levelling of share quotations at the end of last week, the combined index has, in fact, made further progress, owing to the resumed rises in certain component groups. The average level of the 178 industrials thus stood at 91.6 last Tuesday, compared with 91.3 a week ago and 90.3 four weeks ago (December 31, 1928 = 100), with corresponding yield figures of 3.54, 3.52 and 3.55 per cent. respectively. Movements of component groups are shown below:—

Group (and No. of Securities)	Prices (Dec. 31, 1928 = 100)			Yield (%)		
	Month ago (Oct. 20)	Week ago (Nov. 10)	This week (Nov. 17)	Month ago (Oct. 20)	Week ago (Nov. 10)	This week (Nov. 17)
<i>Higher this week</i>						
Building materials (5).....	107.6	106.0	107.4	4.64	4.74	4.67
Cotton (6).....	48.0	46.1	48.5	2.00	1.99	1.97
Home rails (4).....	83.2	85.5	87.9	1.31	1.29	1.25
Stores and catering (20).....	88.2	88.2	92.1	3.65	3.68	3.68
<i>Lower this week</i>						
Iron and steel (12).....	84.1	85.8	84.7	3.63	3.57	3.66
Motors (5).....	60.5	62.8	60.9	3.94	3.81	3.70
Oil (5).....	94.9	93.0	92.0	2.90	2.91	2.95

Home rails have again been active, on prospective freights legislation rather than the traffics, which are now making poor comparisons. Cotton shares have again advanced, while the jump in stores and catering shares reflects the reception of the Woolworth capital bonus. Iron and steel and motor shares are still above the average level of a month ago, but oil shares are nearly three points lower at 92.0 per cent. of the end-1928 level.

COMPANY NOTES

Brewery Results.—November is a season of brewery dividends. This year's results are proving a satisfactory stimulant to a market which has recently been showing incipient signs of resumed activity. Industrial recovery has checked the secular decline in beer consumption, and during the past three years output has improved steadily. The main source of increased profits (whose course is set out in the accompanying table) is due to progressive internal efficiency of brewery concerns, and to the substantial economies which have been won by certain concerns through amalgamation. Nevertheless, the profits of such localised concerns as *Stroud Brewery* and *Fremains* have shown an advance which compares very favourably with the average. *Bass, Ratcliff and Gretton*, selling on "name" in a national and "untied" market, has fulfilled expectations by increasing its total dividend to 24 per cent., tax free. In a prosperous industrial and agricultural area, *Northampton Brewery* has substantially increased its total

profits, and the ordinary dividend, raised from 12½ per cent. to 15 per cent., is paid after charging the substantially increased sum of £66,447 for depreciation. In the same area, *P. Phipps and Company* have increased the total dividend from 13½ per cent. to 15 per cent., both tax free. The *Ansells Brewery* results were discussed in last week's *Economist* (page 317), and the yield shown in the table is calculated on the presumed maintenance of a 25 per cent. dividend on the new ordinary capital. The existing shares are still quoted *cum* rights. These results (apart, perhaps, from Ansells, which is energetically developing its oppor-

Company (all Accounts to Sept. 30)	Total Profits	Earnings for Ord.	Earnings	Paid	Price £1 Ord. Shares	Yield
	£	£	%	%	s. d.	£ s. d.
<i>Bass Ratcliff—</i>						
1934.....	1,251,752	490,913	22.04	20½	154 3	3 4 6
1935.....	1,313,525	540,338	24.22	22½		
1936.....	1,403,573	584,511	26.22	24½		
<i>Northampton Brewery—</i>						
1934.....	187,605	27,234	16.2	12½	68 9xd	4 7 6
1935.....	192,909	22,327	12.8	12½		
1936.....	215,892	27,437	15.9	15		
<i>Ansells Brewery—</i>						
1934.....	346,240	244,494	28.9	15	205 0xd	4 12 0
1935.....	537,776	411,807	46.8	22½		
1936.....	619,237	478,427	55.1	25½		
<i>Fremains—</i>						
1934.....	96,757	50,976	16.5	8	47 6xd	4 4 3
1935.....	105,700	59,713	19.4	9		
1936.....	112,626	61,613	20.0	10		
<i>Stroud Brewery—</i>						
1934.....	99,494	55,751	34.9	21	88 9xd	3 16 6
1935.....	110,184	61,207	38.5	22½		
1936.....	116,082	65,954	29.98	17½		

† Plus 50 per cent. capital bonus, and share offer on bonus terms. * Amounts earned are before charging sums written off buildings and goodwill. ‡ On a capital of £245,350, raised from £175,250 by bonus issue. § Tax free.

tunities in the busiest industrial area in England) reflect the general prosperity of localised industrial-cum-agricultural districts. The evidence of recovery in the heavy industries, indeed, may well be more spectacular in later reports. They will, in all probability, suggest a case for selective brewery investment, with emphasis upon the Northern industrial areas. Here the rate of re-employment is now proceeding more quickly, and increased brewery earnings may reasonably be expected—subject to an increase in the sums earmarked for improvements to properties.

Recovery Profits and Dividends.—The important company news this week covers heavy industries, the consumption goods trades, shipping and re-armament. In quality, it has been consistently good, and the market has not been grudging in its appreciation. In the first group Whitehead Iron and Steel show a 16 per cent. increase in their half-yearly profits of £132,600 and maintain the interim dividend at 12½ per cent. A company with a very different record, Dorman Long, has, after fifteen years, re-entered the dividend list with hardly sufficient flourish to satisfy the market, with a 6 per cent. dividend on the ordinary and therefore 14 per cent. for the preferred ordinary shares. The ground was, however, already well prepared in 1935, when £390,778, available for dividend on the reorganised capital, was applied almost entirely to reserve and to the payment of a preference dividend. Considerable activity in Hawker Siddeley Aircraft shares followed the publication of the first complete year's profits, which were distinctly more favourable than recent aircraft results. The prospectus earnings estimate of 25 per cent. is exceeded, and in addition to the 30 per cent. dividend (out of 44½ per cent. earned on the existing capital) a 10 per cent. capital bonus distribution is to be made. In the cycle industry, fears that activity may be slowing down are belied by the Raleigh Cycle Company's preliminary announcement of record net profits of £473,482, exceeding those of the previous period by more than 28 per cent. The holding company therefore declares the satisfactory dividend of 22½ per cent. for the year, against 15 per cent. Tate and Lyle's final dividend makes a total of 18½ per cent. for the year—a very small reduction on the equivalent

of 18.2857 per cent. on the increased capital paid last year. The amount earned for dividends can be estimated at about £1,226,800 (against £1,264,800), after allocating £284,000 to reserve instead of £310,000, and although the fall is not highly significant, despite the market's disappointment, it is probable that the changed position of the beet sugar industry is partly accountable for the difference. The most cheerful influence this week was provided by the unexpectedly large capital bonus of 100 per cent. of Woolworth, on which the 5s. shares touched a record level of 8½. The £3,750,000 required is to be transferred from the carry-forward, which, at December 31st last, stood at no less than £6,541,663. The market also welcomed the return of Peninsular and Oriental to the dividend list, with a payment of 4 per cent.—the first since 1931. It is difficult, in view of the exceptional credits taken into the 1934-35 accounts, to attempt an estimate of earnings, but if the depreciation provision has been maintained and no extraneous items have been included, earnings must have increased by no less than £785,000 gross. In expectation of a good report next month the deferred stock units jumped from 27s. 4½d. to 30s.

Steel Company Capital Issues.—The unprecedented activity and profitability of the steel industry is increasing the demand for new capital for financing extensions of plant. Three years ago, the steel industry found grave difficulty in arranging any new financing, and even eighteen months ago it was still forced to offer debentures to the public rather than finance new expansion by ordinary share issues. The latter, however, now form the major proportion of current capital issues, and are usually offered primarily to existing shareholders, whose nominal value holdings had frequently suffered under capital reductions. The new issues lately announced by the English Steel Corporation and Cammell Laird are of this type and may be followed by a further issue by Richard Thomas.



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One expects to pay a little more for a cigarette of such excellent Quality

The following table shows the issues (other than for conversion purposes) which have already been made this year:

Type of Issue	Debentures		Equity capital	
	Nominal Value	Cash paid	Nominal Value	Cash paid
Public Offers:—				
Colvilles*	£	£	£	£
Briton Ferry Steel	100,000	99,000	3,100,000	4,195,000
S. Durham Steel	750,000	750,000	...	...
Issues to Shareholders*:				
United Steel	...	...	2,200,000	2,750,000
Stewarts and Lloyds	...	...	1,042,910	1,355,783
John Brown	...	...	117,485	587,425
Tube Investments	...	...	517,199	775,798
English Steel	...	...	848,340	848,340
Cammell Laird	...	...	200,000	200,000
Permission to Deal:—				
Cammell Laird	...	...	210,000	383,156
Richard Thomas	...	...	40,000	90,000

* Sale of Company's assets to public.

During the year, therefore, some £12,334,500 has been raised from the public, mainly to finance new plant extensions. Does such a rapid return to the capital market suggest a danger that steel capacity may be over-extended? At the moment, there is no reason to believe that this danger is real. Many of the issues—and notably Cammell Laird and English Steel—are to provide new plant for the re-armament programme, and that capacity is technically distinct from constructional steel production. Other issues have been made primarily to replace obsolescent plant rather than to create new. The British Iron and Steel Federation, moreover, appears to be well aware of the danger of over-expansion of ordinary steel capacity. But if the expansion is intensified to include the construction of substantial new steel plant as well as replacements and armament capacity the industry may find itself in the traditional difficulties of over-capacity if the demand for constructional steel begins to decline.

Pastoral Company Results.—Recent reports provide the investor with a clearer indication of the trend of pastoral company earnings. The report of *Dalgely and Company*, for example, shows an increase in profits, after providing for depreciation, of nearly £100,000, to £885,754. After allowance for losses on exchange the amount available for ordinary dividend is increased from £21,789 to £95,851, and for the first year since 1930 the dividend (raised to 6 per cent., tax free) is fully covered by earnings. The following table analyses recent results:—

	Years ended June 30		
	1934	1935	1936
Profit, less depreciation	837,049	787,413	885,754
Expenses	392,815	390,021	386,785
Taxes	50,608	61,137	63,388
Exchange	102,262	87,389	108,595
Fees and staff fund	14,129	14,994	33,119
Interest	179,660	187,083	173,016
Preference dividend	25,000	25,000	25,000
Ordinary shares, tax free:—			
Earned	72,575	21,789	95,851
Paid	75,000	75,000	90,000
Earned %	4.8	1.5	6.4
Paid %	5	5	6
Carry-forward	129,478	116,267†	122,118
† After transferring £40,000 from contingency reserve.			

Australian Mercantile, Land and Finance Company, whose report has also been issued recently, shows an increase in trading profits from £260,953 to £300,560, and in net profits, before charging income tax, from £35,468 to £66,684. The dividend is raised from 2 per cent. tax free to 4 per cent. less tax at 3s. 9d. The figures of *New Zealand and Australian Land* are somewhat difficult to appraise owing to a revision of the profit and loss account, but after charging severe exchange losses, the amount available for dividends fails to cover preference requirements by £30,000, which has accordingly been drawn from contingency reserve. Heavy exchange losses, indeed, are common to all these concerns, and Australian Mercantile is

further subjected to peso exchange depreciation. Broadly, the current prospects appear slightly more favourable for the grazing and wool merchanting business. Dalgely's profits benefited substantially from the past season's improvement, and the clearance of the current clip, despite Japan's self-denying ordinance, is proving highly satisfactory, as the chairman recorded at Thursday's meeting. Conditions in Queensland, which have been sadly affected by drought for a decade, are apparently improving, but Nature's unkindness has left a substantial legacy of loss and depleted flocks. A reduced Australian wheat harvest is estimated in the Dalgely report at 130 million bushels, compared with 142½ million bushels for the previous season, but improved prices seem likely to compensate for this reduction. The prospects of a further steady improvement in the position of the Antipodean concerns seem favourable and are reflected in current share prices. Dalgely £20 ordinary shares, £5 paid, stand at 8½ to yield £4 17s. per cent. on a gross basis, while Australian Mercantile £5 shares yield £4 4s. per cent. gross at par. New Zealand and Australian Land ordinary stock is quoted at 65, and has received no dividend since 1934.

I.C.I. Scheme Upheld.—After a year, to the very day, the House of Lords has confirmed the judgment of Mr Justice Eve in favour of the Imperial Chemical Industries' scheme of capital reduction and amalgamation of the deferred shares with the ordinary shares. Mr Justice Eve, rejecting the petition of a group of dissatisfied deferred shareholders, based his decision on grounds of fact. The same general views—that the meetings held were in order and that the shareholders, acting honestly, on adequate information, were best judges of their own interests—were sustained by the Court of Appeal last March. Thus the view taken of the proposals from the first in the *Economist* has been finally endorsed by the highest tribunal. The succession of appeals will be regarded as an epic of tenacity rather than a revelation of new truth. The final rejection of the appeal enables the contingent dividend provisions in respect of the new ordinary stock arising from the conversion (4 per cent. final dividend for 1935 and 2½ per cent. declared on account of the current year) to be put into effect, and the payments will be made on December 30th to holders registered on November 27th, from which date the conversion will be effective.

The Week's Capital Schemes.—Three schemes involving a reconstruction, an amalgamation and a reduction of capital have been given publicity this week. The *Singer* scheme has closely followed Mr Charles Latham's recent statement (see the *Economist* of October 24th, page 174) and appears to justify the view which was taken regarding the level of the 5s. ordinary stock units. Briefly, a new company is to be formed, with a share capital of £703,300, in 428,425 7 per cent. preference shares of 8s., and 2,127,720 5s. ordinary shares. The existing £386,435 5½ per cent. debenture holders are invited to exchange their holdings at par for a similarly constituted security of slightly longer life, with three years' respite to the company for sinking fund payments. The bank overdraft, amounting to £90,026, will be repaid. To satisfy the claims of the moratorium creditors, 4 per cent. income notes, totalling £117,060, with conversion rights attached, are offered to the extent of 75 per cent. of the outstanding balances. The preference shareholders, who have already received 28 per cent. of the equity in satisfaction of dividend arrears, now suffer a capital cut of 12s. in the £, and their dividend is to be non-cumulative for four years. These new shares will also have conversion rights into ordinary shares for that period. Holders of the existing company's 5s. ordinary shares, finally, will be offered 5s. shares in the new company, with 2s. 6d. liability per share to be paid within three months. The scheme spreads the burden of reconstruction as equitably as the difficult circumstances permit, and is recommended for acceptance by the creditors' and shareholders' committees. The moratorium creditors have consented to a reasonable settlement; the purely contingent position of the preference shares, both as to earnings and capital, is recognised; and the ordinary shareholders are,

quite reasonably, invited to find new cash to preserve their equity. Amalgamation is the *motif* of the *Union Cinema* scheme, which has been under the consideration of shareholders of the company, and of its associates, *Oxford and Berkshire Cinemas*, and *National Provincial Cinemas* for some days. The scheme is very detailed, but consideration of its terms and of the parent company's accounts published this week shows that shareholders of the two latter concerns are invited to surrender their holdings on the basis of current market prices rather than current dividend yields. In considering the terms offered, therefore, it becomes essential to justify the current price of £12 for *Union Cinema* ordinary shares, which yield no more than 2 per cent. on the latest dividend. Capital reduction to the extent of £610,836 is proposed by *Millom and Askam Hematite Iron*. The cancellation of over two-thirds of the ordinary share capital is nominal, but the transfer of 25 per cent. of the resulting equity capital to the preference shareholders represents a real sacrifice. This transfer—266,460 5s. shares—appears to be equitable compensation for six years' dividend arrears. On the directors' estimates, it would take three years to pay off these sums. The prospective presumption of ordinary dividends, therefore, should ensure the ordinary shareholders' approval of the proposals, for they must otherwise wait for several years, even on the current level of earnings.

Base Metal Prospects Reviewed.—Shareholders interested in the fortunes of silver, lead and zinc production have enjoyed two authoritative reviews this week. On the producing side of the business, Mr Chester Beatty's review at the Trepcia Mines meeting provided a background of general optimism. Of the difficulties of the zinc smelting business, no more forceful presentation could be made than Sir Robert Horne's address to the shareholders of Imperial Smelting Corporation. Mr Beatty, of course, found it simple to make a good case for the prospects of the lead industry, and declared that, "over the next few years," they could be regarded as very good. Referring to the position of his company in particular, he drew frank attention to the increase in costs—for wages, supplies, deeper mining, and freights—but declared that the internal position of Yugoslavia showed welcome signs of economic and political improvement. But he found common cause with Sir Robert Horne regarding the position of spelter. The European drive towards self-sufficiency is undoubtedly a disturbing factor in the zinc market. Sir Robert quoted figures, for example, to show that Germany's production had more than trebled during the past four years, and after the completion of a further large plant, capacity will be quintupled. Such factors, coupled with subsidised and bounty-fed zinc, have prevented the Corporation from earning profits on zinc and have compelled it to close down certain of its works. Although, in general, the chairman again predicted a substantial improvement in commodity prices, his open appeal for safeguarding the zinc manufacturing industry terminated a speech which had more woe than weal. The shares closed unchanged on Thursday at 18s. 10½d.

Copper Share Earnings Estimates.—This week's dealings, both in copper and the shares of representative copper producers, have shown further progress on a scale which suggests that speculative support, in each case somewhat checked during last week, is in no way weakened. The first reaction to the increase in the rate of production to 105 per cent. of quotas was that it left little room for speculative anticipation of consumers' requirements. But this week the flames have been fed by a further heavy reduction in world stocks of refined copper, and during the next month or two the market is confidently anticipating a continuation of this trend. Meanwhile, price considerations continue to take second place in calculating the profitability of the Rhodesian producers during the current year. The 10 per cent. release in quotas, which was announced a fortnight ago, is broadly equivalent to a rise of £1 per ton for the companies. We may, therefore, amend the earnings estimates for the three principal

concerns which were given in the *Economist* of October 31st, page 224, to take in the additional 10 per cent. release. On an average copper price of £40 throughout the year, it would seem that Roan Antelope may earn about 70 per cent. on its capital, with an increase of about 4½ per cent. for each £1 increase in the average price. For Khokana, including the participation in Mufulira, earnings at £40 per ton amount to 55½ per cent., with an increase of 3½ per cent. for each £1 rise, while for Rhodesian Selection Trust the corresponding percentages are about 12½ and 1. The significant movement during the last three weeks is the rise in Roan Antelope—plainly justified on our previous estimates—from 55s. 6d. to 63s. 6d. If the copper were to average £42 per ton during the year, the prospective yield would amount to 6 per cent. On Rhokana, at 11½, the estimated return would be 5½ per cent., and on Rhodesian Selection Trust, at 23s. 3d., about 3 per cent. The long-term possibilities of Mufulira and the opening up of the Chingola mine are as generously valued as ever.

Other Company Results.—The Reports of 36 further companies are analysed on page 392. *Daily Mail and General Trust*, 58½ per cent. of whose invested capital is in Associated Newspapers, show an increased net revenue of £306,403. The steady recovery of *Samuel Osborn* has culminated in a 12½ per cent. dividend, against 7 per cent. Net profits are £39,764, against £34,473, but a higher proportion of earnings is distributed. *Weardale Steel* reports a sharp rise in net earnings to £82,779, against £32,925, and the report refers to more regular working and to an increasing demand for coke. The ground lost in the previous year by *Humber* (controlled by *Rootes Securities*) has been more than regained, with net earnings of £241,886, compared with £231,927. In the motor accessories section, *S. Smith and Sons* have made substantial progress. Profits amount to £175,579, against £137,383, the preferred ordinary dividend is raised from 14 per cent. to 17½ per cent., and the deferred dividend from 25 per cent. to 37½ per cent. Rubber company results are now reflecting the benefit of better prices, and show a more consistent improvement. The best increases recorded lately are those of *Malaya General* and *United Temiang*. *British Industrial Plastics* profits are almost unchanged at £37,391. The company operates in an expanding industry, but the report refers to considerable competition. The earnings of *Union Cinema*, whose amalgamation scheme is discussed on page 374, are some 43 per cent. higher at £33,981. A capital bonus of 5 per cent. is declared, while the dividend is increased to 22 per cent. Although the report contains no comment, more active operations in the industry are suggested by the *Viking Whaling* profits, which amount to £87,949, against £32,151. The week's dividend announcements include an *Associated Equipment* distribution of 1s. 6d. per unit, tax free, or 9 per cent., less tax, against 8½ per cent. The consistent progress of *Wiggins Teape* is shown in the progress report for the nine months to September 30th. Estimated net profits are £277,972, or £154,618 after deducting debenture and preference payments, against £271,097 and £147,228 respectively.

Company Meetings of the Week.—On later pages of this issue will be found the reports of the following company meetings: Mitchells and Butlers, Imperial Smelting Corporation, Electrical and Musical Industries, Dalgely and Company, Pahang Consolidated, Trepcia Mines, and Johore Rubber Lands. Sir William Waters, at the Mitchells and Butlers meeting, discussed the problem created by bogus clubs, which, besides affecting the company's interests, brought undeserved dis-

Investment For Appreciation

by L. L. B. ANGAS

Author of *Comine 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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credit on the good conduct of licensed houses. He also explained the difficulties that had arisen between brewers and barley-growers. At the Dalgety meeting, the chairman reported that the rise in wool prices had benefited the company, and expressed satisfaction that even in the absence of Japanese buying, wool sales were giving good results. Mr Henry Frisby, at the Pahang Consolidated meeting, said he believed that the terrors of restriction were passing away. At the Johore Rubber Lands meeting, the chairman explained that a higher dividend had not been declared because they wished to avoid drawing on the Carry Forward. Statements at the Imperial Smelting Corporation and Trepana Mines meetings are discussed in the Note "Base Metal Prospects Reviewed" on page 375. At the meeting of Electric and Musical Industries, Mr Alfred Clark discussed the company's position in the television world, and anticipated a reduction in the price of receiving sets. The household appliance section had also made substantial progress.

THE WEEK IN THE MARKETS

THE STOCK EXCHANGE

SETTLING DAYS
TICKET DECEMBER 1 | ACCOUNT DECEMBER 3

COMPARED with the strength displayed on the opening of the new account, last week's "shake-out" proved quite unsensational. Perhaps more was due to the impressive budget of company news this week, than to the basic technical strength, which obstinately refuses to become weakened. But on Tuesday and Wednesday, the "Financial News" index of ordinary shares reached successive high levels, and the industrial markets presented a number of sparkling features against a background of general steadiness.

In the gilt-edged market, naturally, the implications of the £100 millions Funding Loan (discussed on pages 366 and 370) have been thoroughly weighed. That the issue was wholly unsuspected is revealed by the quiet conditions at the opening. On Wednesday the readjustment of existing stock levels was at first rather marked—particularly in the 2½ per cent. Funding—but a recovery which set in later was continued on Thursday, when the closing of the lists at 11.15 a.m. encouraged the market. Small declines were recorded in the home corporation group, despite the expectation of a respite from further borrowing.

A sharp fall in Japanese bonds was the main feature of the foreign bond group. This resulted from somewhat inconclusive reports regarding a tax on Japanese obligations, but the lack of official explanation or denial did not assist the market's confidence that the levy would apply only to Japanese nationals, and the reported Japan-German alliance added further to the market's discomfiture. Chinese bonds were neglected in sympathy. An early advance in Polish 7 per cent. was not held, and German bonds were reactionary until to-day. Support spread for Roumanian and Bulgarian issues. Apart from an initial improvement in Brazilian issues, the South American group were mainly easier.

Home rails opened quietly, and only L.M.S. ordinary showed any evidence of the better things to come when the imminence of the Railway Freights Bill was canvassed. This stock, together with Great Western (in which bearish operators were compelled to buy themselves out dearly) led the rise, in which Southern preferred also shared. London and North Eastern stocks, however, were affected by the traffics. The Argentine rail boom continued at first, with an eager demand for a small volume of stock. Central Argentine made the best progress, and was least affected by the mid-week profit-taking.

Industrial markets have been cheerful without any fireworks this week, and according to most industrial share price indices, new high levels have been reached. The iron and steel section opened the week easier, but gradually became firmer. Stewarts and Lloyds strengthened on the news of the Jarrold plant, and on reports that the Tube Cartel may be revived. The Dorman Long dividend was not particularly well received, but the group as a whole was firm in mid-week. Both the aircraft and motor sections were slightly irregular at the beginning of the week, and turned firmer later. Electrical equipment issues were inclined to dullness most of the time, but there was at first a good investment demand for electric supply shares.

Textile shares enjoyed a good demand on the possibility of better cotton prices, and many shares went ahead. Rayon shares were quiet. Woolworth were the most prominent

share in the market, on the 100 per cent. bonus announcement, and went steadily ahead to a new high record. The Stores group generally were in favour on good prospects for the Christmas trade. Unilever issues were supported in the Catering and Provision group. Demand for brewery issues was well maintained on good trading reports and recent dividend announcements; Distillers went to a new high level, and most other shares showed slight gains. Interest in the shipping section was revived by resumption of dividend payments on P. and O. deferred. Conditions in the miscellaneous industrials group section of the market became brighter in mid-week, and cement and some other building material issues went ahead. Crittall were bought on dividend expectations. Turner and Newall were prominent in anticipation of good results, and held new high levels reached early in the week.

The tone of the oil market was at first dull, without, however, much actual selling, and the lower prices began to attract buyers. Royal Dutch and Shell drew by far the most attention, largely on hopes of interim dividends; a payment of 7 per cent. or 7½ per cent. by Royal Dutch was canvassed. When it was officially announced that consideration would not be given till January to a Shell Transport and Trading interim, the shares fell sharply, and a similar decision by Royal Dutch produced a like effect. The reaction spread to other sections of the market, particularly Eagles. Trinidad issues remained steady throughout.

The rubber market was firm and active. There was evidence of a good public demand, and discriminatory buying, without any tendency to pay fancy prices. The fine adjustment between buying and selling prevented any great advance. Tea shares were on the whole subdued, with little business, though enquiries were made for shares for genuine investment.

An erratic tendency at first among mining shares turned into firm prices and active business. Attention was paid mostly to new concerns, and though for no apparent reason Venterspost were at first an exception, a good demand developed later. The possibility of a new subsidiary for West Witwatersrand was discussed. Interest was maintained in De Beers in spite of the continued absence of any real information about preference arrears. West Africans, over-shadowed by their larger neighbours, were neglected to start with, but got their share of attention later, a sudden demand developing for Consolidated African Selection. Rhodesian issues were mainly dull, except for copper shares under the lead of Rhokana. The Rhodesia Broken Hill meeting did not affect prices. No interest was shown in Australian mines.

In Paris, an upward tendency was sharply checked by news of the death of M. Salengro, and all sections of the market were affected. A listless tone prevailed on the Berlin Bourse, though a small stimulus was provided by the announcement that the revaluation of the prices of Internationals would not affect the prices of German shares. Amsterdam quickly shook off its fears of possible restriction on Wall Street of foreign investment, and business continued active.

"FINANCIAL NEWS" DAILY BARGAIN INDEX

Approximate number of Bargains recorded in Stock Exchange Lists

	Week to Nov. 13	Nov. 12	Nov. 13	Nov. 16	Nov. 17	Nov. 18	Nov. 19
Govt. and Municipal	6,495	1,117	1,339	1,377	1,144	1,111	1,092
Comm. and Ind.	6,442	1,242	1,329	1,540	1,704	1,528	1,415
30,903	5,908	6,096	6,029	5,741	5,600	5,520	5,520
Banks and Ins.	3,952	688	719	850	872	734	734
Mines	11,700	2,176	2,384	2,311	2,104	2,474	2,252
Oils	1,422	229	319	318	255	243	220
Rubber and Tea ...	3,958	448	682	620	689	545	607
Total	64,872	11,806	12,859	13,045	12,348	12,173	11,909
Corres. day 1935 ...	...	9,432	10,317	11,778	11,025	11,072	9,872

* Including Steels and Breweries.

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

Highest†	Lowest‡	Nov. 12	Nov. 13	Nov. 16	Nov. 17	Nov. 18	Nov. 19
124.9	107.4	123.1	123.2	123.7	124.5	124.9	124.8
† November 18.		‡ January 2.					

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

Highest†	Lowest‡	Nov. 12	Nov. 13	Nov. 16	Nov. 17	Nov. 18	Nov. 19
138.8	136.2	138.4	138.4	138.3	138.2	138.2	138.2
† February 10.		‡ September 23.					

NEW YORK STOCK EXCHANGE

At the end of last week prices moved downward on President Roosevelt's reference to the need for restraining foreign buying of American securities. This week conditions improved, as the difficulties of the proposal became more apparent, and its effects upon present holders were less feared. Business news remains as good as ever. The attendance at the Motor Show was encouraging, and earnings and dividend statements during the week have been in the best post-election manner. On good retail trade returns merchandising shares were well supported. By the middle of the week considerable profit-taking developed, but on balance prices did not give way much. As the leading issues yielded slightly, the more speculative and cheaper shares were bought. In mid-week Bethlehem Steel preferred was a very prominent feature. Iron Age estimates steel mill activity this week at 74 per cent. of capacity; power output was 11.9 per cent. up on the corresponding week of last year. On the bond market Treasury issues have been consistently firm for several days, and it is suggested that this may be due in part to anticipatory buying by institutions which may have to compete for the supply in future with the Social Security Fund, which is required to build up a reserve fund.

Nov. 10, Nov. 18, Nov. 19, 1936 (Close) (Close) (Latest)

1. Rails & Transp.	Nov. 10, 1936 (Close)	Nov. 18, 1936 (Close)	Nov. 19, 1936 (Latest)
Atchafalpa	77½	74½	73½
Balt. and Ohio	23½	22½	22½
B.M.T.	57½	56½	55½
Can. Pacific	14½	14½	14½
Ches. and Ohio	70½	73½	73½
Ches. and Ohio Pk.	42½	39½	39½
Illinois Central	26½	24½	23½
N.Y. Central	45½	43½	43½
Nor. Pac.	28½	26½	26½
Pennsylvania R.R.	43½	43½	43½
Southern Pac.	44½	42½	41½
Southern Ry.	23½	22½	22½
Union Pac.	138	136	142
Greyhound Corp.	New	16½	17½

2. Utilities and Communications	Nov. 10, 1936 (Close)	Nov. 18, 1936 (Close)	Nov. 19, 1936 (Latest)
Am. Waterworks	25½	25	23½
Columbia S. Ry.	3½	3½	3½
Cons. Gas of N.Y.	44½	45½	45½
Cons. Gas & Electric	17½	18½	18½
Elec. Bond & Share	20½	20½	20
Nat. Pwr. and Lt.	11½	11½	11½
North American	30½	30½	30½
Pac. Gas & Electric	36½	37½	38½
Pac. Lighting	51½	49½	50
Pub. Service N.J.	48½	48	48
Ston. Gas & Elec.	61½	61	61
United Corp.	67½	64½	64½
United Gas Imp.	14½	14½	15
Am. Tel. & Tel.	183	188½	188½
Int. Tel. and Tel.	14	13½	13½
Western Union	92½	92½	92½
Radio	111	121	121
Radio B. Prod. New	76½	79½	78½

3. Extractive and Metal Industries	Nov. 10, 1936 (Close)	Nov. 18, 1936 (Close)	Nov. 19, 1936 (Latest)
Am. Rolling Mills	35½	36	35½
Beth. Steel	72½	71½	71½
Beth. Steel Pref.	15	13½	13½
Republic Steel	43	43	43
U.S. Steel	77½	75½	75
U.S. Steel Pref.	142½	150½	150½
Alaska Juneau	16½	15½	15
ex Div.	54	52½	51½
American Metal	101½	99	99½
Am. Smelting	50½	51½	51½
Anaconda	43	48	47½
Buho Alumin.	49	48	47½
Cerro de Pasco	73	69	70½
Int. Nickel	64½	65½	65½
Kennecott	61½	60½	60½
Pacific Mines	161	151	152
Texas Gulf Sulph.	41½	43½	43½
U.S. Smelt.	101	97	97
Vanadium Corp.	23	23½	23½
Atlantic Refining	32½	32½	31½
Phillips Petroleum	47½	46½	45½
Shell Union	26½	25½	27
Shell Union Pref.	16	12½	12½
Socovny Vacuum	41½	39½	39½
Stand. Oil Calif.	41½	39½	39½
Stand. Oil N.J.	48½	46½	45½
Texas Corp.	49½	49½	48½

4. Manufacturing	Nov. 10, 1936 (Close)	Nov. 18, 1936 (Close)	Nov. 19, 1936 (Latest)
Briggs	63½	62½	62½
Chrysler	135½	136½	129½
Electric Autolite	46	44½	44½
General Motors	75½	72½	72½
Hudson Motor Car	21½	20½	20
Murray Corp.	213	213	22
Nash Motors	171	161	161
Packard Motor Car	12½	12½	12½
Bendix Aviation	30	29	28½
Boeing Airplane	28½	32½	33½
Douglas Aircraft	73½	74½	74½
United Aircraft	25	26½	27½
Air Reduction	68½	83½	83
Allied Chemical	ex Div.	241	239½
Col. Carbon	124	124½	122½
Comm. Solvents	16½	27	27½
Dupont	80½	182½	183½
Union Carbide	104½	104½	104½
U.S. Ind. Alcohol	40½	41½	42½
Alis Chalmers	68½	68½	69½
General Electric	52½	52½	51½
Westinghouse	145½	144½	144½
American Can	18½	18½	18½
Addressograph	34½	35	35
Caterpillar	89	90½	90½
Cent. Can.	74½	74½	74½
Int. Harvester	101	100½	100½
Johna Manville	140½	139½	140
Am. Radiator	24	22½	22½
Corn Products	73	72½	71½
J. I. Case and Co.	162½	161	159½
Gillette	43	42½	42½
Gen. Ana. Transp.	67½	70	70
Gen. Mills	32½	32½	32½
Celotex of Amer. ca	29	28½	28½
Ind. Rayon New	40½	40½	40½
Colgate Palmolive	ex Div.	171	171
Eastman Kodak	180	181	181½
Gillette	161	151	151
Kelvinator	22½	23½	22½
Laubert Co.	19½	20½	20½
Lorins	62½	64	63½
20th Century Fox	36½	38	37½

5. Retail Trade and Food	Nov. 10, 1936 (Close)	Nov. 18, 1936 (Close)	Nov. 19, 1936 (Latest)
Montgomery Ward	64½	65½	65
J. C. Penney Co.	104½	102½	103½
Sears Roebuck	98½	98½	98½
ex Div.	154	154	154
United Drug	371	38½	38
Walgreen	63½	70	69½
Woolworth	29½	28½	28½
Borden	44	43½	43½
Gen. Foods	24½	25	25
Kroger Grocery	33½	34½	35
Nat. Biscuit	26	26½	26½
Nat. Dairy	171	161	161
Standard Brands	101	100½	101
Am. Tobacco B.	154	106½	107½
Liggett Myers B.	242	241	241
Lorillard	59½	61	60½
Reynolds Tob. B.	30½	31½	31½
National Distillers	54½	55½	55½
Schenley Distillers	54½	55½	55½

6. Finance	Nov. 10, 1936 (Close)	Nov. 18, 1936 (Close)	Nov. 19, 1936 (Latest)
Commercial Credit	74½	76½	76½
Atlas Corp.	151	151	151
Cont. Invest. Trust	87½	91½	91

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	Nov. 4, 1936	Nov. 10, 1936	Nov. 18, 1936
	Lowest Mar. 20	Highest Dec. 31	Lowest Apr. 29	Highest Nov. 10		
347 Industrials ...	74.5 (1)	112.8	112.7	145.9	112.8	143.0
32 Rails	27.4	43.0 (m)	42.8	60.2 (b)	41.5	59.4
40 Utilities	52.2	93.6	91.2	110.2 (c)	93.6	106.9
Total, 419 Stocks	83.1	117.7	117.7	125.4	97.7	123.2
Average yield*	3.02%	4.08%	3.40%	4.47%	3.22%	3.24%
	(a)	(b)	(c)	(d)	(e)	(f)

* 50 Industrial Common Stocks (a) March 13th (b) Oct. 14th (c) April 29th (d) April 8th (e) November 13th (f) December 4th

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

Highest*	Lowest†	Nov. 11	Nov. 12	Nov. 13	Nov. 14	Nov. 16	Nov. 17	Nov. 18
169.8	128.2	Closed (2)	167.5	165.7	164.6	166.9	169.5	168.0
* November 9th.		† January 6th.			(a) Armistice Day.			

TOTAL DEALINGS IN NEW YORK

	Nov. 12	Nov. 13	Nov. 14*	Nov. 16	Nov. 17	Nov. 18
Stock Exchange—Shares (No. Thous.)	2,580	2,480	1,150	2,370	3,270	2,920
Bonds (Thous. \$)....	16,520	15,930	7,650	11,150	14,070	15,150
Curb—Shares (Thous.)	684	644	248	602	683	702

* Two-hour session.

CAPITAL ISSUES

THIS week's event in the capital market is the entirely unexpected £100 millions *Funding Loan*. Its investment and money market implications are discussed in a leading article on page 366 and an Investment Note on page 370. Of the remaining issues, *Gas Light and Coke* 3½ per cent. preference stock, issued at par, is most important. The proceeds of the issue, which is redeemable in 1970, are required for repaying bank accommodation and for further development. Investors who are content with the prospect of a £3 15s. per cent. yield over the next 34 years could find nothing more secure. *Inter-Union Finance* is a South African hire purchase finance concern. For this reason, the net assets acquired (£94,559) include £232,785 for debtors, while loans from bankers, etc., total £139,268. Profits of the vendor concern have shown a rapid advance since its incorporation in mid-1933, and the existing prosperity in the Union will doubtless justify the introduction of new capital. Whether, however, it will prove sufficiently remunerative to increase profits by as much as 120 per cent. and maintain them at this level depends upon the further course of South African recovery. If the estimates are realised, the prospective earnings yield of 18 per cent. on the 5s. ordinary shares (offered at par) would still have to be associated with a goodwill account representing 20 per cent. of the net assets. That rare feature—a total consideration well below the value of the assets acquired—is revealed by the *London and District Cinemas* prospectus. The company acquires cinema interests, in some of which improvements are at present being carried out. Neither the 5 per cent. debenture stock issued at 99 nor the 5s. ordinary shares at par offer obvious attractions for the general investor. *Ditchburns, Ltd.*, is an addition to the growing number of furniture companies which have recently appeared. The company is in the middle of an expansion programme, and its capital is small—a fact which inevitably limits the ordinary investor's interest, and is necessarily compensated by a high earnings yield prospect. The current profits level, moreover, is at a peak for the past six years. Statements for information have been published this week on behalf of *H. L. Cabinet Works, Drey, Simpson and Company, Wright's Biscuits, Compass Investment Trust, Colony of Grenada, Loyds Retailers and Andrew Buchanan's Breweries*.

ISSUES OF THE WEEK

January 1 to November 14, 1936, including conversions, Old Basis, £350,629,310.
January 1 to November 14, 1936, excluding conversions, Old Basis, £164,063,492.
January 1 to November 14, 1936, including conversions, New Basis, £410,621,050.
January 1 to November 14, 1936, excluding conversions, New Basis, £307,176,791.

Net Sales National Savings Certificates, week ended November 14, 1936, Nil.

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	Lowest	High	Prices, Year 1936 Jan. 1 to Nov. 18, inclusive	Lowest	High	Name of Security	Price, Nov. 11, 1936	Price, Nov. 18, 1936	Rise or Fall	Yield Nov. 18, 1936
84	80	87	83	85	85	Consols 2½%	116	116	—	2 18 3
118	109	116	113	113	113	Do. 2½% Red. at par on or after Feb. 1937 (a)	116	116	—	2 18 3
103	97	102	100	101	101	Consols 2½% 1944-49	101	101	—	2 18 3
107	100	105	103	104	104	Do. 3½% 1948-53	104	104	—	2 18 3
112	104	108	106	107	107	Do. 3½% after 1961 (s)	107	107	—	2 18 3
114	106	110	108	109	109	Do. 4½% 1940-41	110	110	—	2 18 3
124	115	121	117	118	118	Do. 4½% 1940-41	117	117	—	2 18 3
108	98	104	101	102	102	Funding 3½% 1939-69	102	102	—	2 18 3
111	101	106	103	104	104	Funding 4½% 1960-90	118	118	—	2 18 3
110	101	106	103	104	104	Victory Bonds 4½%	116	116	—	2 18 3
98	89	94	91	92	92	War Loan 4½% after 1952 (p)	106	106	—	2 18 3
104	94	100	97	98	98	Local Loans 3½%	102	102	—	2 18 3
98	89	94	91	92	92	Austria 3½% 1933-53	98	98	—	2 18 3
95	86	91	88	89	89	India 2½%	74	74	—	2 18 3
95	86	91	88	89	89	Do. 3½%	88	88	—	2 18 3
100	90	96	93	94	94	Do. 4½%	99	99	—	2 18 3
119	112	120	116	118	118	Do. 4½% 1958-68	118	118	—	2 18 3
108	105	107	106	107	107	U.K. & Arg. 4½% (1947)	104	104	—	2 18 3
113	106	113	109	110	110	Dom. & Colonial Govts.	113	113	—	2 18 3
108	101	106	102	103	103	Australia 5% 1945-75	105	105	—	2 18 3
108	101	106	102	103	103	Canada 4% 1940-60	105	105	—	2 18 3
112	104	110	108	109	109	Gold Coast 4½% 1956	118	118	—	2 18 3
121	116	120	117	118	118	Nigeria 5% 1950-80	119	119	—	2 18 3
115	107	114	108	109	109	N. Zealand 5% 1946	112	112	—	2 18 3
110	103	109	106	107	107	Queensland 5% 1940-60	107	107	—	2 18 3
118	111	117	114	115	115	S. Africa 5% 1945-75	117	117	—	2 18 3
101	98	103	99	100	100	Foreign Governments	102	102	—	2 18 3
101	98	103	99	100	100	Argentina 4½% 1952	97	97	—	2 18 3
101	98	103	99	100	100	Austria 7% 1957	89	89	—	2 18 3
101	98	103	99	100	100	Do. 4½% 1934-59	89	89	—	2 18 3
63	51	70	57	58	58	B. Aires (Prov.) 3½%	70	70	—	2 18 3
...	...	...	...	...	...	Belgian 4½% red by 1970	95	95	—	2 18 3
...	...	...	...	...	...	Bulgaria 7½% Loan	20	20	—	2 18 3
...	...	...	...	...	...	Brazil 5% Fund. 1914	73	73	—	2 18 3
...	...	...	...	...	...	Chili 6% (1929)	80	80	—	2 18 3
...	...	...	...	...	...	China 5% (1912)	82	82	—	2 18 3
...	...	...	...	...	...	Do. 5% (1913)	80	80	—	2 18 3
...	...	...	...	...	...	Czechoslovakia 8%	99	99	—	2 18 3
...	...	...	...	...	...	Danish 3½%	100	100	—	2 18 3
...	...	...	...	...	...	Danzig 6%	64	64	—	2 18 3
...	...	...	...	...	...	Egypt United 4%	103	103	—	2 18 3
...	...	...	...	...	...	French 4% (British)	62	62	—	2 18 3
...	...	...	...	...	...	German 4% (Dawson)	64	64	—	2 18 3
...	...	...	...	...	...	Do. 5½% (Yung L.)	44	44	—	2 18 3
...	...	...	...	...	...	Greek 6% Stab. Ln.	32	32	—	2 18 3
...	...	...	...	...	...	Do. 7% Refuge	39	39	—	2 18 3
...	...	...	...	...	...	Hungary 7½%	49	49	—	2 18 3
...	...	...	...	...	...	Japanese 5% 1936-65	99	99	—	2 18 3
...	...	...	...	...	...	Do. 6% (1924) red 1959	91	91	—	2 18 3
...	...	...	...	...	...	Latin America 4% 1911	105	105	—	2 18 3
...	...	...	...	...	...	Peru 7½% 1922	52	52	—	2 18 3
...	...	...	...	...	...	Poland 7%	72	72	—	2 18 3
...	...	...	...	...	...	Roumania 4% Con. 1922	14	14	—	2 18 3
...	...	...	...	...	...	Swedish 3½% 1908	120	120	—	2 18 3
...	...	...	...	...	...	U.K. & Argentine 1933	114	114	—	2 18 3
...	...	...	...	...	...	5½% B. Certs. (1931)	88	88	—	2 18 3
...	...	...	...	...	...	Do. C. Certs. (3% Max.)	88	88	—	2 18 3
...	...	...	...	...	...	Corporation Stocks	...	...	...	2 18 3
...	...	...	...	...	...	Berlin 6% 1932-57	27	27	—	2 18 3
...	...	...	...	...	...	B'ingham 5% 1946-58	117	117	—	2 18 3
...	...	...	...	...	...	Bristol 5% 1948-58	119	119	—	2 18 3
...	...	...	...	...	...	Brisol 5% 1935-45	75	75	—	2 18 3
...	...	...	...	...	...	E. London 5% 1960-70	120	120	—	2 18 3
...	...	...	...	...	...	Johann 5½% 1937-52	103	103	—	2 18 3
...	...	...	...	...	...	L.C.C. 5% 1937-52	103	103	—	2 18 3
...	...	...	...	...	...	Seine (Dpt. of) 4½% 1952	99	99	—	2 18 3

Prices, Year 1936 Jan. 1 to Nov. 18, inclusive	Lowest	High	Prices, Year 1936 Jan. 1 to Nov. 18, inclusive	Lowest	High	Name of Security	Price, Nov. 11, 1936	Price, Nov. 18, 1936	Rise or Fall	Yield Nov. 18, 1936
37	34	39	34	35	35	Consols 2½%	116	116	—	2 18 3
...	...	...	...	...	...	Do. 2½% Red. at par on or after Feb. 1937 (a)	116	116	—	2 18 3
...	...	...	...	...	...	Consols 2½% 1944-49	101	101	—	2 18 3
...	...	...	...	...	...	Do. 3½% 1948-53	104	104	—	2 18 3
...	...	...	...	...	...	Do. 3½% after 1961 (s)	107	107	—	2 18 3
...	...	...	...	...	...	Do. 4½% 1940-41	110	110	—	2 18 3
...	...	...	...	...	...	Do. 4½% 1940-41	117	117	—	2 18 3
...	...	...	...	...	...	Funding 3½% 1939-69	102	102	—	2 18 3
...	...	...	...	...	...	Funding 4½% 1960-90	118	118	—	2 18 3
...	...	...	...	...	...	Victory Bonds 4½%	116	116	—	2 18 3
...	...	...	...	...	...	War Loan 4½% after 1952 (p)	106	106	—	2 18 3
...	...	...	...	...	...	Local Loans 3½%	102	102	—	2 18 3
...	...	...	...	...	...	Austria 3½% 1933-53	98	98	—	2 18 3
...	...	...	...	...	...	India 2½%	74	74	—	2 18 3
...	...	...	...	...	...	Do. 3½%	88	88	—	2 18 3
...	...	...	...	...	...	Do. 4½%	99	99	—	2 18 3
...	...	...	...	...	...	Do. 4½% 1958-68	118	118	—	2 18 3
...	...	...	...	...	...	U.K. & Arg. 4½% (1947)	104	104	—	2 18 3
...	...	...	...	...	...	Dom. & Colonial Govts.	113	113	—	2 18 3
...	...	...	...	...	...	Australia 5% 1945-75	105	105	—	2 18 3
...	...	...	...	...	...	Canada 4% 1940-60	105	105	—	2 18 3
...	...	...	...	...	...	Gold Coast 4½% 1956	118	118	—	2 18 3
...	...	...	...	...	...	Nigeria 5% 1950-80	119	119	—	2 18 3
...	...	...	...	...	...	N. Zealand 5% 1946	112	112	—	2 18 3
...	...	...	...	...	...	Queensland 5% 1940-60	107	107	—	2 18 3
...	...	...	...	...	...	S. Africa 5% 1945-75	117	117	—	2 18 3
...	...	...	...	...	...	Foreign Governments	102	102	—	2 18 3
...	...	...	...	...	...	Argentina 4½% 1952	97	97	—	2 18 3
...	...	...	...	...	...	Austria 7% 1957	89	89	—	2 18 3
...	...	...	...	...	...	Do. 4½% 1934-59	89	89	—	2 18 3
...	...	...	...	...	...	B. Aires (Prov.) 3½%	70	70	—	2 18 3
...	...	...	...	...	...	Belgian 4½% red by 1970	95	95	—	2 18 3
...	...	...	...	...	...	Bulgaria 7½% Loan	20	20	—	2 18 3
...	...	...	...	...	...	Brazil 5% Fund. 1914	73	73	—	2 18 3
...	...	...	...	...	...	Chili 6% (1929)	80	80	—	2 18 3
...	...	...	...	...	...	China 5% (1912)	82	82	—	2 18 3
...	...	...	...	...	...	Do. 5% (1913)	80	80	—	2 18 3
...	...	...	...	...	...	Czechoslovakia 8%	99	99	—	2 18 3
...	...	...	...	...	...	Danish 3½%	100	100	—	2 18 3
...	...	...	...	...	...	Danzig 6%	64	64	—	2 18 3
...	...	...	...	...	...	Egypt United 4%	103	103	—	2 18 3
...	...	...	...	...	...	French 4% (British)	62	62	—	2 18 3
...	...	...	...	...	...	German 4% (Dawson)	64	64	—	2 18 3
...	...	...	...	...	...	Do. 5½% (Yung L.)	44	44	—	2 18 3
...	...	...	...	...	...	Greek 6% Stab. Ln.	32	32	—	2 18 3
...	...	...	...	...	...	Do. 7% Refuge	39	39	—	2 18 3
...	...	...	...	...	...	Hungary 7½%	49	49	—	2 18 3
...	...	...	...	...	...	Japanese 5% 1936-65	99	99	—	2 18 3
...	...	...	...	...	...	Do. 6% (1924) red 1959	91	91	—	2 18 3
...	...	...	...	...	...	Latin America 4% 1911	105	105	—	2 18 3
...	...	...	...	...	...	Peru 7½% 1922	52	52	—	2 18 3
...	...	...	...	...	...	Poland 7%	72	72	—	2 18 3
...	...	...	...	...	...	Roumania 4% Con. 1922	14	14	—	2 18 3
...	...	...	...	...	...	Swedish 3½% 1908	120	120	—	2 18 3
...	...	...	...	...	...	U.K. & Argentine 1933	114	114	—	2 18 3
...	...	...	...	...	...	5½% B. Certs. (1931)	88	88	—	2 18 3
...	...	...	...	...	...	Do. C. Certs. (3% Max.)	88	88	—	2 18 3
...	...	...	...	...	...	Corporation Stocks	...	...	...	2 18 3
...	...	...	...	...	...	Berlin 6% 1932-57	27	27	—	2 18 3
...	...	...	...	...	...	B'ingham 5% 1946-58	117	117	—	2 18 3
...	...	...	...	...	...	Bristol 5% 1948-58	119	119	—	2 18 3
...	...	...	...	...	...	Brisol 5% 1935-45	75	75	—	2 18 3
...	...	...	...	...	...	E. London 5% 1960-70	120	120	—	2 18 3
...	...	...	...	...	...	Johann 5½% 1937-52	103	103	—	2 18 3
...	...	...	...	...	...	L.C.C. 5% 1937-52	103	103	—	2 18 3
...	...	...	...	...	...	Seine (Dpt. of) 4½% 1952	99	99	—	2 18 3

(a) Interim dividend. (b) Final dividend. (c) Last two yearly dividends. (d) Paid in New Zealand currency. (e) Yield worked on redemption at par on February

(Continued from page 377)

Total Capital raised—	Including		Excluding		Total offered for Subscription—
	Conversions	Conversions	Conversions	Conversions	
January 1 to date—					
1936 (New Basis)	519,201,530	378,551,208			
1936 (Old Basis)	454,323,140	230,561,259			
1935 (New Basis)	374,661,087	243,315,632			
1935 (Old Basis)	271,360,195	135,715,827			
January 1 to date (Old Basis)—					
1934	362,705,074	152,883,616			
1933	440,430,099	237,047,424			
1928	523,791,004	349,761,273			

(a) This figure includes £1,920,000,000 for conversion of 5 per cent. War Loan into 3½ per cent. War Loan.
 * Including securities for which "permission to deal" was given in forty-seven weeks ended November 23, 1935.

Nature of Borrowing (Excluding Conversions)

	Debentures	Preference	Ordinary	Total
January 1 to date				
1936 (New Basis)	167,657,263	37,918,731	172,985,214	378,561,208
1936 (Old Basis)	146,010,696	21,731,647	62,791,916	230,533,259
1935 (New Basis)	98,184,915	44,512,106	100,618,611	243,315,632
1935 (Old Basis)	73,370,801	28,372,524	33,972,502	135,715,827
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	167,185,509	31,666,741	37,265,387	236,117,637

PUBLIC OFFERS

British Government.—Issue of £100,000,000 2½ per cent. funding loan at 98½. Redeemable at par June 15, 1957, or from 1952 on three months' notice. Inscribed, registered or bearer. Additional stock being created for savings banks (maximum application, £1,000). Income tax to be deducted from payments over £5 p.a. Purchase price payable £10 per cent. on application; £43 10s. per cent. on December 2, 1936, and £45 per cent. on January 1, 1937. Lists opened at 9 a.m. and closed at 11.15 a.m. on November 19, 1936.

Gas Light and Coke Company.—Issue of £2,000,000 3½ per cent. redeemable preference stock at 100; redeemable 1970. Ranks *pari passu* with 4 per cent. preference and further issues of stock. Proceeds to repay bank loan and for development. Profits, after debenture interest: 1933, £1,364,732; 1934, £1,389,399; 1935, £1,410,373.

Inter-Union Finance (Registered in South Africa; S.A. 2's).—Issue at par of 200,000 5½ per cent. cum. £1 preference and 100,400 5s. ordinary shares. Dividends paid free of deduction of Union and Cape tax. Acquires hire purchase finance department of African and General Acceptance and Trust Corporation, and deals in guaranteed hire purchase contracts. Profits, years to June 30th: 1934, £2,403; 1935, £10,640; 1936, £19,654. Net assets, £94,559 purchased for £153,025 (goodwill, £58,466), payable by 612,100 ordinary shares. Lists closed 9.1 a.m. 17th November. Heavily oversubscribed.

London and District Cinemas.—Issue of £160,000 5 per cent. 1st mortgage debenture stock at 99 and 306,000 5s. shares at par. Stock redeemable at 103 from 1938 by drawings, from 1945 on six months' notice, or in 1968. Acquires sixteen cinemas (one by purchase of share capital). Profits, before interest, leasehold amortisation, periodical renewals, etc., years to September 25th: 1934, £38,024; 1935, £43,723; 1936, £51,522. Net assets, £348,225, purchased from Leadenhall Investments and Finance for £271,150, payable by £187,650 cash and £83,500 by 334,000 5s. shares.

Ditchburns.—Issue of 550,000 2s. ordinary shares at par (200,000 sub-underwritten firm by directors). Acquires furniture-making business, founded 1870. Profits, after depreciation, years to April 30: 1934, £6,826; 1935, £9,406; 1936, £13,220; four months to August 31, 1936, £5,493. Net assets, £45,950 (debtors, £36,664), purchased for £32,929, payable by 300,000 2s. shares, £2,929 cash.

BY STOCK EXCHANGE INTRODUCTION

Grenada (Colony of).—Issue of £166,600 3 per cent. inscribed stock, repayable at par 1964, or from 1959 on three months' notice. £100,000 sold at 99 and balance taken up by the Crown Agents for the Colonies on same terms. Secured on general revenues of Grenada Government.

H. L. Cabinet Works, Ltd.—Issue of 150,000 6 per cent. cumulative preference shares at 21s., all placed privately. Acquires business founded 1928. Net assets £168,917, purchased for £275,000 (goodwill, £106,083) payable by £125,100 cash and £149,900 in 749,500

NORANDA MINES, LIMITED
DIVIDEND NOTICE

Notice is hereby given that an interim dividend of \$1.75 per share, payable in Canadian funds, has been declared by the Directors of NORANDA MINES, LIMITED, payable December 22nd, 1936, to shareholders of record at the close of business December 1st, 1936.

By order of the Board. T. N. HAY,
Toronto, November 9th, 1936. Secretary.

4s. ordinary shares. Profits, years to March 31st: 1934, £29,312; 1935, £22,827; 1936, £30,097. Myers & Co. take issue at 21s., for 3d. commission, and £3,750 fee.

Compass Investment Trust, Ltd.—Particulars of issue of £150,000 3½ per cent. debenture stock, redeemable at par 1956, of which £50,000 taken at 97½, less half commission, by Cazenove, Akroyds and Greenwood and Company, who have also exercised an option on a further £100,000 at same price.

Drey, Simpson and Company, Ltd.—Issued capital 488,000 5s. ordinary shares and 160,000 1s. deferred shares. Pile fabric manufacturers at Stockport for sixty-three years. Net assets £163,529. Net profits, after depreciation: 1933, £7,140; 1934, £10,366; 1935, £12,400. Medley Hartmann and Company take 180,708 5s. shares at par for 4 per cent. commission, and 97,932 ordinary shares at par. Scheme for reorganisation and increase of capital approved since December 31, 1935.

Wright's Biscuits, Ltd.—Issue at par of 100,000 5½ per cent. cumulative redeemable preference shares, taken by Cohen, Laming, Hoare for commission of 1s., less certain expenses. Participation: half of excess over 5½ per cent. ordinary dividend, with 7½ per cent. maximum. Redemption by market or private purchase at price not exceeding 25s. per share. Net assets, £128,113, acquired for £128,010, payable by £78,020 cash and £49,990 in 99,980 10s. ordinary shares. Profits, before depreciation, period July 10th, 1933, to July 30, 1934, £5,758; years to June 30th: 1935, £10,470; 1936, £10,173.

Andrew Buchan's Breweries, Ltd.—Issued capital 150,000 5½ per cent. cumulative £1 preference and 371,425 £1 ordinary shares. Acquires brewer's business of Andrew Buchan and Company and other interests including Griffiths Bros., Ltd. (Newport), certain assets of D. F. Pritchard, Ltd., 82,240 £1 ordinary shares of Crosswell's Cardiff Brewery and capital of D. Williams and Company (Merthyr). Net assets £312,802, plus £356,400 investments, etc., since acquired. Profits, after brewery and before freehold depreciation: 1933, £8,527; 1934, £20,586; 1935, £25,537.

Loyds Retailers, Ltd.—Issued capital 500,000 5s. ordinary shares. Gramophone, radio and furniture dealers. E. R. Lewis and Company take 100,000 5s. shares at 10s., and buy 188,000 shares at 9s. 7.38d. plus expenses. Net assets £100,173. Profits, after depreciation before bank interest, years to June 30: 1934, £17,297; 1935, £34,244; 1936, £49,608. Net assets, £100,174.

FORTHCOMING ISSUE

Amalgamated Collieries of South Africa.—An offer for sale will be made on Wednesday next, November 25th, of 200,000 £1 shares at £1 10s. The offer will show that the company has been incorporated in South Africa to acquire mines, etc., and has purchased four collieries (rights or shares) and undeveloped coal rights for a total purchase consideration of £1,738,658 (£556,246 in £1 shares, £1,182,412 in cash to be used in taking shares at par, and £38,658 cash). The latest mining profits, before depreciation, are: Cornelia, 1935, £123,763; Largo, year to June 30, 1936, £22,418; Schoongegicht, 10 months to April 30, 1936, £48,895; Springfield, year to June 30, 1936, £25,314. Estimated profits for the four collieries, years to April 30: 1937, £273,000; 1938, £286,000.

BONUS ISSUES

Atkinsons Brewery.—A share bonus of 3,100 per cent. is proposed by the directors of Atkinsons Brewery. The board recommends the capitalisation of £465,000 of the unappropriated balance and the issue to ordinary shareholders of 930,000 ordinary 10s. shares credited as fully paid. An extra-ordinary general meeting will be held on November 23rd to consider the scheme.

F. W. Woolworth and Company.—F. W. Woolworth and Company is issuing one free 5s. ordinary share for every ordinary share held on November 30, 1936. The shares are to rank for the final dividend to be paid in respect of the year ending this month. Existing ordinary capital is £3,750,000, and the bonus proposal involves the capitalisation of a similar amount of undivided profits, which will first be transferred to reserve. The directors state that an increase in the capital is desirable in view of the extent of the company's operations. An extra-ordinary meeting has been convened for November 30th to sanction the increase of capital.

ISSUES TO SHAREHOLDERS ONLY

The Ampat (Sumatra) Rubber Estate, Ltd.—Issue of 849,950 2s. shares at par to shareholders and noteholders on register November 13, 1936.

Albert E. Reed and Company.—Issue of 100,000 6½ per cent. cumulative £1 preference shares at 28s. each, and 300,000 £1 ordinary shares at 38s. each, to shareholders on register November 12th, in proportion of one new preference and three new ordinary for every ten shares held.

Anglo-French Exploration.—Issue of 100,000 £1 shares at £1 7s. 6d. each in proportion of two for every 13 held on November 20th. Lists close December 7th. The new shares will rank for any dividend paid in respect of 1936.

Bentley's Yorkshire Breweries.—Issue of 90,000 £1 ordinary shares at 30s. each, one for each three held. To rank for dividend from September 30, 1936.

Brown Brothers.—90,800 new ordinary shares of £1 are offered to ordinary shareholders registered October 30th, at 45s. per share.

LONDON NEW ISSUE PRICES

Stock or Share	Issue price	Paid	Nov. 11, 1936	Nov. 18, 1936
Argentine 3½% Conversion	84½	84½	1½-1½ dis	2½-1½ dis
Associated Paper Ord. 5/-	6/6	4/-	4½-7½ pm	4½-7½ pm
Do. 5% 1st Pref. £1	20/-	10/-	1/--1/6 pm	1/4-1/10½ pm
Bristol 3%	99½	24½	½ dis-1 pm	½ dis-par
Carter (B. and F.) Ord. 2/-	15/-	5/-	4/9-5/-	4/6-4/9
C.T.C. Bazaars (5/-)	21/-	10/-	4½-1½ dis	4½-1½ dis
Do. 6% Pref. £1	21/-	10/-	3d dis-3d pm	3d dis-3d pm
Drey, Simpson (5/-)	99½	5	½ dis-par	½ dis
Dewsbury 3%	99½	24½	½ dis-par	½ dis-par
Dumfries 3% Stock	101	3/9	4½-10½ pm	4½-10½ pm
East Humber Cement (5/- Ord.)	101	51	4-1 pm	4-1 pm
Do. 4½% 1st Debs.	102	20	2½-2½ pm	2½-2½ pm
Everard Brewery 4% Debs.	6/-	6/-	5/9-6/3	5/9-6/3
Gale Lister 4/- Ord.	11/-	11/-	14/-14/6	13/10-14/4½
Hale and Hale Ord. 5/-	10/6	10/6	10/14-10/7½	10/14-10/7½
Do. 5½% Pref. 10/-	5/6	5/6	98½-99½	98½-99½
High Wycombe 3%	10/-	10/-	9/6-10/-	9/6-10/-
Howards (Newcastle) Ord. 4/-	99½	24½	½ dis	½ dis
Do. 6% Pref. 10/-	22/6	7/6	1½-1½ pm	1½-1½ pm
Leicester 3%	99	59	1½-1½ pm	1½-1½ pm
Lewis (J.) 5% 1st Pref. £1	99½	24½	½ dis-1 pm	½ dis-par
London County Council 3%, 1956-61	99½	24½	7/11-7/4½	6/10-7/11
Manchester 3%	15/-	7/6	8/-8/6 pm	7/11-7/7½ pm
M. Morris Cabinet 4/-	21/-	10/-	34-6d pm	1½-4½ pm
Do. 6% Pref. 20/-	99½	24½	½ dis-1 pm	½ dis-1 pm
Phillip Hill Ord. 5/-	21/-	10/-	6d dis-par	6d dis-par
Do. 5% Pref. 20/-	99½	24½	par-6d pm	par-6d pm
Southampton 3%	9/3	6/9	7/9-8/3	7/9-8/3
Stone (J. and F.) Ord. 5/-	21/-	10/-	22/3-22/4	22/3-22/4
Do. 6% Pref. £1	5/6	5/6	2/6-2/9	2/6-2/9
Triplex Foundry 5/- Ord.	20/-	20/-	7/11-7/4½	7/11-7/6
Do. 5½% Pref. 20/-	...	...	20/6-20/9	20/6-20/9
Waite and Sons 2/-	...	...	...	...
Wake and Dean Ord. 5/-	...	...	...	...
Do. 6% Pref.	...	...	...	...

CONVERSIONS AND REPAYMENTS

Jeram Rubber Estates.—This company will pay off a loan of £20,000. To provide the funds and to finance the replanting programme, it offers 28,125 shares of £1 to shareholders registered November 5th at 21s. each, in proportion of one share for every four shares held.

Straits Settlements 3½ per cent. Stock (1937-1967).—This stock will be repaid at par on May 15, 1937.

Swedish Loans.—Conversion is announced of 3½ per cent. State Loans of 1908 and 1911, totalling Kr. 54,480,000 (£2,814,000) and Kr. 72,000,000 (£3,788,000) into new 3 per cent. bonds of Kr. 105,000,000 (£5,526,000). The loan will be refunded 1938-97.

Stockholm (City of).—New loan Kr. 28,000,000 (£1,450,000), partly for conversion of 4 per cent. loan, 1908, to be redeemed February 15, 1937. Interest of new loan, 2½ per cent. at 101 per cent. plus stamp duty.

Argentine Republic Sinking Fund Conversion Loan.—The Argentine Government has created and there are being issued in the United States of America \$23,500,000 Argentine Republic sinking fund external Conversion loan 4½ per cent. (U.S. dollar) bonds. Due November 15, 1971.

OTHER RESULTS OF ISSUES

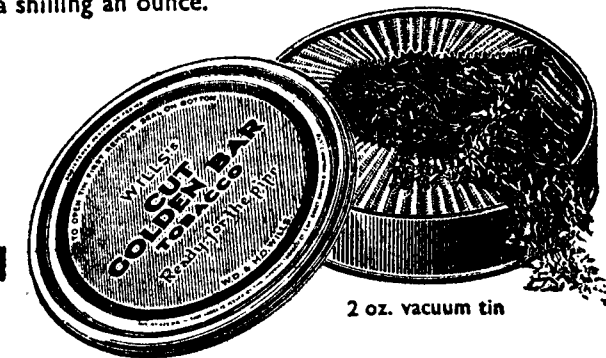
Dewsbury Corporation.—Underwriters left with 89 per cent.

Birmingham Small Arms.—Lists closed 9.5 a.m., November 13th. Oversubscribed.

GOLDEN MOMENTS

Ice Hockey

A last minute attack—he's through and scores the winning goal—a Golden Moment for him and his team—a great player, supreme in his particular game—but even he cannot buy a better tobacco than Wills's "Cut Golden Bar" at a shilling an ounce.



WILLS'S CUT GOLDEN BAR

READY RUBBED
in 2 oz. Pocket Vacuum Tins
and 1 oz. Airtight Tins
FLAKE FORM
in 2 oz. Airtight Tins
and 1 oz. Packets

1/ AN OUNCE

C.B. 798.

COMPANY MEETINGS, &c.

MITCHELLS AND BUTLERS, LIMITED

MENACE OF BOGUS CLUBS

BREWERS AND BRITISH BARLEY

SIR WILLIAM WATERS BUTLER'S INTERESTING ADDRESS

The forty-ninth annual general meeting of the shareholders of this company was held at the White Horse Hotel, Birmingham, on the 19th instant, under the presidency of Sir William Waters Butler, Bt.

The Chairman, in moving the adoption of the report and accounts, said: Ladies and gentlemen, I am sure we all regret to hear that Mr F. N. Lones is unable to be present here to-day in consequence of illness.

With reference to the trading of the company during the past twelve months, the Board is fully satisfied with the profits and also the output of our draught and bottled beers, which, of course, is due to the quality of our products continuing to meet with popular favour.

The demand for our bottled ales and stouts is still increasing, all brands being in great demand, particularly our own brewed "Cape Ale," which has a sale of well over 20 million bottles yearly, a quantity probably unequalled by any bottling attached to the brewery in which the beer is brewed.

At the present time I can assure you that you own a sound profit-earning business, and I see no reason why it should not continue to be so, for we are told by economists that the national prosperity we are now enjoying will continue for some time to come, although we have to realise that one cannot be definite, fearing unforeseen economic depressions might result from the troubled state of the world to-day.

I am pleased to inform you that although it is anticipated brewing materials such as hops and barley will probably be more costly this season than last, our well-bought stocks are of such quality and quantity as will reduce the full effect of this probable increase of production costs upon the profits of the year. Although the beer duty is still ten times greater than that imposed upon the trade before the war, notwithstanding the reduction which took place in Mr Neville Chamberlain's Budget of 1933, we shall use any gain in the cost of brewing in the further improvement of our products.

HEAVY EXPENDITURE ON IMPROVEMENTS

The heavy expenditure which we have had to meet, and which, I fear, we shall have to continue to face, is mainly to fulfil the requirements of the licensing authorities in connection with the improvement of old licensed properties and the higher costs of the construction of the new and improved licensed houses we are from time to time erecting, which are admired by the general public and have attracted patronage well up to our anticipations.

In addition to the expenditure I have just referred to, we have also to meet unusual expenditure on buildings brought about by the municipal authorities carrying out schemes in connection with street widening, slum clearance and overcrowding in dwellings.

The result to your company is, of course, that we have to find the money for such capital expenditure, while the trading return on that new capital in consequence of high building costs is much lower than was previously yielded by the property before it was mutilated in connection with such public improvement schemes.

As to meeting capital expenditure, naturally this means that the company must have the necessary cash available, or otherwise it would have to borrow, which as far as possible we endeavour to avoid by making use of reserves which by prudent distribution of profits in the past we were able to set aside.

BOGUS CLUBS

It is a rare position, and pleasing to me, that there is no proposed legislation detrimental to our industry for me to bring before you notice, but rather that a Bill was referred to in the King's Speech which, if enacted, should check the establishment of bogus clubs which are daily proving injurious to your interests and unjustly bringing discredit upon the good conduct of the

licensed house. At the same time I should like to say that the licensed trade has not the slightest objection to the establishment of the genuine working man's club which, of course, has as much right to be founded as the clubs of the well-to-do classes, for all must agree that the working man is entitled to provide his own amenities.

The increase in the number of clubs is unfortunately mainly due to the restrictions which have during the past few years been imposed upon the patrons of the licensed house, in most of which nothing can be offered to them but the mere supply of alcoholic refreshment in a very limited number of hours. They are deprived of any form of recreation and no facilities are permitted for rational enjoyment, the result being that they naturally seek an opportunity of freeing themselves from the irksome restrictions which have to be imposed in licensed houses and make their own provision by forming a club. Thus the licence-holder is deprived of a portion of the custom he should receive, making it extremely difficult for him to carry on with the heavy burden he has to bear in the way of high licence duties, taxes, etc., of an amount far in excess of that paid by the club. If this was the limit of damage suffered by the licensed trader it might even then be difficult to show that he had real ground for complaint, but there is plenty of evidence that the genuine club formed by the co-operation of a group of men is being replaced by the bogus or proprietary club which is run by an individual for his own personal profit, who is permitted to unlawfully sell, not merely distribute, alcoholic liquors at whatever prices and under any conditions he chooses, notwithstanding that the present Club Law lays down that the purchase of alcoholic liquors shall be under the control of a properly constituted committee, and that it shall be the property of the whole of the members of the club. He is even assisted in doing this by a wholesale trader who probably owns the building or holds a mortgage thereon, or gives long credit, and thus finances the proprietor.

STATISTICAL PROOF OF NEED FOR LEGISLATION

That the time has now come when these bogus clubs must be prohibited by law is borne out by the statement made in Licensing Statistics (a Government publication) that during the year ended December 31, 1935, no fewer than 435 clubs were struck off the register, and the number of persons convicted for offences in registered clubs increased from 1,584 in 1934 to 2,053 in 1935, and the number of clubs increased in the two years ended December 31st last by 684, while there was a decrease of 893 "on" licences in the same period.

Lord Amulree, Chairman of the Licensing Commission, speaking on the 20th of last month at a meeting attended by Justices from many parts of the country condemned bogus clubs in these striking terms. He said:—"Unfortunately there have grown up in recent years the bogus club and what they call the bottle party. I am bound to say that these clubs are a disgrace to our civilisation. The proprietors and frequenters of these clubs laugh at the law, and treat it with contempt." At the same meeting, Mr J. J. Mallon, a member of the Commission, strongly supported Lord Amulree, declaring that "the bad club is just about as bad as anything which exists on earth."

COMPETITION FROM COLONIAL WINES

Licensed traders are also much troubled by the tremendous growth, year after year, in the importation of Colonial wines, which are admitted into this country at a low preferential duty. Most of it is retailed in the wine shops which are being opened daily throughout the country. These wine shops require no Licensing Justices' Certificate which, as we are all aware, is difficult to obtain, but can be opened anywhere at any time merely on the payment of an Excise licence.

Having to pay such a small sum for the Excise licence to sell, and the preferential duty being so light, enables these wines to be sold at a very low price, and taking into account the high percentage of alcohol they contain they are the cheapest form of alcoholic beverage that is offered to the public at the present time. They are displacing drinks of a much lower alcoholic strength such as beer and cider, which, certainly, will tend to increase drunkenness.

BARLEY GROWERS' UNFAIR CHARGES

I much regret that barley growers still persist in their charge that brewers have not honoured the arrangement that they would purchase as much home-grown barley as possible which was made with Mr Neville Chamberlain, the Chancellor of the Exchequer, when he intimated that he would be prepared to reduce the Beer Duty subject to the price of beer being reduced to the consumer and the strength increased 2 degrees. Notwithstanding the extra cost to the brewer of this increase in strength, he receives 24s. per barrel less for his beer. In our own case we are prepared to produce evidence that the strength has been increased by that amount and the reduced price put into operation from the day of the Budget of 1933, while the blend of malt we use to-day contains actually 32 per cent. more malt made from English barley than in the year the Budget promise was made.

NEW SEASON'S BARLEY BELOW STANDARD

Returns have been made to the Import Duties Advisory Committee of the amount of British barley which has been used in brewing, and the members of the Brewers' Society have pledged themselves to purchase at least 7,500,000 cwt. of British barley annually provided it is of malting standard, and to increase this quantity as the output of beer increases. But as this season's barley is not equal in malting quality to that of the past two seasons it may be difficult to obtain from British barley growers the quantity brewers have undertaken to purchase, but it is to be hoped that as the season goes on and the barley in stack is threshed the amount required may be available.

As I have explained before, the percentage of English barley we can use must vary with the climatic conditions prevailing during the harvest, and harvests have been favourable since the change in duty, but unfortunately this season, in consequence of the early wet summer, much of the English barley is unfit for brewing, and the average price of the purchases of English barley we have made up to date this season is greater per quarter than last year, but although more costly it is inferior in quality and contains a higher percentage of moisture.

Good quality malting barley is scarce, so much so that we have been driven to buy a quantity of high quality foreign barley at a higher price than English. This is evidence of what I have stated on more than one occasion that in a bad season we are driven to buy foreign barley at shillings more per quarter than best quality English.

A farmer complained in *The Times* last year that brewers would not buy second quality barley, but is this not what one would expect of a firm like ours which must buy only the very best brewing materials?

EFFECT OF 10 PER CENT. AD VALOREM DUTY

Farmers by continuing to press for a higher import duty on foreign barley than the present 10 per cent. *ad valorem* duty, are likely to bring about the position that arose as a consequence of the pressure put on Mr Gladstone in 1880 to repeal the malt tax and instead to impose a heavier burden on beer, which did not bring any gain to the farmer. I have always understood farmers repented their action on that occasion and now they are working to make the brewer pay a higher duty on a material he is bound to purchase to produce good beer when the English harvest is bad. This cannot possibly benefit the English barley grower, but it may lead to the brewer buying these more costly foreign materials in larger quantities.

As I said earlier on, it is very difficult to predict future profits under the abnormal conditions prevailing at the present time not only in this country but also throughout the world, as it is certain that home conditions are very closely connected with world conditions and must fluctuate with them. At the same time it will be some satisfaction to you to know that the trading in this new financial year, but which only covers a few weeks, shows improved profits over the corresponding period of last year.

I have much pleasure in moving the adoption of the report, and I will ask Mr Bainbridge to second it.

Mr Herbert W. Bainbridge seconded the resolution, which was carried unanimously.

ELECTRIC AND MUSICAL INDUSTRIES, LIMITED

RECORD SALES OF SETS—TELEVISION PROGRESS

The fifth annual general meeting of Electric and Musical Industries, Limited, was held, on the 13th instant, at Winchester House, London.

Mr Alfred Clark (the chairman), in the course of his speech, said: The net profit is smaller than last year. The directors, however, have again recommended a 10 per cent. dividend on the ordinary shares, but without a bonus of 2½ per cent., as a year ago.

The principal product of your company is the radio receiving set, and during the year the number of sets sold by the companies was larger than that of the previous year, which had constituted a record. It is the lower selling prices of these sets which is responsible for the greater part of the decrease in profits.

Sales of radio-gramophones and records are down, but in the better-class records, which are generally classified as "Celebrity Records," there has been a slight recent increase.

With regard to television, undoubtedly great public interest has been aroused by the recent demonstrations, which began at Olympia in August, and have been followed by the daily public transmissions at present taking place. At the meeting last year you were informed that we were then busy on an order from the B.B.C. for the installation of a complete Marconi-E.M.I. system of transmission at Alexandra Palace—the new Television Broadcasting Station. That equipment has been delivered and installed. It has passed all the tests to which, under the contract for its supply, it was to be subjected.

It also reached the standard required by our own engineers, and we are proud of it as an example of our work. Since our last meeting we have had a further substantial order from the B.B.C. for a travelling transmission station equipped with our Emitron cameras suitable for picking up direct scenes of both outdoor and indoor events.

Reference is frequently made in the public Press to our wonderful Emitron camera with which out-of-door scenes, as well as studio or theatre scenes, are picked up directly without the use of a film. This camera has been developed and made by us, and "Emitron" is the registered name which we have given it.

Shareholders are aware that in accordance with the recommendations of the Television Committee, the B.B.C. ordered the installation of two different systems, so that their engineers might judge both systems working under practical conditions. Daily broadcasting is now being carried on. We are well pleased with the results obtained by our system, and I have no doubt shareholders will derive the keenest pleasure from any comparison which they may make.

Our television receiving sets are now on sale. As in all new industries, they may be expected gradually to become cheaper in price. It is not so very many years ago that the Marconiphone Company was selling a two-valve radio set; without loud speaker or batteries, for £25, whereas to-day, for such a price, one can purchase a luxurious radio-gramophone.

Our business in household appliances has now completed its third year. Rapid strides were made from the beginning, and the year now under review has shown an important increase over last year's sales of the H.M.V. refrigerators. The reliability of these goods is appreciated by an ever-widening public. Purchasers are recommending them to their friends, and I believe that the sales will continue to grow. In spite of the very many firms now competing with us, we are one of the three firms which do the bulk of the business in these articles.

Our engineers have recently developed an electric iron which is meeting with marked success, and we are selling just as many as we can manufacture. To these articles we have now added electric washing machines and electric ironers for the home laundry.

Any reference to the future outlook must take into consideration the fact that the sales of television apparatus, both for transmission and receiving, are going to form eventually an important part of our trading. While sure, its progress is expected to be slow, but as pioneers in the development of high definition television we intend to hold the premier position we have achieved.

At this season of the year we are always busier than at any other time with the manufacture and sale of radio receiving sets and radio-gramophones, and this year is no exception. We have in hand more orders than the factory can immediately cope with.

We expect to maintain our position as the largest manufacturers of radio receiving sets in the United Kingdom. Our gramophone record business is expected to continue in the same or better volume than last year, and household appliances promise to contribute to our profits.

The report was unanimously adopted.

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IMPERIAL SMELTING CORPORATION, LIMITED

NATIONAL IMPORTANCE OF THE ZINC INDUSTRY

PLEA FOR ADEQUATE PROTECTION

The seventh annual ordinary general meeting of Imperial Smelting Corporation, Limited, was held, on the 19th instant, at 20 Aldermanbury, London.

The Rt. Hon. Sir Robert Horne, G.B.E., K.C., M.P. (the chairman), in the course of his speech, said: Consolidated revenue of the group for the past year was £145,967, against £123,092 in the previous year. While it is satisfactory to record an improvement in the profits for the year, the gain was not commensurate with the expansion in the group's operations.

A review of operations which are subsidiary to our chief business will serve to reveal to you the wide range which our activities now cover. We have, indeed, divagated into many spheres never contemplated when we started this organisation in 1923. They have all developed naturally from our main purpose; but for the profits which some of them have yielded we should not have been in a position to pay even our preference dividends during these last years. For the disconcerting fact stares us in the face, that, in spite of an efficiency which is second to none in the world, it has not paid us to produce zinc in this country. This arises out of conditions common to many other industries in Great Britain—higher wages, dearer transport and a better standard of life than are maintained by our competitors abroad. But the other industries of the United Kingdom which find themselves so handicapped have received protection, sometimes by application to the Import Duties Advisory Committee, sometimes by the intervention of the Government, and sometimes by both.

THE VICTIM OF NEGLECT

It seems anomalous that the zinc industry—declared by Lord Balfour's Committee after the last war to be a key industry and essential to the safety of this country—should have been the victim of a neglect which has made it unprofitable to maintain it. At a time when other nations—notably Germany—are feverishly trying to increase their zinc production and fostering the industry by bounties and subsidies, we in the United Kingdom have had the experience of witnessing the creation of a tangle so perverse and so inimical to the survival of the zinc industry in this country that, as the Import Duties Advisory Committee found, it could only be unknotted by the passage of a measure to reduce the protection of zinc below the minimum laid down by the Act of Parliament. The matter, of course, cannot rest there, and the Import Duties Advisory Committee did not intend that it should. Twelve months ago I was so convinced that action would be taken to remedy the position that I may have raised hopes in your breasts with regard to the prospects of a dividend this year on our ordinary shares. I much regret to say that while our business has widely expanded, the continued adverse state of the zinc industry and the returns from our investment in it prevent the realisation of my hopes.

Up till now, our expectations have been disappointed. Notwithstanding the urgency of the case from the national point of view and the promises of support that were held out to us, nothing has yet been done, and we are still attempting to carry on an essential industry in a protectionist country without any real protection for ourselves. We are forced to pay for the protection of other industries and get none for our own. We are utilising an important part of the returns on our investments in acid, alloys, pigments, mining, etc., to maintain the production of zinc on which there is no profit. This cannot continue without weakening the whole structure of our undertaking, and this we do not propose to risk.

AN INDUSTRY ESSENTIAL TO THE NATION

Our group directly employs nearly 3,500 men and provides indirectly for probably the wages of 7,000 more. It consumes over 200,000 tons of coal and coke per annum; its inland transport last year totalled over 850,000 tons; and its overseas transport over 220,000 tons. Apart altogether from the essential part it must play in the defence of the country its importance to the industrial well-being of the nation is obvious. We seek no more than a just recognition of the prior right of the producer in the United Kingdom to a fair share of his domestic market and adequate safeguards for the wages and total cost-level of this country against the competition of any external competitor. All efforts, such as were commended to us, to regulate competition from external sources by means of arrangements between producers in other countries have failed, and our case has therefore once again been placed before the "appropriate authorities." We have endeavoured, but without success, to organise an Inter-

national Cartel which would reasonably safeguard the interests of the British zinc industry.

You will better appreciate the difficulty of finding a satisfactory solution of the problem if I give you some details of what is being done in Germany at the present time. In 1932 the zinc production in Germany was 42,000 metric tons; in 1933 production was 50,867 metric tons; in 1934 production was 72,253 metric tons; in 1935 production was 124,129 metric tons; for the first eight months of 1936 production was 89,992 metric tons, that is at the rate of 134,988 metric tons per annum, and a further large plant is about to commence operations.

You will observe that German production of refined metal in 1937 is estimated to be almost five times what it was in 1932. Now I am not presuming to question either the wisdom or necessity for this tremendous increase in German zinc production. It is the direct result of the German Government's decision to make their nation self-contained in the production of the materials and commodities considered essential for their national policies. It has been, and must continue to be, a heavy drain on their finances on account of the substantial subsidies with which the German Government have supported the extension of their local zinc industry.

It is clear, however, that the development of the German industry must have important repercussions on other parts of the world including Great Britain, and that it is vital for this country to take promptly all steps necessary to ensure the stability and reasonable profit-earning capacity of the British industry. In view of the interests of Dominion Zinc producers in this market, these steps must involve, in addition to an adequate duty against foreign imports, satisfactory arrangements between the British and Dominion Governments concerned, covering regulation of imports of zinc from the Empire into this country. We ask for nothing more than that the British Government should accord to the British industry a similar preference to that which the Dominion Governments accord to their own. We cannot accept less in justice to the rights of British shareholders and British labour, nor can we hope to establish the British industry on a sound and permanent basis without such support. I am not without hope that the threatening clouds overhanging the international situation will bring about a decision.

CLOSING OF CERTAIN WORKS

It is unfortunate that the circumstances, above described, have necessitated a recasting of our programme for the development of the British zinc industry. This programme had been built on the declaration of the Chancellor of the Exchequer, Mr Neville Chamberlain, who on February 4, 1932, announced in the House of Commons that the Government intended "by a moderate system of protection scientifically adjusted to the needs of industry . . . to transfer to our own factories . . . work which is now done elsewhere." In the case of zinc we had also in mind the declaration of the Balfour Committee—a declaration to which, in fact, we owe our origin. We were encouraged therefore to enlarge our works at Swansea Vale and Avonmouth and to purchase the plants at Seaton Carew and Bloxwich with the object of reconstructing them on modern lines and obtaining substantially increased production. Owing, however, to the disappointment of our expectations, I regret very much to say that at the end of August we were forced to close down the zinc section at Seaton Carew which, like Swansea Vale, is in one of the most distressed areas of the country, and also to give notice to close the zinc section at Bloxwich at the end of this month. We have made every possible effort to provide work for the displaced men, but unfortunately a number have been forced out of employment. The Bloxwich zinc plant depends largely on residuals from other industries for its operation. The high protection or lower costs ruling in other countries enable foreign works to pay prices for these residuals out of all relation to the price of zinc in this market and as the economic operation of the plant is impossible we have given notice to close it. Germany, it is interesting to note, prohibits the export of these zinciferous residuals. It seems a futility as well as a tragedy that when the Government is trying to devise means at great expense to create new industries in the distressed areas, they should be allowing existing and essential industries to close down for lack of the support which they give to other industries in the prosperous parts of the country.

If I could anticipate the setting up, under the National Programme, of adequate safeguards for our main industry—zinc, I should be justified in saying that the outlook was good and that a ready and reasonable return on your investment in our business could fairly be expected. I trust we shall now receive the Government's decision without delay.

The report and accounts were unanimously adopted.

DALGETY AND COMPANY, LIMITED

IMPROVED POSITION

The fifty-second annual meeting of Dalgety and Company, Limited, was held, on the 19th instant, at 65/68 Leadenhall Street, London.

The Hon. Edmund W. Parker (the chairman), in the course of his speech, said: I address you under more favourable circumstances than have existed for the last few years. I have a brighter story to tell, and I am hopeful that, although we have not reached that prosperous state when we were able to distribute large dividends and bonuses, we have at least turned the corner, and I am sure that the results I am going to comment upon to-day will prove satisfactory to you. We are at last able to recommend an additional payment by way of dividend of 1 per cent., bringing the distribution for the year up to 6 per cent. free of British income tax, and to show definitely improved earnings. I must warn you, however, that during the current year we are faced with a grave drought in Western Australia and with legislation in New Zealand which may affect our earnings to an unknown degree.

BETTER WOOL PRICES

I am glad to say that the rise in the price of wool which manifested itself last season was well maintained, and our results show an increasing benefit. The outlook is more hopeful than it has been for many years, and a break in the drought in Western Australia would go a long way to making the future assume a more roseate hue. The 1935-36 wool selling season was one of the most successful experienced for many years. It was characterised by stability of prices and absence of any sharp fluctuations in the market, and for this reason can be looked back upon with feelings of gratification by all sections of the trade.

Sydney started selling on August 31st this year, followed by Adelaide, Brisbane, Perth and Melbourne in rotation. It was with some degree of nervousness that the opening sales were watched, as no settlement had been made between the Australian Government and the Japanese over the tariff question, and, therefore, it was not expected that Japan would buy a bale. Buyers from that country were there in full force valuing and watching the market, but not operating. It was all the more satisfactory, therefore, to find that there was sufficient buying strength, not only to keep prices well up, as compared with the Sydney closing rates in June, but in every case to improve upon that level.

The New Zealand selling season this year opens at Auckland on November 28th. If the present keen demand for cross-breeds is maintained, and we see no reason why it should not be, taking into consideration the amount of this class of wool which will be required for army clothing, Coronation decorations, etc., Dominion growers should have a prosperous time ahead of them. It will be remembered that Japan was an important buyer last season in New Zealand, and we expect a demand from that country again in the coming months. British buyers will doubtless be the mainstay of the market again, and we think it quite likely that America will want wool.

THE ABSENCE OF JAPAN

The latest sales are proceeding with good competition from the home trade, the Continent and the local manufacturers, and prices are keeping up well, in spite of the fact that an important customer like Japan is not operating, and this will show how sound the statistical position of wool is. At a sale which was held in Brisbane on October 19th no less than 98 per cent. of the offerings was cleared. Japan has been buying heavily in South Africa, but, unless she has been able to change a large part of her machinery, I think we must expect her to come into the market soon for Australian wool.

Lately the market has been rising steadily, and excellent clearances have been made in the primary markets. The average prices for greasy wool realised at the sales held in Sydney last week were £21 8s. 6d. per bale and 16.9d. per lb., in Australian currency. You will realise that these are very much better returns.

At the London wool sales, which opened on the 17th instant, there was a very keen general demand, and prices show a substantial advance on September closing rates. Greasy merinos are 10 per cent. to 15 per cent. dearer, scoured merinos 10 per cent. dearer, with skirtings 20 per cent. up. Fine cross-breeds are 15 per cent. dearer, and medium and coarse cross-breeds, so far in small supply, are quoted 20 per cent. to 25 per cent. up. The quantities available for the present series amount to 100,500 bales, which should be easily absorbed.

The report was unanimously adopted.

PAHANG CONSOLIDATED COMPANY, LIMITED

DIVIDEND 40 PER CENT.

The thirtieth ordinary general meeting of The Pahang Consolidated Company, Limited, was held, on the 17th instant, at Winchester House, Old Broad Street, London, Mr Henry Frisby (chairman and managing director) presiding.

The Chairman, in the course of his speech, said: The output of tin ore for the year was 2,308 tons, compared with 1,651 tons for the previous year. The ore assayed 1.75 per cent., against 1.85 per cent., and we sold our tin at £142 per ton, as against £156 per ton last year.

The percentage of output which we were allowed under the Restriction Scheme was 61 per cent. of the quota, and I wish to draw your attention to this. When you have seen in the newspapers references to an allowed output of 90 per cent. of the quota, that applied only to the other signatories to the Restriction Scheme and not to Malaya. Malaya has always had 25 per cent. less than Bolivia and the Dutch East Indies, and will have 25 per cent. less now than Siam and the Belgian Congo. I cannot—and have never been able to—understand why that is. All I can hope is that it will not be long before that position is altered.

The mines' profit for the year was £183,578, which includes the Buffer Pool profit. We propose to transfer to reserve for development £10,000, and we propose to pay the six months' dividend on the preference shares, £3,500, 20 per cent. on the ordinary shares, making 40 per cent. for the year, which takes £75,000, and an extra 8 per cent. on the preference shares, to which they are entitled under the articles of association, leaving £24,706 to be carried forward. Out of the £183,000 profit which we made on the working of the mines we shall have paid you by to-morrow £165,000, and you may take it from me that it is only the strength of the financial position of the company which enables us to pay such a large amount away.

With regard to the developments, there is not very much this year that is spectacular in any way; in fact, it has been rather humdrum, but still very good. A rich lode in Willinks mine has produced 139,000 tons of ore, and we have crushed 131,000 tons, so that we have an increase of 8,000 tons in our reserves, which now total 688,000 tons—the largest amount the mines have ever had.

We have decided to reopen the Myah mine. I have a great belief that the Myah mine is going to prove a very profitable undertaking, and I know that Mr Baker is of that opinion also.

To-day I say that I think the terrors of restriction have passed or are passing away. The prosperity of the tin industry is going to be so great that restriction will vanish out of existence. My experience over many years has taught me that the price of tin is governed more or less by world trade. The demand for tin is increasing very rapidly, and we have it on probably the greatest authority in this country—the Chancellor of the Exchequer—that we are on the verge of a world trade boom, and if we have a trade boom we must have a tin boom. I think myself that the Tin Restriction Committee have been very unwise in allowing only 17,000 tons of tin to be available for the whole world, and that is why I maintain that in a very few months, instead of saying to us "You may output so much," they will be saying to us, "Get out all the tin you can to help us." I think under those circumstances we need have no fear that tin restriction is going to cripple us as it did before.

Your property has never been in better fettle than it is to-day: it has the largest reserves of ore that it has ever had, it has good and strong finance and a very able staff in the East looking after your interests.

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 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.....

JOHORE RUBBER LANDS, LIMITED

SOUND FINANCIAL POSITION

The tenth ordinary general meeting of Johore Rubber Lands, Limited, was held, on the 19th instant, in London.

Mr H. M. Graham (the chairman) said that during the year they had harvested a crop of 483,500 lbs. of rubber, of which 428,857 lbs. were sold, realising the equivalent of approximately 6½d. per lb. landed London terms, which was better than the average spot price for the year. Compared with last year, the output represented a reduction of 85,143 lbs., due to restriction. Their working cost at 4.15d. per lb.—after taking into account the reduced crop harvested—must be considered satisfactory for South Johore.

The profit earned, after allowing for depreciation and other charges, had amounted to £2,331. They recommended a dividend for the year of 2½ per cent., less tax.

It might be that some shareholders would think that the directors should have recommended the payment of a larger dividend, but he was sure shareholders would agree that it would be bad policy—if not bad finance—to have done so, because by paying 2½ per cent. they would have to draw upon their carry-forward to the extent of £400.

Their financial position was sound. Cash in hand, war loan, debtors and rubber stocks totalled £16,521, and if from that they deducted the amount due to creditors, the net liquid position was £15,513, or only £700 less than the corresponding item in last year's balance sheet. That also, he felt, must be considered very satisfactory, having regard to the reduced crop harvested.

As regards the estate, the condition was satisfactory throughout, and, according to the last report received from their visiting agent, it was efficiently and economically managed.

As to the position of the company from the date of the balance sheet to September 30th last, the profit which they estimated had been earned for the past six months, after providing for depreciation, and London expenditure, amounted to £2,050, equivalent to 1.9 per cent. on the share capital, or at the rate of nearly 4 per cent. per annum. That was on an average selling price of approximately 7½d. per lb., so that with the recently enhanced price of the commodity the results for the remaining months of the year should be better still.

The report was unanimously adopted.

TREPÇA MINES, LIMITED

ENCOURAGING PROSPECTS

The ninth annual general meeting of Trepça Mines, Limited, was held, on the 18th instant, in London.

Mr A. Chester Beatty (the chairman), who presided, said: The profit and loss account for the year shows a net profit of £402,194. We recommend the payment of a final dividend of 10½d. per share, free of tax, making a total for the year of 1s. 3d. per share, free of tax. This final dividend, together with tax thereon, will absorb £256,369 and leave £32,035 to be carried forward. These figures again show a substantial improvement over the previous year.

The position as regards lead as I see it to-day is definitely better than it was last year. Unless there is some major political disturbance, the probability of which I am not qualified to judge, I think the prospects for lead are very good.

With regard to spelter, I think we may look forward with some confidence to the maintenance during the coming year of a fair price level.

Our sales of pyrites concentrates during the year amounted to just over 50,000 tons, and showed a substantial increase over the previous year. We can now deliver up to 150,000 tons of this commodity annually, and we look forward to a further increase in revenue from this source.

The outstanding feature of the development of the Stantrg Mine during the year has been the opening up of the 545 metre level, and results have been most satisfactory. During the current year we expect to open up a deeper level on the 485 metre horizon.

The ore reserves, as calculated at September 30, 1936, amounted to 3,300,000 tons, of an average value of 9.4 per cent. lead and 6.4 per cent. zinc. This shows an increase in tonnage, as compared with last year, of 293,000 tons.

Turning to the future, I must warn you that we must expect some further increase in costs. On the other hand, current prices of lead, zinc and silver are all considerably higher than the averages at which our last year's production was realised, and if these levels are maintained we can face the extra costs with equanimity, and look forward to a further improvement in our net earnings for the current year.

The report and accounts were unanimously adopted.

GOVERNMENT RETURNS, &c.

NATIONAL ACCOUNTS

The total ordinary revenue for the week ended November 14, 1936, amounted to £10,311,000, against ordinary expenditure of £8,123,000. After allowing for a decrease in Exchequer Balances of £477,441, the operations for the week, as shown below, decreased the gross National Debt by £2,665,000 to approximately £8,007 millions.†

(000's omitted)	
Treasury Bills.....	+ 389
Public Department Advances.....	-2,200
P.O. and Telegraph (Money).....	- 800
Brit. Shipping Assistance.....	- 64
	+ 389
	-3,054

† 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 September 30, 1936, appeared in the *Economist* of October 3, 1936.

REVENUE	Estimate for the year 1936-37	Total Receipts into the Exchequer			
		April 1, 1935, to Nov. 16, 1935	April 1, 1936, to Nov. 14, 1936	Week ended Nov. 16, 1935	Week ended Nov. 14, 1936
ORDINARY REVENUE					
Inland Revenue—					
Income Tax	250,000,000	£ 70,757,000	£ 68,482,000	£ 582,000	£ 1,851,000
Sur-tax	56,500,000	7,070,000	6,860,000	110,000	160,000
Estate, etc., Duties	89,000,000	55,630,000	51,570,000	1,370,000	1,250,000
Stamps	27,000,000	12,010,000	13,850,000	360,000	560,000
Excess Profits Duty and Corporation Profits Tax	750,000	...	...	...	...
Land Tax and Mineral Rights Duty	750,000	140,000	130,000	...	...
Total Inland Revenue	433,000,000	145,607,000	140,892,000	2,422,000	3,821,000
Customs and Excise—					
Customs	207,525,000	125,567,000	132,490,000	3,825,000	4,074,000
Excise	110,000,000	66,400,000	66,600,000	1,700,000	1,700,000
Total Customs and Excise	317,525,000	191,967,000	199,090,000	5,525,000	5,774,000
Motor Vehicle Duties (Exchequer Share)	5,000,000	2,238,000	2,411,000	Dr. 330,000	Dr. 236,000
Post Office (Net Receipt)	11,250,000	12,150,000	10,850,000	1,100,000	950,000
Crown Lands	1,350,000	890,000	910,000	...	...
Receipts from Sundry Loans	5,000,000	3,245,000	3,147,858	...	...
Miscellaneous Receipts	25,250,000	15,835,194	13,914,696	346,011	1,925,000
Total Ordinary Revenue ...	798,381,000	371,932,198	371,315,552	9,063,011	10,310,925
SELF-BALANCING REVENUE					
Post Office	69,344,000	37,100,000	40,500,000	850,000	1,200,000
Motor Vehicle Duties apportioned to Road Fund	26,500,000	8,202,000	8,660,000	330,000	400,000
Total Self-balancing Revenue	95,844,000	45,302,000	49,160,000	1,180,000	1,600,000
Total	...	417,234,198	420,475,552	10,243,011	11,910,925

EXPENDITURE	Estimate for the year 1936-37	Total Issues out of the Exchequer to meet payments			
		April 1, 1935, to Nov. 16, 1935	April 1, 1936, to Nov. 14, 1936	Week ended Nov. 16, 1935	Week ended Nov. 14, 1936
ORDINARY EXPENDITURE	£	£	£	£	£
Interest and Management of National Debt	224,000,000	143,202,897	142,895,056	471,906	417,804
Payments to Northern Ireland Exchequer	7,500,000	3,225,500	3,842,853	...	690
Other Consolidated Fund Ser- vices	8,200,000	2,022,750	1,452,721	227,161	4,690
Post Office Fund	600,000	1,126,817	420,529	...	...
Total	239,300,000	149,577,964	148,611,162	699,067	423,194
Total Supply Services (excluding Post Office) ...	570,989,000	301,947,598	324,334,179	8,500,000	7,700,000
Total Ordinary Expenditure	806,289,000	451,525,563	472,945,341	9,199,067	8,123,194
SELF-BALANCING EXPENDITURE					
Post Office	69,344,000	37,100,000	40,500,000	850,000	1,200,000
Road Fund	26,500,000	8,202,000	8,660,000	330,000	400,000
Total Self-Balancing Ex- penditure	95,844,000	45,302,000	49,160,000	1,180,000	1,600,000
Total	...	496,827,563	522,105,341	10,379,067	9,723,194

† Estimated Expenditure as per Financial Statement (H.C. 77) 797,897,000

Add:—
Supplementary Estimates 33,872,000 || Less:—Provision made in the Budget | 25,600,000 |
| | 8,372,000 |
| | 806,269,000 |

The aggregate revenue from April 1 to November 14, 1936, is shown below:—

(000's omitted)	
Expenditure.....	472,945
Revenue	371,915
Decrease in balances.....	407
Gross borrowing	£106,782
Less:—	
New Sinking Fund*	5,559
Net borrowing	101,223
	472,945

* 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	
Nov. 16, '35 Mar. 31, '36 Nov. 14, '36 Nov. 14, '36	
Ways and Means Advances Outstanding: £	£
Advances by Bank of England.....	34,590,000 19,055,000 29,550,000 -2,200,000
Advances by Public Departments.....	801,435,000 763,115,000 837,900,000 + 390,000
Treasury Bills outstanding.....	936,025,000 782,170,000 867,450,000 -1,810,000
Total Floating Debt.....	1,762,050,000 1,544,335,000 1,694,900,000 -1,810,000

* 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 £45,000,000 Treasury bills were opened on November 13, 1936. The amount applied for was £67,420,000. Tenders were accepted for Treasury bills at three months dated Monday to Friday, at £99 17s. 4d., about 85 per cent. and above in full; Saturday at £99 17s. 5d. and above in full. The average rate per cent. was 10s. 6-24d. The amount allotted was £45,000,000.

Date	Amount Offered	Total Applications	Amount Allotted	Average Rate %
January 5, 1934	35,000,000	78,260,000	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	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
October 2, 1936	45,000,000	77,980,000	45,000,000	0 10 6-07
November 6, 1936	45,000,000	72,385,000	45,000,000	0 11 0-59
November 13, 1936	45,000,000	67,420,000	45,000,000	0 10 6-24

NATIONAL SAVINGS CERTIFICATES

Total Sales of Savings Certificates	No. of Certificates	Value
Week ended October 24, 1936	644,149	£483,112
Week ended October 31, 1936	652,259	£489,194
February, 1916, to October 31, 1936	1,274,971,326	1,002,666,332

At the end of September, 1936, the amount remaining to the credit of investors in Savings Certificates, excluding interest, was £990,321,686.

THE BANKERS' GAZETTE

BANK OF ENGLAND

Return for Week ended Wednesday, November 18, 1936

ISSUE DEPARTMENT

Notes Issued:—	
In Circulation	444,904,971
In Banking Department.....	63,755,975
Government Debt.....	11,075,100
Other Government Securities	247,143,062
Other Securities	1,933,178
Silver Coin	8,660
Amount of Fiduciary Issue	280,000,000
Gold Coin and Bullion	248,680,346
	508,680,346

BANKING DEPARTMENT

Proprietors' Capital	
Rest	14,553,000
Public Deposits	5,227,057
Other Deposits	14,115,628
Bankers' deposits	96,082,519
Other Accounts	44,675,492
	140,758,011
Government Securities	78,973,337
Other Securities	7,395,037
Advances	7,395,037
Securities	21,685,497
Notes	29,080,534
Gold and Silver Coin	63,755,375
	844,450
	172,653,966

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

Both Departments		Amount Nov. 18, 1936	Inc. or Dec. on Last Week	Inc. or Dec. on Last Year
Note circulation.....				
		444,904,971	- 1,717,502	+ 46,004,705
Public deposits		14,115,628	- 800,287	- 7,514,014
Bankers' deposits		96,082,519	- 1,958,048	+ 5,141,855
Other deposits		44,675,492	+ 3,088,833	+ 8,174,983
Total outside liabilities.....		599,778,610	- 1,386,984	+ 51,807,529
Capital and rest		17,780,057	+ 24,577	- 10,579
Government debt and securities				
		337,131,499	- 1,421,266	- 3,788,766
Discounts and advances		7,395,037	- 1,232,792	- 2,317,611
Other securities		23,518,675	+ 1,407,041	+ 7,999,023
Silver coin in issue department		8,660	- 46,548	- 1,530,202
Coin and bullion (bank's reserves)		249,504,796	- 68,842	+ 51,435,506
Reserves of notes and coin in banking department		64,599,825	+ 1,648,660	+ 5,430,801
Proportion of reserve to outside liabilities.....		41.7%	+ 1.0%	+ 2.1%
(b) Gold stocks to deposits and notes ("reserve ratio")		41.6%	+ 0.1%	+ 5.4%

(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							
Oct. 28	508,680	442,741	27,608	86,533	41,369	Nil	2
Nov. 4	508,680	447,112	27,202	85,340	41,809	Nil	2
" 11	508,680	446,622	14,916	88,041	41,587	Nil	2
" 18	508,680	444,905	14,116	96,083	44,675	Nil	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								
Oct. 28	256,953	3,011	249,655	41 1/2	80,183	6,601	19,563	66,914
Nov. 4	257,560	2,419	249,604	41 1/2	81,983	7,655	19,969	62,493
" 11	258,119	1,825	249,574	41 1/2	80,433	6,228	20,286	62,951
" 18	258,158	1,833	249,505	41 1/2	78,973	7,395	21,388	64,600

BANKERS' CLEARING RETURNS

LONDON

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

	Nov. 21, 1935	Oct. 29, 1935	Nov. 5, 1935	Nov. 12, 1935	Nov. 19, 1935
Total gold reserves	3,058,780	3,307,040	3,305,310	3,385,030	3,386,700
Total bills discounted	1,800	1,100	1,100	1,100	1,100
Bills bought in open market	741,820	645,240	645,240	645,240	645,240
Total U.S. Govt. securities	754,950	657,590	658,420	658,220	656,560
Deposits—Member bank—					
reserve account	2,779,870	2,920,450	2,918,850	3,013,250	3,016,530
other					
Ratio of total res. to deposits	81.8%	85.0%	85.1%	85.3%	85.4%

FEDERAL RESERVE REPORTING MEMBER BANKS.—In \$'s (000,000's omitted)

	Nov. 6, 1935	Oct. 14, 1935	Oct. 23, 1935	Oct. 28, 1935	Nov. 6, 1935
Loans	12,458	13,904	13,873	13,798	13,721
Investments	7,968	8,703	8,695	8,751	8,725
Reserve with Federal					
Bank	4,641	5,117	5,248	5,350	5,324
Due from banks	2,263	2,346	2,433	2,371	2,435
Demand deposits	13,558	14,993	15,052	15,340	15,206
Time deposits	4,885	5,069	5,068	5,072	5,042
Government deposits	546	649	648	774	626
Due to banks	5,734	6,502	6,646	6,550	6,640

† 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)

	Nov. 18, 1935	Oct. 19, 1935	Oct. 26, 1935	Nov. 2, 1935	Nov. 9, 1935	Nov. 16, 1935
Assets						
Gold and English sterling	15,994	16,002	16,002	16,002	16,002	16,002
Other coin, bullion and cash	5,513	6,013	5,771	5,791	5,328	5,627
Money at short call—London	16,862	21,145	21,275	20,521	19,760	22,368
Short-term loans	8,037	8,500	8,108	8,168	8,627	8,588
Securities	70,128	74,795	74,667	74,667	74,667	74,545
Discounts and advances	6,962	8,352	8,752	8,704	8,412	8,285
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	69,275	72,080	71,934	71,532	70,354	70,912

RESERVE BANK OF NEW ZEALAND.—In £'s (000's omitted)

	Nov. 11, 1935	Oct. 19, 1935	Oct. 26, 1935	Nov. 2, 1935	Nov. 9, 1935	Nov. 16, 1935
Assets						
Gold	2,801	2,801	2,801	2,801	2,801	2,801
Sterling exchange	16,948	16,542	16,542	16,216	16,360	16,360
Subsidiary coin	210	165	157	156	146	146
Advances to the State	1,538	3,117	3,453	4,449	4,292	2,287
Investments		2,186	2,186	2,248		
LIABILITIES						
Bank notes	9,101	11,330	11,480	11,564	11,665	
Demand liabilities—						
Government	5,764	3,839	4,083	4,235	3,802	
Other	5,064	8,112	8,040	8,544	8,875	
Ratio of reserves to sight liabilities	90.1%	83.1%	82.0%	78.1%	78.7%	

BANK OF CANADA.—In \$'s (000's omitted)

	Nov. 13, 1935	Oct. 28, 1935	Nov. 4, 1935	Nov. 11, 1935
Assets				
Reserve, of which	190,175	190,266	189,740	192,409
Gold coin and bullion	181,533	179,424	179,369	179,164
Dominion Government securities	108,694	149,259	157,358	159,099
LIABILITIES				
Note circulation	97,537	130,642	130,262	129,665
Deposits—				
Dominion Government	21,787	19,239	21,635	20,080
Chartered banks	204,034	190,967	189,719	194,003
Ratio of reserves to notes and deposit liabilities	58.6%	57.4%	55.5%	55.9%

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

	Nov. 15, 1935	Oct. 16, 1935	Oct. 23, 1935	Nov. 6, 1935	Nov. 13, 1935
Assets					
Gold coin and bullion	25,740	22,929	22,929	22,930	22,931
Bills discounted: Foreign	8,712	5,207	5,229	5,273	6,243
Investments	1,726	1,733	1,733	1,733	1,745
Other assets	13,755	11,225	10,925	11,964	11,321
LIABILITIES					
Notes in circulation	12,575	14,022	13,774	15,562	15,018
Government deposits	2,229	2,247	2,499	1,733	1,515
Bankers' deposits	28,229	19,340	19,514	19,267	20,164
Ratio of cash reserves to liabilities to public	54.7%	59.9%	58.6%	58.4%	55.0%

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

	Nov. 15, 1935	Oct. 30, 1935	Nov. 6, 1935	Nov. 13, 1935
Assets				
Gold coin and bullion	44,42,17	44,42,17	44,42,17	44,42,17
Rupee coin	58,51,29	68,24,67	67,63,42	67,06,76
Balances abroad	10,88,89	8,72,58	9,51,02	10,78,57
Sterling securities*	66,18,83	67,31,71	67,31,71	67,31,71
Indian Government rupee securities*	25,52,32	23,41,67	23,41,58	23,41,43
Investments	5,38,38	5,40,43	5,38,35	5,32,77
LIABILITIES				
Note circulation	1,62,22,37	1,71,04,72	1,73,59,69	1,77,17,23
Deposits—				
Government	6,73,16	9,28,08	8,20,01	6,62,92
Other	32,20,10	26,27,90	25,65,05	24,90,23
Ratio of gold and sterling to liabilities	56.9%	55.0%	55.1%	55.3%

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

	Nov. 15, 1935	Oct. 23, 1935	Oct. 30, 1935	Nov. 6, 1935	Nov. 13, 1935
Assets					
Gold	70,389,738	64,558,742	64,558,742	64,558,742	64,558,742
Advances on Gold Coin	1,211,544	1,189,740	1,189,740	1,189,740	1,189,740
Commercial Bills	8,303,889	7,292,389	7,292,389	7,292,389	7,292,389
Treasury Bills	1,036,715	1,453,090	1,453,090	1,449,151	1,446,790
Bills bought abroad	3,695,189	3,704,896	4,115,383	4,278,430	4,555,524
Advances on securities					
Loans to State without interest—					
(a) general	3,200,000	3,200,000	3,200,000	3,200,000	3,200,000
(b) provision		12,302,602	12,302,602	12,302,602	12,302,602
Negotiable Bonds	5,800,402	5,639,780	5,639,780	5,639,780	5,639,780
Other assets (excluding forward exch.)	3,975,870	3,647,146	3,899,938	4,040,604	3,870,071
LIABILITIES					
Notes in circulation	81,881,264	85,240,889	87,197,628	86,718,820	86,274,585
Public deposits	2,837,613	3,214,776	3,972,727	3,198,976	3,017,885
Private deposits	10,470,116	9,546,978	9,145,192	9,805,433	10,830,426
Other liabilities	2,359,596	3,785,747	3,654,749	3,774,950	3,643,491
Ratio of gold reserve to sight liabilities	73.8%	64.9%	64.1%	64.5%	64.2%

* The gold stock is based on the franc at 49 milligrams on and after Oct. 2, 1936.

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

	Nov. 15, 1935	Oct. 31, 1935	Nov. 7, 1935	Nov. 14, 1935
Assets				
Gold	88,072	64,514	64,210	65,463
Of which deposited abroad	21,034	28,536	28,093	28,166
Reserve in foreign currencies	5,469	5,144	5,014	5,297
Bills of exchange and cheques	3,753,746	4,942,159	4,840,869	4,335,892
Silver and other coin	196,903	108,245	144,571	182,446
Advances	41,629	79,330	29,540	28,672
Investments	660,208	523,892	523,884	523,770
Other assets	715,971	576,291	573,888	610,011
LIABILITIES				
Reserves	471,184	473,561	473,561	473,561
Notes in circulation	3,906,245	4,713,382	4,713,382	4,411,291
Other daily maturing obligations	667,272	688,797	617,751	622,308
Other liabilities	278,533	273,935	269,243	274,191
Cover of note circulation	2.39%	1.49%	1.55%	1.60%

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

	Nov. 14, 1935	Oct. 15, 1935	Oct. 22, 1935	Oct. 29, 1935	Nov. 5, 1935	Nov. 12, 1935
Assets						
Gold	3,437,564	3,709,691	3,679,697	3,664,974	3,678,396	3,699,171
Silver and other coin	60,382	52,562	54,792	55,482	53,651	53,066
Securities	1,344,571	1,363,697	1,350,195	1,345,346	1,348,904	1,360,489
Advances	114,359	67,800	70,188	69,722	70,889	70,936
LIABILITIES						
Notes in circulation	4,168,013	4,501,559	4,460,384	4,466,117	4,469,018	4,479,238
Deposits: Govt.	33,027	37,105	31,113	29,123	24,348	10,391
Other	650,228	844,229	852,323	829,225	828,375	882,936

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

	Nov. 18, 1935	Oct. 19, 1935	Oct. 26, 1935	Nov. 2, 1935	Nov. 9, 1935	Nov. 16, 1935
Assets						
Gold	622,237	569,894	569,895	569,895	569,895	569,895
Silver	20,299	20,211	20,867	20,285	19,682	18,725
Home bills discounted	34,299	22,646	22,667	22,556	22,487	22,356
Loans and advances						
in current account	129,311	252,695	249,711	238,129	238,293	292,387
LIABILITIES						
Notes in circulation	787,647	764,746	761,342	805,696	783,586	774,544
Deposits	50,081	122,232	123,284	118,089	139,015	151,389

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

	Nov. 16, 1935	Oct. 17, 1935	Oct. 24, 1935	Oct. 31, 1935	Nov. 7, 1935	Nov. 14, 1935
Assets						
Gold and silver	96,880	108,060	108,270	108,140	106,070	106,620
Discounts, advances and other investments	81,370	73,780	75,030	73,220	73,050	74,700
Foreign bills	2,760	2,190	2,230	2,170	2,770	2,880
Other assets	10,140	10,820	10,850	11,210	15,950	13,900
LIABILITIES						
Notes in circulation	162,340	159,480	158,850	158,230	163,440	162,670
Deposits and bills payable	16,790	23,190	27,350	24,270	24,130	23,070

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

	Nov. 15, 1935	Oct. 15, 1935	Oct. 23, 1935	Oct. 31, 1935	Nov. 7, 1935	Nov. 14, 1935
Assets						
Gold	1,386,991	2,075,945	2,075,945	2,408,707	2,452,337	2,485,337
Of which held abroad	221,912	186,961	186,961	405,130	433,185	453,359
Discounts	67,866	98,428	92,636	96,787	48,252	27,829
Bills of the Confederation	68,285	25,600	15,800	13,800	11,500	8,000
Advances	89,401	54,415	48,010	45,320	44,498	40,704
Securities	53,494	40,924	39,424	39,410	39,410	39,389
LIABILITIES						
Notes in circulation	1,272,326	1,356,344	1,360,488	1,412,534	1,382,524	1,358,332
Deposits	353,387	964,117	1,016,523	1,231,759	1,205,290	1,245,216

† Gold revalued, by increase of 35.033% from October 7, 1936.

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

Assets		Nov. 7, 1935	Oct. 15, 1935	Oct. 23, 1935	Oct. 31, 1935	Nov. 7, 1935
Cash reserve—		1935	1936	1936	1936	1936
Gold coin and bullion.....	242,448	242,745	242,748	242,759	242,761	242,761
Other foreign exchange.....	135,912	116,248	113,974	111,877	111,129	111,129
Bills discounted.....	227,545	213,132	209,954	210,022	208,796	208,796
Federal debt.....	624,444	624,444	624,444	624,444	624,444	624,444
LIABILITIES						
Notes in circulation.....	895,303	891,121	852,484	931,892	863,232	863,232
Deposits.....	322,010	278,649	315,701			

NEW YORK MONEY AND EXCHANGE RATES

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

	Nov. 20, 1935	Nov. 20, 1936	Nov. 23, 1936	Nov. 4, 1936	Nov. 10, 1936	Nov. 18, 1936
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 call)	1 1/2	1 1/2	1 1/2	1 1/2	1 1/2	1 1/2
Bank acceptance	1 1/2	1 1/2	1 1/2	1 1/2	1 1/2	1 1/2
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	Nov. 20, 1935	Nov. 4, 1936	Nov. 10, 1936	Nov. 18, 1936
London—					
60 days	4-8868	4-8868	4-8868	4-8868	4-8868
Cable	4-9225	4-9225	4-8887	4-8887	4-8887
Cheques	8-2387	4-9212	4-8887	4-8881	4-8887
Paris—cheques	6-83	6-8375	4-65	4-64	4-65
Brussels	23-54	16-905	16-885	16-925	16-92
Switzerland	32-67	32-50	22-985	22-985	22-985
Berlin	8-91	8-11	5-28	5-28	5-28
Italy	40-33	40-23	40-22	40-23	40-24
Vienna	32-82	18-81	18-72	18-71	18-71
Madrid	32-67	13-655			
Amsterdam	68-06	67-90	53-80	53-88	54-04
Copenhagen		21-955	21-825	21-805	21-825
Osk		24-745	24-57	24-54	24-57
Stockholm		25-385	25-21	25-18	25-21
Athens		0-94	0-89	0-89	0-89
Montreal		169-81	88	100	100
Yokohama		84-40	28-59	28-55	28-59
Shanghai		29-75	29-62	29-70	29-75
Calcutta		61-80	37-18	36-96	36-95
Buenos Aires		32-80	32-59	32-55	32-59
Rio de Janeiro		11-96	8-29	8-24	8-24

The Denmark Bank rate was increased on November 19th from 3 1/2 to 4 per cent., and the discount rates of the Bank of Latvia are now as follows: (a) For credit institutions, 5 per cent.; (b) for private persons and firms, 5 1/2 per cent. Other overseas bank rates, together with South African, Central and South American, and Australasian exchange rates were given in the *Economist* of November 7th on pages 286 and 287.

GOLD AND SILVER

The following statistics of imports and exports of gold and silver for the week ended November 19, 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...	£ 65,298	£	British India...	£	£ 11,750
British S. Africa...	1,456,311		Straits Settlements...		8,100
Tanganyika...	8,878		Denmark...	230	
Kenya...	23,120		Germany...	5,800	
British India...	267,504		Netherlands...		3,000
Australia...	8,624		France...	24,815	6,694
New Zealand...	35,449		Switzerland...	111,650	14,808
Germany...	1,544	1,711	U.S.A.	960,333	
Netherlands...	36,732	3,310	Other Countries...	1,521	
Belgium...	8,983	1,320			
France...	50	1,625			
Morocco...		7,025			
Iraq...	7,664				
Other Countries...	5,405	2,564			
Totals	1,916,938	10,249	Totals	1,104,349	28,544
		15,930			23,950

IMPORTS AND EXPORTS OF SILVER

Imports			Exports		
From	Bullion*	Coin†	To	Bullion*	Coin†
British S. Africa...	£ 69	£ 80,000	Palestine...	£	£ 1,500
British India...	16,423		Aden and Dependencies...	75,560	11,479
Australia...	1,955	754	Canada...	1,000	
New Zealand...	6,365		Sweden...	2,850	
Germany...	450	105	Norway...	2,490	
Netherlands...	4,251	87	Denmark...	912	
France...	901		Switzerland...	47,850	
Mauchuria...	10,954		Germany...	900	183
Japan...	70,450		Netherlands...	5,161	
Other countries...	706	10	France...	2,956	66
Totals	112,524	80,869	Totals	145,565	14,216
		107			

* 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
Nov. 13	Nil	Nov. 13	Nil
" 14	Nil	" 14	Nil
" 16	Nil	" 16	Nil
" 17	Nil	" 17	Nil
" 18	Nil	" 18	Nil
" 19	Nil	" 19	Nil
Total	Nil	Total	Nil
Movement Nov. 13, 1936 to Nov. 19, 1936 (inclusive)			
Movement during year 1935			£ 7,745,822
Movement during 1936 (January 1 to Nov. 19, 1936, inclusive)			£ 48,609,214
Movement April 29, 1935, to Nov. 19, 1936 (inclusive)			£ 89,566,411
Movement September 21, 1931 (gold standard suspended) to Nov. 19, 1936 (inclusive)			£ 111,971,863

GOLD MARKET

Messrs. Samuel Montagu and Company write on November 18, 1936:—The Bank of England gold reserve against notes amounted to £248,660,346 on November 11, showing no change as compared with the previous Wednesday. In the open market about £1,800,000 of bar gold was disposed of at the daily fixing. Conditions have been quiet, but demand has been more general, prices being fixed on occasions at slightly over dollar parity. The s.s. "Corfu," which sailed from Bombay on November 14th, carries gold to the value of about £278,000 consigned to London.

SILVER MARKET

Following the sudden upward movement which occurred last week conditions have been unsettled and prices have been subject to wide variations. The week under review opened with a fall of 1 1/2d., bringing quotations down to 20 1/2d. for both deliveries; speculative buyers were hesitating, and there was little demand to offset reselling by speculators and the Indian Bazaars. Subsequently, the market became quieter, but, on covering orders from China bears, who had sold at last week's high level, prices had recovered to 21 1/2d. by November 14th. After further fluctuations the price on November 18th was fixed at 21 1/2d.

The immediate outlook is uncertain, as operations at present are largely speculative; prices may continue to fluctuate, but with the tendency possibly towards a somewhat lower level.

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	
Nov. 12	142 6	11 11-08	20 1/2	20 1/2	Nov. 12 45 1/2
" 13	142 7 1/2	11 11-06	20 1/2	20 1/2	" 13 45 1/2
" 14	142 4 1/2	11 11-21	21 1/2	21 1/2	" 16 45 1/2
" 16	142 3 1/2	11 11-29	21 1/2	21 1/2	" 17 45 1/2
" 17	142 3 1/2	11 11-25	21 1/2	21 1/2	
" 18	142 3 1/2	11 11-33	21 1/2	21 1/2	
Average	142 4-75	11 11-19	21-094	21-094	
Nov. 19	142 2 1/2	11 11-37	21	21	

The highest rate of exchange on New York recorded during the period from November 12th to November 18th was \$4-89 1/2, and the lowest \$4-87 1/2.

COMPANY NEWS

WEEKLY TRAFFIC RETURNS RAILWAYS OF GREAT BRITAIN AND IRELAND

(b) Week ended	Miles Open	Gross Receipts, week ended Nov. 15, 1936 (£'000)					Aggregate Gross Receipts 1936 compared with 1935 (£'000)				
		Passenger	Merchandise	Coal	Goods	Total	Passenger	Merchandise	Coal	Goods	Total
Nov. 13, 1936											
Nov. 14, 1936											
Great Western	1836	3,746	186	201	108	309	475	8,714	8,789	4,907	23,110
(c) L. & N.	1936	3,746	186	201	108	309	475	8,714	8,789	4,907	23,110
Eastern	1935	3,746	186	201	108	309	475	8,714	8,789	4,907	23,110
L. M. & Scottish	1936	3,746	186	201	108	309	475	8,714	8,789	4,907	23,110
Southern	1935	3,746	186	201	108	309	475	8,714	8,789	4,907	23,110
Total	1936	3,746	186	201	108	309	475	8,714	8,789	4,907	23,110
(b) Belfast	1936	3,746	186	201	108	309	475	8,714	8,789	4,907	23,110
(c) Co. Down	1935	3,746	186	201	108	309	475	8,714	8,789	4,907	23,110
(b) Great	1936	3,746	186	201	108	309	475	8,714	8,789	4,907	23,110
(c) Northern	1935	3,746	186	201	108	309	475	8,714	8,789	4,907	23,110
(b) Southern	1934	3,746	186	201	108	309	475	8,714	8,789	4,907	23,110

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

	Great Western	L.M.S.	L.N.E.R.	Southern
Second half-year 1935, compared with second half-year 1934	£ 196	£ 592	£ 224	£ 180
First half-year 1936, compared with first half-year 1935	£ 263	£ 937	£ 534	£ 85
Second half-year 1936, compared with second half-year 1935	£ 327	£ 1,261	£ 711	£ 287
Weekly average second half 1936	£ 16 1/2	£ 63 1/2	£ 35 1/2	£ 14 1/2
Latest week 1936 compared with 1935	£ 5	£ 23	£ 8	£ 18

LONDON TRANSPORT

Week ending November 14, 1936	1936	1935
Aggregate 20 weeks to November 14, 1936	£ 11,217,300	£ 10,800,000
For an explanation of the manner in which the figures are made up, see the <i>Economist</i> , March 17, 1934, page 410		

OVERSEAS RAILWAY RECEIPTS

Name	Weeks Ending	Present Mileage	Gross Receipts for Week	Gross Aggregate Receipts
			1936	+ or - 1935
Assam Bengal	29 Oct. 20	1,330	£ 5,81,500	+ 85,995
Balti Ry.	29 Oct. 20	292	£ 22,500	+ 10,900
Bengal & N.Western	5 31	2,112	£ 10,03,105	+ 1,16,027
Bengal-Nagpur	31 31	3,268	£ 22,64,000	+ 3,26,077
Bombay, Bar. & C.I.	32 Nov. 10	3,072	£ 30,03,000	+ 1,02,000
Madras & S. Mahr.	29 Oct. 20	3,229	£ 15,83,000	+ 2,79,188
Robilch & Kumaon	5 31	546	£ 11,72,630	+ 15,536
South Indian	29 Oct. 20	2,532	£ 15,47,275	+ 1,28,455

† 10 days.

† 11 days.

CANADIAN

		1936	\$	\$	\$	\$
Canadian National.	45	Nov. 7 23613	3,917,928	+ 268,701	157,152,516	+ 105,472,03
Canadian Pacific ...	46	14 17220	2,805,000	+ 155,000	120,021,000	+ 8,275,000

SOUTH AMERICAN

	1936	1935	1934	1933
Antofagasta (Chili and Bolivia)	46 Nov. 15	834	16,140	£ 2,830
Argentine N.E.	20 14	753	£ 167,200	£ 27,500
B.A. and Pacific	20 14	2,860	£ 1,367,000	£ 127,000
B.A. Central	19 7	...	£ 165,900	£ 47,300
B.A. Gt. Southern	20 14	5,084	£ 124,176	£ 11,250
B.A. Western	20 14	1,930	£ 782,000	£ 14,000
Central Argentine	20 14	3,700	£ 139,869	£ 23,485
Central Uruguay	19 7	273	£ 14,253	£ 1,238
C. Urg. (East Ext.)	19 7	311	£ 2,487	£ 600
C. Urg. (N. Ext.)	19 7	185	£ 1,487	£ 224
C. Urg. (W. Ext.)	19 7	211	£ 1,487	£ 224
Cordoba Central	20 14	1,218	£ 28,350	£ 1,440
Entre Rios	20 14	810	£ 13,341	£ 2,977
G. Westn. of Brazil	46 14	1,082	£ 211,800	£ 1,900
Leopoldina	46 14	1,918	£ 204,700	£ 349,000
Leopoldina Termini	46 14	1,918	£ 204,700	£ 349,000
Nitrate	46 14	1,918	£ 204,700	£ 349,000
Paraguay Central	20 14	100	£ 16,200	£ 5,849
Salvador	45 8	1,531	£ 25,442	£ 843
San Paulo	45 8	1,531	£ 25,442	£ 843
United of Havana	20 14	1,353	£ 14,139	£ 1,642

* Converted at average official rate during week ended Nov. 7-17-00 pesos to the £.
† Receipts in Argentine pesos.
‡ Free market rate.
§ Converted at official rate.
¶ Converted at "free" rate as a result of a decision of the High Court.

SUEZ CANAL RECEIPTS

Suez Canal	46 Nov. 10	1936	1935	1934	1933
		£ 35,850,000	£ 93,300,000	£ 770,570,000	£ 7,950,000

OTHER OVERSEAS

	1936	1935	1934	1933
Egyptian Delta Light Railways	31 Oct. 31	621	£ 10,271	£ 1,766
Egyptian Markets	45 Nov. 12	...	£ 2,038	£ 342
Gr. Southern of Spain	34 Aug. 29	104	£ 14,208	£ 62,843
Mexican Railway	46 Nov. 14	433	£ 309,700	£ 53,200

TRAMWAYS WEEKLY GROSS RECEIPTS

	1936						
Anglo-Argentine ...	45	Nov. 11	328	\$646,808	...	5,997	28,758,960 + 373,411
B. Aires Lacroze....	18	8	...	\$89,281	...	8,309	1,210,477 + 44,600
Burnley, Colne and Nelson Jt. Trst.	1	14	76	\$5,092	...	55	...
Calcutta Tramways	46	14	...	Rs. 1,15,258	...	5,754	...
Iale of Thanet Elec.	3	...	...	...	...	203	1,23,333
Liverpool Corp.....	32	11	...	£25,980 +	1,063	946,886	5,53,635
Madras Electric	29	15	...	£1Rs. 51,416	...	388	10,46,643 - 62,756
				† Fortnight.			

SUGAR.—After pronounced easiness at the end of last week, the New York market firmed up; quotations, however, are lower than a week ago. Prices in London have been rather irregular, but are also lower on the week. The spot price in New York on Tuesday was 3.65 cents per lb., as compared with 3.70 cents per lb. last week and 3.35 cents per lb. a month ago. Wednesday's sales of raw sugar in London included December delivery at from 4s. 10d. to 4s. 10½d., against 4s. 11½d. to 4s. 11d. a week ago. The movements of raw sugar at public warehouses in London and Liverpool last week were as follows: Imports, 32,284 tons

OVERSEAS TRADE RETURNS

IMPORTS (Value C.I.F.)

	Month ended October 31		Ten Months ended October 31	
	1935	1936	1935	1936
I.—Food, Drink and Tobacco—				
A. Grain and Flour	6,182,909	7,418,864	45,247,907	54,015,410
B. Feeding-stuffs for Animals	715,555	873,605	6,215,641	6,627,958
C. Animals, Living, for Food	740,027	890,992	4,303,350	5,876,718
D. Meat	5,625,147	6,406,424	65,306,313	65,450,104
E. Dairy Produce	6,171,059	5,695,046	48,705,089	55,408,533
F. Fresh Fruit and Vegetables	3,622,801	3,392,758	33,323,172	31,726,235
G. Beverages and Cocoa Preparations	4,888,846	4,227,933	34,017,632	38,095,958
H. Other Food	6,675,525	6,660,300	38,869,112	40,236,206
I. Tobacco	2,905,463	3,315,776	12,357,427	13,377,307
Total, Class I	37,527,132	38,881,698	288,345,643	308,814,429
II.—Raw Materials and Articles Mainly Unmanufactured—				
A. Coal	2,676	2,782	16,608	27,537
B. Other Non-Metalliferous Mining and Quarry Products and the like	327,356	355,423	2,976,564	3,491,946
C. Iron Ore and Scrap	402,225	624,318	4,213,389	7,215,373
D. Non-Ferrous Metalliferous Ores and Scrap	1,015,322	873,371	9,368,073	9,983,704
E. Wood and Timber	4,059,756	5,205,174	29,488,840	35,300,025
F. Raw Cotton and Cotton Waste	3,793,013	4,311,568	26,083,623	35,647,812
G. Wool, Raw and Waste, and Wollen Rags	1,978,454	2,693,300	29,886,665	36,512,309
H. Silk, Raw, Knobs and Noils	147,429	165,955	1,108,184	1,551,116
I. Other Textile Materials	415,139	887,129	7,594,656	8,651,988
J. Seeds and Nuts for Oil, Oils, Fats, Resins and Gums	2,325,513	2,394,245	21,109,896	24,026,417
K. Hides and Skins, Undressed	1,116,792	1,526,106	11,484,575	15,321,932
L. Paper-making Materials	978,903	1,036,386	8,643,218	9,612,285
M. Rubber	586,200	342,919	9,013,071	8,872,088
N. Miscellaneous Raw Materials and Articles mainly Unmanufactured	893,282	1,081,526	7,954,873	8,490,409
Total, Class II	18,042,060	21,500,202	169,042,235	199,584,901
III.—Articles Wholly or Mainly Manufactured—				
A. Coke and Manufactured Fuel	2,671	22,497	35,220	84,311
B. Pottery, Glass, Abrasives, etc.	764,357	755,811	5,933,943	6,067,101
C. Iron and Steel and Manufactures thereof	833,342	914,253	7,124,907	10,024,845
D. Non-Ferrous Metals and Manufactures thereof	2,624,052	2,734,898	22,473,560	26,585,149
E. Cutlery, Hardware, Implements and Instruments	603,164	651,165	5,078,629	5,819,443
F. Electrical Goods and Apparatus	370,800	386,094	2,455,915	2,977,785
G. Machinery	1,233,188	1,612,533	10,988,218	14,830,161
H. Manufactures of Wood and Timber	608,821	642,329	5,034,348	6,207,601
I. Cotton Yarns and Manufactures	239,119	292,449	1,946,683	2,307,561
J. Woollen and Worsted Yarns and Manufactures	253,899	305,934	2,061,553	2,505,244
K. Silk Yarns and Manufactures	274,646	241,515	2,545,454	2,150,403
L. Manufactures of other Textile Materials	646,262	750,890	5,651,794	6,153,858
M. Apparel	793,661	885,265	7,274,262	8,135,594
N. Chemicals, Drugs, Dyes and Colours	1,342,026	1,216,458	9,557,100	10,381,989
O. Oils, Fats and Resins, Manufactured	2,442,576	3,487,045	27,106,514	30,504,766
P. Leather and Manufactures thereof	777,610	916,739	6,707,211	8,023,579
Q. Paper, Cardboard, etc.	1,289,898	1,283,851	11,151,960	12,102,187
R. Vehicles (including Locomotives, Ships and Aircraft) ..	410,370	464,706	3,756,014	4,059,313
S. Rubber Manufactures	50,487	48,523	477,069	484,056
T. Miscellaneous Articles wholly or mainly Manufactured	1,962,012	2,149,565	14,555,813	16,392,974
Total, Class III	17,522,931	19,762,518	151,916,167	175,606,920
IV.—Animals, not for Food	149,873	196,010	1,453,569	1,652,307
V.—Parcel Post	132,841	198,748	1,638,324	2,477,161
Total	73,374,837	80,539,176	612,395,938	688,135,718

against 37,021 tons last week and 34,053 tons in the same week of last year; deliveries, 15,442 tons, against 15,836 tons last week and 15,649 tons last year; stocks, 133,666 tons, against 116,824 tons last week and 185,836 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 ended	Northern India	Southern India	Ceylon	Java	Sumatra	Africa	Total
Nov. 14, 1935	d.	d.	d.	d.	d.	d.	d.
Oct. 8, 1936	12-87	12-04	14-27	11-76	9-66	11-33	13-02
Oct. 15, "	12-22	11-92	13-62	10-81	9-95	11-63	13-03
Oct. 22, "	13-18	12-00	13-87	11-08	10-11	11-30	13-12
Oct. 29, "	13-24	12-08	13-96	11-32	10-07	11-59	13-22
Nov. 5, "	12-98	12-12	14-61	11-61	10-03	11-62	13-24
Nov. 12, "	12-08	12-51	14-95	11-93	10-12	11-97	13-40
Nov. 19, "	12-80	12-21	14-82	11-79	9-75	12-07	13-30

The quantities catalogued for the public auctions in Mincing Lane this week comprised 53,054 packages of Indian and 21,506 packages of Ceylon tea. Demand for the Indian grades was fairly good and prices showed little alteration. At Tuesday's Ceylon auctions, however, common sorts were barely steady, while light liquoring broken orange pekoes up to 1s. 3d. per lb. were irregular and rather easier. Good medium and fine teas sold well.

VEGETABLES.—Home-grown tomatoes are now finishing, but Canary Island are more prominent and are receiving attention, says *The Fruit-grower's* Covent Garden report. Cucumbers are very limited and are now firm at 8s. to 10s. a tray. Cabbage and savoy continue plentiful and cheap; sprouts have fallen in price a little, but good cauliflowers have been

EXPORTS of PRODUCE and MANUFACTURES of the UNITED

KINGDOM (Value F.O.B.)

	Month ended October 31		Ten Months ended October 31	
	1935	1936	1935	1936
I.—Food, Drink and Tobacco—				
A. Grain and Flour	151,101	172,710	1,541,594	1,479,426
B. Feeding-stuffs for Animals	47,018	43,927	477,118	472,368
C. Animals, Living, for Food	1,428	142	5,544	2,913
D. Meat	114,745	125,201	722,163	849,719
E. Dairy Produce	131,184	113,051	894,209	1,104,148
F. Fresh Fruit and Vegetables	13,553	46,145	144,072	133,505
G. Beverages and Cocoa Preparations	1,174,010	1,520,884	7,747,345	10,590,666
H. Other Food	1,405,281	1,192,333	10,173,202	9,996,596
I. Tobacco	374,463	404,838	3,530,898	3,730,350
Total, Class I	3,412,759	3,619,231	25,237,145	28,359,361
II.—Raw Materials and Articles Mainly Unmanufactured—				
A. Coal	2,742,128	2,774,354	26,276,851	24,248,223
B. Other Non-Metalliferous Mining and Quarry Products and the like	113,423	120,640	919,723	943,617
C. Iron Ore and Scrap	44,288	34,881	369,433	302,526
D. Non-Ferrous Metalliferous Ores and Scrap	172,037	167,990	1,421,739	1,713,354
E. Wood and Timber	5,012	5,973	74,718	76,377
F. Raw Cotton and Cotton Waste	87,869	87,355	859,765	700,510
G. Wool, Raw and Waste, and Wollen Rags	730,714	825,373	6,094,258	5,936,573
H. Silk, Raw, Knobs and Noils	1,789	1,370	11,833	11,953
I. Other Textile Materials	47,210	50,787	319,683	432,295
J. Seeds and Nuts for Oil, Oils, Fats, Resins and Gums	328,503	234,917	2,521,968	2,724,889
K. Hides and Skins, Undressed	79,263	109,614	797,341	1,426,235
L. Paper-making Materials	97,515	109,036	804,818	1,007,482
M. Rubber	13,769	18,228	131,055	149,281
N. Miscellaneous Raw Materials and Articles mainly Unmanufactured	217,845	245,142	2,093,471	2,171,315
Total, Class II	4,681,363	4,765,660	43,496,361	41,844,628
III.—Articles Wholly or Mainly Manufactured—				
A. Coke and Manufactured Fuel	324,948	351,287	2,436,803	2,434,015
B. Pottery, Glass, Abrasives, etc.	804,640	825,162	6,912,081	7,185,856
C. Iron and Steel and Manufactures thereof	3,406,913	3,333,949	29,761,000	29,477,989
D. Non-Ferrous Metals and Manufactures thereof	1,122,915	975,010	11,581,825	10,128,284
E. Cutlery, Hardware, Implements and Instruments	810,083	802,691	6,729,512	6,746,963
F. Electrical Goods and Apparatus	962,221	1,042,845	7,780,308	8,164,263
G. Machinery	3,676,631	3,589,557	32,538,281	33,982,567
H. Manufactures of Wood and Timber	113,920	123,584	879,191	894,871
I. Cotton Yarns and Manufactures	5,292,507	5,745,220	50,304,505	50,991,271
J. Woollen and Worsted Yarns and Manufactures	2,733,889	2,689,189	25,605,596	27,056,563
K. Silk Yarns and Manufactures	118,761	123,680	935,470	1,032,245
L. Manufactures of other Textile Materials	1,400,784	1,627,232	13,078,140	14,312,501
M. Apparel	1,220,049	1,182,857	9,330,332	10,028,436
N. Chemicals, Drugs, Dyes and Colours	2,070,328	1,910,341	17,589,146	17,334,035
O. Oils, Fats and Resins, Manufactured	382,809	440,519	4,277,108	4,116,507
P. Leather and Manufactures thereof	370,454	424,590	3,077,358	3,454,355
Q. Paper, Cardboard, etc.	651,278	662,314	5,459,802	5,516,076
R. Vehicles (including Locomotives, Ships and Aircraft) ..	2,613,322	3,519,161	24,743,674	26,715,663
S. Rubber Manufactures	138,349	134,870	1,269,587	1,312,833
T. Miscellaneous Articles wholly or mainly Manufactured	2,410,174	2,653,037	19,153,422	20,846,091
Total, Class III	30,624,735	32,157,075	273,444,144	281,734,274
IV.—Animals, not for food	65,386	100,996	532,561	846,978
V.—Parcel Post	1,080,468	1,121,451	8,932,842	9,000,741
Total	39,864,711	41,764,413	351,643,053	361,786,012

doing better. Celery continues to sell well, but onions are cheaper and roots are only a moderate item. Meanwhile, the potato trade shows little alteration, although some Danish King Edward and Dutch white varieties have been on the market. At the Borough on Tuesday, best siltland King Edward were again quoted at from 8s. 6d. to 9s. 6d. per cwt.

MISCELLANEOUS COMMODITIES

VEGETABLE OILS AND OILSEEDS.—After a period of greater activity and rising prices quieter conditions now prevail. Crushers showed more interest in the market for Indian linseed at advancing prices and in prices. A fair trade is reported in the latter, up to £10 17s. 6d. per ton, to Hull, though less would now be accepted. Official reports of the progress of the growing plants in Argentina continue to be received and everything points to a big yield. Whether a reduction in the present price guaranteed to growers will come is still the secret of the Argentine Government. The India is expected to have an available surplus of 28,000 tons. Cotton seed done to Hull in black Egyptian, up to £7 15s. having been conceded for January-February and December-March to Hull.

Linseed oil has continued in fair demand by consumers, and there has been some rise in prices following the advance in seed. Raw oil ex Hull mill for November-December delivery is now quoted at £25 per ton, naked. Cotton oil is also firmer, and quotations have been advanced to £27 per ton for crude and £29 for refined ex Hull. Demand for oilcakes is improving.

NITRATE.—World sales of nitrogen rose from 1.8 million metric tons in the year ended June 30, 1935, to 2.4 million metric tons in the following

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likely to forbear to prevent his opponents from receiving commodities which are at least as vital for the conduct of modern war as rifles, cannon or machine-guns? He may well be able to hold up British merchant ships within the three-mile limit if the British Navy is to be forbidden to work inside that line. The French Government seem more logical and less inhibited; for they have ordered their Navy to protect their shipping within Spanish waters.

We do not know how to interpret the silence that gapes behind Mr Edén's statement: "It is quite a different situation inside the three-mile limit"; and "nothing that I have said will affect that."

We suspect the Government have made up their mind that, whatever the cost, they will refuse to be drawn into war over Spain, as they refused to be drawn into war over Manchuria or Abyssinia. For indulgence over Manchuria and Abyssinia the bill already presented to us includes the stultification of the League of Nations and the crystallisation of something like a new Triple Alliance between Germany, Italy and Japan. In the Spanish case, the first item on the bill, if General Franco is carried to victory on the wings of his backers, will be the loss of our British naval command of the Mediterranean. Without attempting to say whether peace is worth such a price, we must surely all agree that the price is very high. It must inevitably lead everyone to ask: What are the objects for which the Government is still prepared to fight in the last resort? That, too, was the subject of one of Mr Eden's silences last Friday.

On that occasion, it is true, the Foreign Secretary gave us two pieces of information. British arms, he told us, may, and if the occasion arose would, be used in the defence of France and Belgium against unprovoked aggression in accordance with our obligations. They may, and if a European settlement can be reached they would, be used in defence of Germany were she the victim of unprovoked aggression by any of the other signatories of such a settlement. But, having said these positive things, Mr Eden went on to say that our treaties with Iraq and Egypt were our only other obligations. Beyond this line, he plunged into a silence, covered by another "may" without another "would." His words in this crucial passage were:—

In addition, our armaments may be used in bringing help to a victim of aggression in any case where, in our judgment, it would be proper under the provisions of the Covenant to do so. I use the word "may" deliberately, since in such an instance there is no automatic obligation to take military action. It is, moreover, right that this should be so; for nations cannot be expected to incur automatic military obligations save for areas where their vital interests are concerned.

This silence "may" leave the Powers of the new Triple Alliance in the dark whether Great Britain will or will not go to war with them if they attack any non-British country in the world, with the exception of two in Europe and another two in Asia. But Mr Eden's formula also gives any prospective aggressors a shrewd hint of the strategy they had better pursue if they want to master the British Empire without ever having to fight for the prize. Germany, for example, must not attack France or Belgium. But she now has notice that she will have a sporting chance of immunity from British interference if she adopts the plan of conquering France and Great Britain in Bohemia and in the Ukraine. The cue Mr Eden has given to Germany is to make herself mistress of all the resources of Central and Eastern Europe and then convert these into air-power in Germany at a few minutes' flight from the French frontier and the English coast. His hint to Japan is to keep her hands off Hongkong and Singapore until she has taken the Dutch East Indies. His silent advice to Italy is to wrest the mastery of the Mediterranean out of British hands by establishing herself, not in Malta or Gibraltar, but in the Balearic Islands and Spain and Spanish Morocco.

Let us face facts. The British Empire can be most effectively conquered on foreign ground. Its conquerors have no need to take a yard of British territory to place themselves in a position to hold the British Empire at their mercy. Mr Eden's silence on this point is not golden.

RESTRAINT OF TRADE

THE impending signature, now announced, of the new Trade Agreement between the United Kingdom and Argentina comes at a most opportune moment to direct public attention to the urgent question of British commercial policy. The negotiations for the new Agreement have been long and arduous. The old Agreement was extended by the consent of both parties for a fortnight in the hope that the new instrument would be ready; but even this period of grace ran out before the last details were arranged, and for a few days the only official instrument governing Anglo-Argentine trade was the Treaty of Amity and Commerce signed by Canning in 1825.

The text of the new Agreement will not be published until after signature, but it will probably be found that the terms of the old Agreement are substantially continued, subject to certain concessions to Great Britain (such, for example, as the formal acceptance of an import duty on Argentine meat coming into the British market). Mr Runciman drove a hard bargain in 1933; but the indications are that he and his colleagues have driven an even harder bargain in 1936.

The signature of the Agreement is only the last of a series of events in recent weeks which has underlined the urgent necessity for a complete overhaul of our policy towards foreign trade, imports and exports alike. There is, first of all, a growing anxiety lest the concentration of certain industries upon the home market, and in particular upon the market for munitions of war, should lead them to neglect the export trade. This anxiety was forcibly expressed at the recent annual dinner of the London Iron and Steel Exchange, both by the President of the Board of Trade and also by the Chairman of the Exchange. There are other industries, besides iron and steel, to which the same warning applies. Exports of British motor cars this year, for example, though maintained at a high level, show almost no improvement on a year ago.

Another reminder, from an entirely different direction, of the urgent need to foster exports, has come from the renewed prominence which is being given to the plight of the Depressed Areas, and from the growing realisation that neither the outward transfer of labour nor the inward transfer of industry is a quick or easy solution. Moreover, Lancashire M.P.s have been driving home the fact that, if the coal areas are in the worst plight, other export industries are still almost equally depressed.

A third aspect of the same problem arises out of the growing difficulty, in many industries, of securing prompt deliveries from British suppliers. A rather unnecessary fuss has been made over the action of a British air-line, subsidised by the Government, in ordering aeroplanes from America owing to the impossibility of getting delivery of British models. But are we really to accept the rule that a British firm or individual should put up with almost any delay or inconvenience rather than buy foreign goods?

One more reason for the growing attention to foreign trade is provided by the rising tempo of preparation for war. It is beginning to be realised that in the last war we were brought closer to defeat on the commercial front than on the battlefields of Flanders. From being a method of economic aggression, foreign trade is slowly becoming a means of military defence.

It might be thought that trade between Britain and Argentina would provide a model for the world. It would be very difficult to find two nations between whom trade ought to flow more freely. They are almost exactly complementary in their economic structure; each supplies precisely what the other needs. We are Argentina's largest supplier of industrial products and the largest purchaser of her produce. Argentina is our largest source of food-stuffs and one of the largest markets for our goods. This natural commercial affinity has been strengthened by the investment of £500-£600 millions of British capital in Argentina and in Anglo-Argentine trade. Argentine meat comes from British-bred cattle on British-financed estancias. It is carried to port on British-owned railways, chilled by British frigoríficos, transported on British ships and financed by British banks. At every stage of its movement it stimulates exports, visible and invisible, from Great

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Britain. And finally, when it is sold, almost every penny of the proceeds is directly and ascertainably devoted to the purchase of British goods or the payment of debts in England. What is more, Argentina is not only our largest supplier of foodstuffs but one of the nearest. We have it on Mr Lloyd George's authority that "the Allies won the war, thanks, in great part, to Argentine wheat and meat."

These facts are not mentioned in praise of Argentina, but merely to establish the point that here, if anywhere, the fostering of trade should be easy. But what does the British Government do? First of all it enunciates the slogan "the British farmer first, the Dominions second, and the foreigner last." And even when in due course it condescends to trade with foreigners, it drives almost humiliatingly sharp bargains with our best customers. It insists on a narrow bilateralism and discourages that multi-lateral trade which has been the foundation of prosperity for British export industries, British shipping and the City of London. Rather than encourage trade with Argentina, the Government has endeavoured not merely to protect the existence but to foster the expansion of the domestic livestock industry. A policy of this sort, if it is conducted at the expense of imports of meat, is deplorable alike in peace and war. In peace it involves the British consumer or taxpayer in heavy expense to make the poor man's meat dearer, while directly penalising the depressed export industries. In war, it imposes on British shipping the task of importing animal feeding-stuffs in bulk far greater than that of the displaced meat.

Constant repetition of these hard facts is essential. In commercial policy, as in the political field, those who insist most selfishly on observing British interests alone are precisely those who are betraying all our most vital interests. Nine-tenths of the current talk in political circles on trade affairs assumes, almost unconsciously, that the British Empire can live for and by itself. But the actual facts of the trade of the Empire are startlingly different. According to the annual "Statistical Abstract of the British Empire," which has been published this week, no less than 69.6 per cent. of the trade of all British countries last year was with non-British countries. In the trade of the British Empire, foreign trade outweighs purely British trade by more than two to one. If in order to safeguard the 30 per cent. we throttle the 70 per cent., are we not in sober reality dropping the bone for the shadow?

The policy we have pursued since 1932 is leading us to a blank wall. If exports—British exports—are to revive, the policy of the British Government must be directed towards an increase of world trade in general. The limits of purely bilateral agreements on present lines have almost been reached. The section of trade which is still missing is largely triangular or quadrilateral in character. Before the depression, for example, the primary producing nations used to obtain a large part of the funds they spent in Great Britain by exporting their raw materials to Europe, especially to Germany, the third side of the triangle being provided by exports from the Continent to

Great Britain. The British tariff now prevents that trade and keeps the British export industries in idleness.

Conditions have never been so favourable as they are to-day for a forward movement. At home the progress of the boom has turned one trade after another into a seller's market, where it is the consumer rather than the producer who needs protecting. Abroad, the currency agreement of two months ago has provided both the opportunity for an advance and the expectation that a lead will be given by the three great financial Powers. The United States and France have given their lead. The world is still waiting for the British contribution.

BRITISH MONETARY POLICY

A SYMPOSIUM

In view of the recent devaluation of the gold bloc currencies, and of the continued expansion of industrial activity in this country, we have invited a number of economists to state what monetary policy ought, in their opinion, to be pursued by Great Britain in the immediate future. We have asked them to assume (1) that Great Britain is in or near the boom stage of the trade cycle; and (2) that major disequilibria between different national currency values have been removed. In our issue of November 14 (page 297) we published contributions from Mr H. D. Henderson, Professor Lionel Robbins and Sir Arthur Salter; the following are from Professor T. E. Gregory and Sir Henry Strakosch:—

From Professor T. E. Gregory

I do not think that any drastic change in internal monetary policy is called for at the present time, because I do not think that the major elements in our economic situation are governed by the monetary factor. The position of the Depressed Areas is governed by our fiscal policy and the situation of world affairs; the housing boom cannot last indefinitely, whatever monetary policy we pursue; dearer money would not stop re-armament complicating an already complicated position; and, in general, the ratio of industrial advances to deposits is still very low.

Where I think our monetary policy in the recent past has been at fault is in the encouragement of the idea that the responsibility for cheap money lies with Government. The moral authority of the Central Bank has been seriously undermined, and the public has been encouraged to think that dear money can never happen again. The psychological consequences of a rise in Bank rate now would in all probability be out of all proportion to any actual rise; this makes it more difficult to act if action is called for later. We may have to defend the external rate of exchange, and to deal with withdrawals of foreign funds; and I do not think that we ought to abandon Bank rate as an instrument in connection with the external value of our currency.

unless we are certain of the efficacy of alternative methods or unless we are willing to abandon all the benefits resulting from the recent tripartite agreement.

For my part, I am not prepared to believe that the internal boom can go on for ever, and we ought now, while the going is still good, to make every effort we can to extend international trade. If it is thought that we shall always let sterling fall, we cannot hope to avoid further difficulties in France and elsewhere in Europe, and we shall encourage the U.S.A. to follow our example—a vista of endless complications is thus opened up. If we can relieve the pressure on the Distressed Areas by stimulating trade, we make the task of Government immediately and prospectively less difficult at home—for the next depression, whenever and however it comes, will undoubtedly mean an irresistible demand for public works on a large scale.

I suggest (1) that the market be not nursed by any open-market purchases; (2) that the public be warned that cheap money may not last for ever, so as to mitigate the psychological trouble involved; (3) that we follow up this tripartite agreement by effective trade negotiations; (4) that we remove all obstacles to the resumption of international lending; (5) that we announce our determination to defend the existing parities and our willingness not to alter the parity at any time without the consent of the co-signatories of the Currency Pact of September 26th.

From Sir Henry Strakosch

What are the circumstances in which we are considering monetary policy?

The general level of commodity prices has recently risen rather sharply, and is now some 22 per cent. above that of September, 1931. Prices of manufactured goods are at the 1930 level, and only about 5 per cent. below the peak of 1929. The productive capacity of industry is apparently fully employed at profitable prices. A further rise of prices is not necessary, therefore, to stimulate production; it would do no good to our domestic trade, and might prove damaging to our competitive power abroad; for it might well entail a more than corresponding rise in the cost of production. Worse than that, it would probably raise the general level of all values which could sooner or later be used as a basis for new indebtedness, and thus tend once more to make our whole economy vulnerable.

Credit expansion is somewhat in excess of the rate at which production has increased, but, in view of the rising tendency of production, this is not a disturbing factor. International trade, though expanding, is still sadly constricted. Generally, the present activity is not so much the result of a speculative over-expansion, but, to a large extent, due to our re-armament programme, which has to be pursued vigorously.

What, in these circumstances, should be our policy?

There is no longer any need for money rates to be kept artificially low; nor, on the other hand, does the situation call for a deliberate policy of restricting credit. When the expansion of industrial equipment for private account—as distinct from armament purposes—shows definite signs of outrunning normal progress, and/or speculation on the Stock Exchange attains unsound proportions, then will be the time to apply restrictive measures. But much could and should be done to avoid such measures: by the banks refusing to grant loans which do not stand the most rigid test of serving essential production and not speculation, and by the Stock Exchange pursuing meticulously its now well-established policy of refusing permission to deal in issues which do not unmistakably bear the mark of soundness. Bank rate is a drastic and sometimes positively destructive weapon, and should be applied only when other specific measures have failed.

A reduction of import duties and an abatement of measures tending to restrict foreign competition in industry would seem desirable to curb a further rise of prices. Advantage should be taken of these measures to obtain tariff reductions on British goods abroad. While our re-armament programme absorbs an increasing proportion of our productive capacity, influence should be brought to bear on public bodies to postpone public works which have no bearing on defence.

The restoration of international trade must be fostered, all the more because, once the armaments programme is completed, our great productive capacity will have to look for markets abroad. To this end, every country, including our own, has to sacrifice some freedom of action in economic policy for exchange stability. The recently concluded agreement between the main creditor nations provides a means to test the possibility of collaboration to this end.

Expenditure on armaments should, as far as possible, be provided out of taxation, but the burden of that taxation must not be so great as to interfere seriously with economic progress. Expenditure in excess of that limit should be raised by way of loans, redeemable over a period of some ten years.

Our policy must clearly have regard not merely to the specific circumstances of the United Kingdom, but of the Empire as a whole. I see no reason to think that the policy outlined above conflicts with these requirements.

LANCASHIRE'S FUTURE—II

ALTHOUGH the value of world trade in cotton textiles has been severely reduced since 1929, Lancashire has fully maintained her percentage share of available business recently. Japan's increasing gains are no longer being made at her expense. That was the conclusion of the first article which appeared in last week's *Economist*. We now propose to discuss the nature and probable effect of recent changes in the internal economy of Lancashire's cotton textile industry.

In view of the popular belief that depression is still keenest in the coarser sections of the industry, and least in evidence in the finer Egyptian side, it may come as a surprise to many readers to learn that between 1928 and 1934 the output of coarse yarn declined by only 4 per cent., against a fall of over 40 per cent. in medium and fine yarns. The following figures are extracted from the returns of the Censuses of Production of 1924 and 1930, and the Import Duties Inquiry of 1933 and 1934:—

SINGLE YARNS OUTPUT ('000 lbs.)				
Counts spun:	1924	1930	1933	1934
Up to 40's	1,021,879	821,600	949,026	981,866
Over 40's and up to 80's...	313,707	185,164	190,852	178,065
Over 80's and up to 120's..	55,874	36,835	36,616	36,790
Over 120's	3,623	3,504	3,129	4,403
Total	1,395,083	1,047,103	1,179,623	1,201,124

These figures reflect the tendency (prompted by the search for cheapness) to use coarser yarns in fabrics for which fine yarns were formerly used, or, alternatively, to substitute rayon for fine cotton. To some extent, also, they reflect a tendency among some Egyptian spinners to go over to coarser counts.

The contrast between the American and Egyptian sections is not confined to total output. The so-called "spinning margin" (i.e. the gross revenue from which spinners meet their costs) has fallen less for American than for Egyptian yarns since 1927. If the comparison be carried back to 1913, it is still favourable to the American section. In making the necessary calculation, allowance must be made for the wastage of raw cotton in the process of yarn making and for recoveries from saleable cotton waste. Thus, for the trade as a whole, and not necessarily for sections, it may be presumed that 112 lbs. of raw cotton are necessary to produce 100 lbs. of yarn. This was the basis used by the Balfour Committee in arriving at the annual averages for 1913 and 1927, which are contrasted in the following table with the approximate margins for 1936 (before the recent increase):—

SPINNING MARGIN (Pence per lb.)			
	1913 Average	1927 Average	1936 (approx.)
Egyptian	6.55	10.09	6.3*
American	3.00	5.09	4.0*

* To be increased under recent agreement.

These figures are only approximate estimates, but they suggest that the greater hardships of the American spinning section during the earlier years of the long-drawn-out depression have induced considerable progress towards internal adjustment. The Egyptian section was subjected to less pressure in the earlier post-war years. Its greater degree of integration and the substantial cash reserves held by many companies tended to delay the reduction of capacity which was necessary to meet the new conditions.

Returns of profits, so far as they are available in an industry which remains largely in private hands, suggest a similar conclusion. Annual summaries are published by "Tattersall's Cotton Trade Review." The figures are not strictly comparable from year to year, as the number of companies included varies considerably. They refer almost entirely to spinning companies, and omit the large combines (for which separate figures are given). They show diminishing losses in 1932-34, and a small profit in 1935.

We may summarise the conclusions so far suggested by our analysis in the statement that Lancashire, under the stress of acute competition, has reduced her prices to a level which may not be fully competitive with Japan in the qualities and markets in which Japan specialises, but is at least sufficiently low to preserve Britain's share of world trade. Internally, appreciable progress is being made, at long last, with the corresponding process of cost reduction—at least in the spinning section of the industry, which, until recently, was the most distressed section of all. Hitherto, one of the obstacles in the way of vigorous cost reduction has been the traditional method of meeting hard times by "spreading the work," i.e. by adopting short time in the spinning section and reducing the number of looms per operative in the weaving section. Lancashire could possibly afford such measures so long as she dominated the world's cotton trade, but to-day there is no room for them.

It is possible, therefore, that revival in Lancashire may be nearer than is generally supposed. Experience in other industries (notably steel) has shown that little progress can usually be made with large-scale measures of rationalisation while profits are lacking. It is only when some basis of positive earning-power has been re-established that management are able to produce satisfactory reconstruction schemes and to ask investors for new capital. In recent months, Lancashire's internal progress towards cost reduction has been supplemented by the mechanism of the Spindles Act of 1936, whose objective is the elimination of redundant plant. The cost of elimination is to be financed by a levy on the industry, but it is hoped it will be more than offset by the saving effected by full-time working of plant. If Lancashire operates the Spindles Act in accordance with this intention, and not as a means towards increasing prices, she may find it a useful addition to the measures to which she has already groped her own way.

If the Spindles Act (and the parallel measures already in train for the other sections of the industry) fulfil the hopes of their promoters, the second stage in rationalisation will involve the installation of modern plant. Only two years ago Sir W. Preston, the chairman of Platt Brothers, the well-known textile machinery manufacturers, claimed that whereas in the post-war period other countries had expended some £95 millions on new plant, Lancashire had spent only £5 millions. Although the figures have been challenged, it is generally admitted that Lancashire's plant is far less modern than that of her chief competitors. As long as ten years ago evidence given before the Balfour Committee showed that a good deal of plant was already out of date, and that the industry was postponing replacement pending recovery from what was then believed to be a temporary depression. The average age of a good deal of Lancashire's equipment has subsequently risen by nearly as many years as have elapsed. The figures of the Census of Production showed that between 1924 and 1930 electrification progressed more slowly in the Lancashire cotton industry than in almost any other trade of the country.

To-day, Lancashire may have better hope of revival than at any time in the last twelve years. To say this is not

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to suggest that any recovery is in prospect comparable with that, e.g. of the steel industry. The latter can still count on an expanding market within its tariff wall. It has recently benefited from the normal cyclical rise in capital construction; and it is enjoying the adventitious advantage of the re-equipment tide which is now flowing so strongly in British industry and British armaments. Cotton can look for few of these benefits. What it may hope for is rather the arrest and possibly the reversal of the recent decline in its markets—though much depends on the success of the Government in effecting trade agreements to overcome the hardship imposed by trade restrictions in many countries. Adjustments to the new situation may effect such a reduction in costs as will allow moderate profits to be earned by the more efficient firms. But of the establishment of boom conditions, comparable with those in steel and engineering, there is no likelihood whatever.

WHITHER JAPAN?

Less than a month ago Mr Eden assured us that there was a distinct easing of the tension in the Far East. His words had scarcely reached Japan before fighting was renewed in North China. The Army Budget was raised to 1,000 million yen a year for a six-year period, compared with 175 million yen in 1931. And an anti-Communist treaty was signed with Germany. What ground has any Western observer for taking a hopeful view of politics in the Pacific?

Optimism might be justified if events were determined solely by economic considerations; for it is evident that Japan will prosper best if there is peace. True, it is commonly argued by Japanese expansionists that since Japan has a high density of population, and scanty natural resources, she must expand either by trade, by emigration or by war; and since other countries bar trade and emigration, war is the only solution. The argument scarcely requires investigation. If rising barriers obstruct the rapid rise of Japan's trade, this is in part due to the determination of the Japanese to dump their goods abroad at any cost in order to secure imports of raw materials and manufactures necessary for war. As prices of commodities are cut, as subsidies upon Japanese shipping are increased, the terms of trade are rapidly becoming worse. Japan has to export an ever greater volume to maintain her imports.

In short, Japan's economic mechanism is no longer a means of raising her standard of living. Like the German mechanism, its product is guns, not butter. Yet this does not mean that the answer to trade barriers is a war of conquest; but rather a recognition of the fact that the handicapped of a poor material birthright can more easily be lifted by

economic co-operation and by a change in the oppressive economic system now in operation than by war or war preparation. Japanese agriculture, for example, needs a lower debt burden and a supply of new capital; yet Japan eagerly increases her debt and diverts capital to armament.

Nevertheless, it would be folly to base our anticipation of events upon the pressure of economic arguments. Japan at least will not be deterred by logic, and in any case she now advances as alternative justification for her military adventures that she must defend herself against Communism at home by crushing Communism in China. Again, it is fairly clear that one underlying motive for her present agreement with Germany is not fear of an attack from Communist Russia but fear of a political ferment likely to be spontaneously generated by internal conditions in Japan. Month by month ever more stringent measures are being applied in Japan to suppress internal discontent, to destroy such vestiges of responsible parliamentary government as remain, and to control and eliminate even thoughts that might be dangerous for the existing rulers. No one can tell when or how this policy of sitting on the safety-valve will end. But repression at home and imperialist adventure abroad are expedients for diverting the attention of a people—not for enriching it.

If political tension in the Far East seems to be relaxed, it is due not to any change in the policy of Japan or even to economic prosperity, but to a change in the forces opposing her. For the moment, the crisis in the world's affairs has moved elsewhere; but the trend of events is by no means to leave an open field in the long run to the jingoes of Japan. It is apparent, for example, that the Fabian tactics of the Chinese are at last bearing fruit. China is once more a nation. She has a national spirit, a rapidly recovering economy and growing military strength. It is a sign of the change that, when Mr. Kawagoe came recently to Nanking to present his demands, he was met not by further concessions, but by alternative demands. The renaissance of China has been encouraged by the visit of Sir Frederick Leith-Ross and by the extension of Treasury guarantees to trade with China.

The Japanese profess to fear that China is buttressing her own growing strength by an alliance with Russia; and the treaty with Germany may be defended by Japan's apologists as a strategic counter-move. For however strong it may appear on the surface, Japan's strategic position is extremely difficult. Japan has lost the opportunity to attack Russia single-handed. China grows daily stronger. The Japanese navy has never met a first-class opponent, and has started a naval construction race with Powers financially superior to itself. The Japanese soldier has

never been put to the test of a long-drawn-out war.

Still more serious for Japan, if she chooses war, is her almost complete reliance upon the outside world for essential military materials. Roughly two-thirds of her imports come from the United States, the British Empire, and the Dutch Empire—which perhaps explains the reported division of the Dutch East Indies between Germany and Japan as zones of interest. To the same countries go nearly 60 per cent. of her exports. The British Empire alone takes 28 per cent. of her exports and provides 32 per cent. of her imports. If these sources and markets were closed to her, Japan would be defeated. If we draw up a list of military and civilian necessities of war, we find that Japan holds none of the trumps.

Japan has had great success in fighting China. But this must be attributed not in the main to her inherent strength, but rather to the acquiescence of Great Britain and the Western Powers. Yet capitulation to force is no basis for a lasting peace.

Our Government still affirms its belief in the system of collective security, of combination of overwhelming forces against any potential aggressor. What is good for Europe is good for the Far East. Britain should make it quite clear that the full weight of financial support will be given to China; that Japanese aggression, if carried further, will meet with economic penalties. In such action, if we offered it with determination, America would co-operate, provided our sincerity was evident, and the principle of action was not to exploit China, but to co-operate in her free development. Determination to stand by such principles need not be antagonistic to the long-term interests of Japan. There are a great many Japanese who would be eager to co-operate on genuinely free lines in the development of the Far East and in improving their own standard of living. The trouble is that, thanks to our connivance in the past, the military seem to have all the victories. Before liberalism can grow in Japan, militarism must be discredited. In the early days of the Manchurian incident, Mr Stimson opposed a forced inquiry by the League because it would unite the Japanese against the then more or less Liberal Government. His principle was to rely on the Liberals of Japan to cure Japan's aggression. This principle still holds; but, as he soon recognised, it is not advanced by soft words and submission to threats.

The genuineness of our Government's devotion to the principle of collective security has been called in question by its critics. They have not ventured to doubt its desire to maintain the British Empire. Yet, for reasons which we expounded last week, that, too, is imperilled by a policy of retreat before Japan.

NOTES OF THE WEEK

Uniforms and Banners.—The Committee stage of the Public Order Bill was reached on Monday, and various small changes were made in the Bill by agreement between the parties. An amendment was first moved by a Conservative member designed to omit the words prohibiting the wearing of uniforms "in any public place." This would have confined the prohibition to the wearing of uniforms at actual public meetings. Both Sir John Simon, for the Government, and Mr Pritt, for the Labour Party, disagreed with this amendment, and it was withdrawn. Two other amendments by Conservative members, one seeking to insert the words "military or quasi-military" as descriptive of uniforms, and another extending the prohibition to flags or banners, also failed to win support. An amendment moved by Mr Pritt, however, to omit the provision allowing the wearing of uniform "on any ceremonial, anniversary or other occasion" not likely to cause disorder, led to a compromise on the phrase "ceremonial, anniversary or other special occasion." A possible loophole of escape from the uniform ban was thus closed without, it was hoped, prohibiting the inoffensive wearing of uniforms on justifiable occasions. Sir John Simon then proposed an amendment—based on criticisms made in the

previous debate—providing that it should be a good defence for a person charged with the management of a quasi-military organisation that he neither consented to nor connived at the organisation of such bodies. It was generally agreed that the clause in its original form might prove unjust; and after Sir John Simon had assured Mr Herbert Morrison that hypocritical documents would not be a sufficient defence, the amendment was accepted. A further amendment supported by Conservative members affecting the rights of stewards, after being opposed by both the Government and the Labour Party, was withdrawn. Finally, various amendments affecting the use of flags and banners were discussed, and it was agreed between the parties to raise various disputed points at a later stage. The debate as a whole fulfilled the promise of earlier discussions that general agreement would be achieved both on the principle and many of the details of the Bill.

The Milk Report.—The Report of the Reorganisation Commission for Great Britain is issued as we go to Press. This Commission was appointed in February of last year

to review the progress of the Milk Marketing Boards and to suggest the lines of policy for the future. The Chairman of the Commission was Mr A. E. Cutforth, and it included among its members Professor A. W. Ashby and Sir John Orr. The Commission finds that the schemes now in existence have brought undoubted benefits to the producers, distributors and manufacturers of milk, but that "the cost of all these advantages has been met by consumers." Accordingly, they recommend several drastic changes both in the structure and in the policies of the marketing schemes. In the first place, they recommend the creation of a permanent Milk Commission of five members, all appointed by the Government. This Commission should fix prices and have the disbursement of any Government subsidies given to the industry, as well as the more general duties of "co-ordination" and "long-range planning." The Milk Marketing Boards (one for England and Wales, one for Scotland) would be under the obligation of carrying out the policies laid down by the Commission. Secondly, the Reorganisation Commission recommends that the price of liquid milk should no longer be burdened with the loss on selling milk for manufacture at prices below its cost of production. The liquid market can fairly be debited with the loss on sufficient "surplus" to provide it with an adequate reserve of supply (defined as 20 per cent. of the liquid supply), but the loss on the remainder of the "surplus" should, it is suggested, be borne by the State. This proposal would lower the retail price of milk by about 1.2d. per gallon, at a cost to the State of about £5 millions per annum. In addition, it is recommended that further experiments should be made, at State expense, in the provision of milk at "assisted" prices to those at present unable to buy enough. The producer is no longer to receive his share in the actual sum realised by the sale of milk, but he is to be guaranteed a price, fixed annually, at a level "estimated to be sufficient to bring into the market the quantities of milk required." Some of the recommendations in the Report would seem to be of doubtful practicability, others are of dubious wisdom. But on the whole it is, as Sir John Orr states in an Addendum, "an important step in the right direction."

The Iron and Steel Duties.—Strong criticism of the peculiar favours handed out by the Government to the iron and steel industry was expressed in the House of Commons on Tuesday. The debate was actually concerned with changes in the import duties designed to carry out the recent cartel agreement. One resolution raised the rates of duty on a number of iron and steel products from the rates in force in 1935, and another reduced the duty on the same goods to 20 per cent. if imported into this country accompanied by a certificate of origin and "under certain provisions." The curious combination of protection and monopoly accorded to the iron and steel industry was attacked by both Liberal and Labour members, who alleged that supplies were being limited, prices forced up and consumers exploited simply in the interests of monopoly profits. Mr Holdsworth (Liberal) asked whether it was true that imports of steel strip were entirely controlled by one firm and that Continental steel strip was not available to independent users. Dr. Burgin (Parliamentary Secretary to the Board of Trade), in reply, said that "he knew of no outstanding complaints that had not been satisfied," and that the "iron and steel industry was in a much healthier condition than at any time within living memory." These remarks accord strangely with the following statement on the industry, made by Mr Malcolm Stewart in his recent report on the Special Areas:—

The establishment of more economic manufacturing conditions in the future has been sacrificed to procure profits made available by the present good demand influenced by the granting of a materially increased tariff on imported steel and by the Defence Programme . . . The advantage accruing from tariffs should be utilised to promote efficiency and ability to meet foreign competition and not merely as a temporary shelter for making increased profits.

In short, the question whether the iron and steel tariff, on its present lines, is wholly in the national interest is becoming increasingly urgent. In the present shortage of

steel, the tariff is not necessary to maintain employment, and it undoubtedly tends to raise prices and costs at a time when the greatest effort should be made to keep them down. The tariff also inclines producers to neglect the export trade; and is consequently likely to leave the industry worse rather than better off when the present boom has come to an end.

Mr Churchill and Peace.—Mr Churchill's campaign in favour of collective security has caused great interest, though different interpretations are being put upon it. Collective defence, without collective arms limitation, seems to be Mr Churchill's policy. In his speech to the New Commonwealth Society on Wednesday he argued that collective security unsupported by arms was a "disastrous means of deceiving well-meaning pacific communities into putting themselves at the mercy of predatory Governments."

All true members of the League . . . must prove quite plainly that they were enough when added together to restrain, overawe, and in the last resort compel the aggressor, whether from within the League or outside it.

Mr Churchill specially emphasised the terrible consequences of the invention of flying. "It was the 'conjunction of the new air power with the rise of dictatorship that had brought all countries into a peril unknown in barbarous times.'" He was accordingly prepared to contemplate, when practicable, "a plan for an international air force to carry out the decisions of a European, and, if possible, a world council." Undoubtedly, Mr Churchill's campaign will win him much sympathy from centre opinion in this country, and that sympathy would be more widespread if Mr Churchill were to advocate collective arms limitation, at least as an ideal, in addition to collective defence. Doubtless, limitation is, at the moment, impracticable. But if "collective defence" is to be regarded as the means to a real and permanent peace system, and not a mere rallying cry for another arms race, the ultimate objective must never be lost to sight.

The German-Japanese Pact.—On Wednesday the terms of the German-Japanese Pact were published. (It was the subject of an article in last week's *Economist*.) The German Ambassador in London, Herr von Ribbentrop, flew to Berlin on Tuesday to sign it. This was a surprise. The Foreign Minister, Baron von Neurath, might have been expected to perform the function. Probably Herr Hitler hoped to allay British dislike of the Pact by making the German Ambassador in London sponsor it. If so, he has been by now crushingly disillusioned. The Convention contains three Articles and a Supplementary Protocol. Its aim is co-operation between the two Great Powers "in the defence against Communist subversive activities" of the Comintern. Article I provides for exchange of information on "the activities" (*sc. anywhere?*) of the Comintern, for consultation on "preventive measures" and "close collaboration" in their execution. Article II invites other States to join the Convention for these purposes. Article III fixes the duration of the instrument at five years and provides for renewal. The Protocol has three parts. The first states that "the competent authorities" of the two Powers will closely collaborate in inquiries and defensive measures against the Comintern. The second has aroused fears in many countries:—

The competent authorities . . . will within the framework of the existing laws take severe measures against those who at home or abroad are engaged directly or indirectly in the service of the Communist International or promote its subversive activities.

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"Severe measures" implies military activity. Persons "at home or abroad" can easily be accused, "within the framework of the existing laws" of Germany or Japan, of being engaged "indirectly" in Comintern service, or of promoting its activities. It is clear that "existing laws" does not refer to international law, for which both Powers have shown scant respect. The Russian Ambassador in Berlin was not invited among the Diplomatic Corps to hear the official explanation of the Pact. It is insistently reported that Czechoslovakia is to be soon treated by Germany as another Spain, disintegrating under Bolshevik influences. Germany might thus be conveniently "forced" to intervene militarily. She could then point to the terms of this German-Japanese Pact as a previous declaration of her foreign policy and of the rights it gives her "at home and abroad." The definition of what constitutes "Comintern activities" is a convenient right. For the rest, as we surmised last week, we have not been told anything about military or trade agreements appended to the Pact. It is credibly reported, however, that Japan is to improve her armaments, air force and aircraft factories, etc., with German equipment and advisers, in exchange for raw materials. Japan depends on imports of these herself, and can therefore give Germany only soya bean, linseed, etc., of which Germany needs much greater imports for margarine and Diesel aircraft and tank engines. Thus, the policy of "guns instead of butter" is taken a step further under cover of this Japanese-German Pact. It may, however, well evoke peculiar misgivings in honest Aryan German hearts.

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The Russian Treason Trial.—The same old trial witnessed so many times over was suddenly re-staged in Russia last week. But the attitude into which we are goaded by the humbug of the procedure at the trial does not suit the rest of the story. Unhappily the sentences also followed common form. All nine prisoners were condemned to be shot, and one of the nine was a German subject, so that the verdict affects relations between the Soviet Union and Germany. It has added much fuel to the flames of animosity between these two Powers. The German engineer, Herr Stickling, made the confessions corresponding to those extracted a few months ago from Zinoviev, and a few years ago from one of the British engineers who were victims of another trial. Whatever the guilt or innocence of the accused, this kind of confession can throw no light upon the question in the judgment of the world. For it is simply too good—or, should we say, too bad?—to be convincing. One of the Russian prisoners confessed to having flooded a mine with gas and asphyxiated the miners as his contribution to the execution of a foreign Fascist plot against the regime in Russia. Herr Stickling confessed to having taken up employment in Russia for the purpose of wrecking the Soviet regime under instructions from the authorities of the Third Reich. And the finding of the court was that the plot was hatched under the joint auspices of the German Secret Police and Trotsky. Hitherto, the Soviet Government had put to death none but Soviet citizens on charges like these; for the British engineers received, as their punishment for being found guilty, the reward of being deported from Russia into liberty. This time, however, while absolving Herr Stickling from paying the death penalty, the Russians have incarcerated him for ten years. Even this clemency will aggravate Russo-German relations. Moscow and Berlin appear, in fact, to be manoeuvring against each other in a contest in provocation. In this, either party is trying to push the other into losing its temper and taking some action that will have the effect of putting it in the wrong in the eyes of the democratic World—where there is still a public opinion. One such move was made on the German side at the last Nazi *Parteitag* at Nuremberg. This Novosibirsk trial is the Russian retort. We appreciate the value both the Nazis and the Communists appear to attach to our support. But we would prefer to be wooed by gestures which were not acts of incendiarism.

General Franco's Perplexities.—This week's stalemate in the battle for Madrid can be related to General Franco's perplexities in other regions of Spain. Despite German and Italian recognition of his Junta as the Government of Spain, and the despatch as Ambassador to him of a German General who knows the terrain, he has to contend with redoubled activity among the Government forces in Asturias, Catalonia and south of the capital. Just as he was forced to urge Germany and Italy to recognise him, in order to be able to prevent the Spanish Government from obtaining food or armaments by sea, so he may soon have to rely on Germany and Italy to send him actual troops. His forces are well equipped by foreign aid, but they are becoming every day more depleted. This may account for the lull at Madrid this week. In the north, Government forces have taken the initiative against Saragossa, and have surrounded Huesca. At sea, General Franco's threatened "blockade" is not yet effective. His ships are patrolling the Straits of Gibraltar, where they fired at a Russian ship on Wednesday night. The Balears, save Minorca, are reported to be completely controlled, organised, and manned by Italian troops and air force units. The French decision, however, to convoy their cargo ships within the three-mile limit poses an awkward question to General Franco. A submerged submarine flies no flag at all. If one of General Franco's hastily acquired submarines—or any other, for that matter—torpedoes a French ship, within or without the limit, trouble will ensue. For France has not recognised the General and his friends even as belligerents. Nor have we. British ships can still carry coal or food to Barcelona—only the British Government will not convoy them. Presumably it will say to their owners: "It is your risk if you are sunk." We think the Government may soon be faced with the case of a twentieth century Captain Jenkins. They might well find the country as incensed over such an incident as it was 200 years ago. It then unseated Walpole, who had made a virtue out of "minding Britain's business." In the present Spanish issue, Britain's business may be suddenly thrust under the Government's nose.

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Pan-American Conference.—Next Tuesday representatives of all the North, Central and South American nations—except Canada—will meet at Buenos Aires to discuss peaceful American relations. The conference was suggested by President Roosevelt early this year. Its agenda covers: (a) methods of preventing conflicts and of limiting armaments; (b) the rights of neutrals; (c) the codification of international law; (d) the elimination of force for the recovery of debts; (e) economic co-operation; (f) improvement of communications; and (g) cultural relations. Behind the Conference is a mixture of motives. The United States has recently revised its interpretation of the Monroe Doctrine. The right of intervention in Cuba was abolished in 1934. A new treaty with Panama has been drafted which makes defence of the Canal a matter of co-operation. The Republics of Central and South America, indeed, are less suspicious of the United States' intentions than at any time since the Monroe Doctrine was enunciated. President Roosevelt and Dr. Saavedra Lamas, the Argentine Foreign Minister, have indicated that in their opinion the Conference may supplement the work of the League of Nations. But in many South American States there is a desire not to supplement, but to break away from, the League and retire into isolation. To those citizens in the United States who sympathise with this attitude the three-Power currency agreement with France and Britain has been a disturbing reminder of the attractions of the Old World, while to the Fascist forces which abound in some republics the agreement of three democratic Powers has been viewed as a union against Fascism. Already, indeed, the seeds of social struggle between Fascism and Communism have been planted in South America. Several States have taken sides in the Spanish war. Fascist Governments rule in Paraguay and Brazil. Nevertheless, the Conference may go far to solidify America and ensure peace, and the presence of President Roosevelt attests his eager determination that it shall succeed.

Libel in France.—It hardly needed the tragic death of M. Salengro to demonstrate the necessity for a strengthening of the libel law in France. At a moment when the British libel laws are coming to be regarded as a menace to free speech, the French law is having to be strengthened. The French law is perfectly adequate on paper. But in practice it is almost worthless. French judges are strong believers in freedom of speech; and their own low salaries tend to keep within modest bounds their ideas of financial damage. It is almost impossible to collect damages in an action against a newspaper. Unless the libel is against public interest and morals, there is no recourse against the printer. Unless the article is signed, there is no recourse against the writer. The manager, who is held responsible, may be a mere figurehead; and no effective redress is consequently obtainable. As a result the more wealthy persons and corporations who wish to avoid Press attacks naturally take steps to establish a direct influence over a section of the Press. Nor can one suppose that any but a tiny fraction of French public opinion is likely to be ranged against the proposed reforms.

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Ratification of the Egyptian Treaty.—The Anglo-Egyptian Treaty signed on August 26th has now been endorsed—in the Parliament at Cairo last week and in the Parliament at Westminster this week—by large majorities. This ratification is far from being a formality—as witness the breakdown of treaties concluded without public opinion behind them. The stability of the Anglo-Egyptian Treaty is assured by these majorities; and the smallness of the opposition vote shows how vastly the temper has changed, both in England and Egypt, since those years 1922-30 in which both countries were intransigent over points of detail at the price of postponing a comprehensive settlement of all questions. There are still some English diehards who look askance at a treaty which does not give the British armed forces a free run over the whole of Egypt's territory and territorial waters; just as there are Egyptian diehards who cannot be content, in the Sudan, with anything less than the restoration of Egyptian sovereignty. But what is noteworthy is the rarity of these voices. The essence of the treaty is a give-and-take in which the Egyptians have gone a long way towards meeting our British military desiderata in exchange for a corresponding conciliatoriness on the British side over the Sudan. This reasonable settlement of a relationship which has dragged on for 53 years has required a greater effort of reasonableness on the Egyptian side than on ours. The Egyptians have had to convince themselves that the genuineness of Egypt's independence will not be impaired by the presence of British armed forces in Egypt when this arrangement is based, as it now is, not on *force majeure*, but on a negotiated treaty. This view is borne out by precedents. The military chapter of the Anglo-Egyptian Treaty follows to a large extent the formulae of the Anglo-Iraqi Treaty of 1930 (which has also been followed in the Franco-Syrian Treaty signed the other day). The most striking precedent, however, is the arrangement made in 1713, in the Peace of Utrecht, whereby His Cæsarean Majesty the Holy Roman Emperor, King of Bohemia and Hungary, and Archduke of Austria, agreed with the Federal Government of the United Netherlands that the barrier-fortresses in the Austrian Netherlands (as Belgium then was) should be occupied by Dutch garrisons. No one dreamt that this arrangement about the fortresses was detrimental to the Emperor's independence, since the partner whose troops were to be stationed in the other partner's territory was actually the weaker of the two. This precedent is distinctly encouraging; for the Dutch-Austrian arrangement lasted—and helped to preserve the peace—for nearly 80 years. May the Anglo-Egyptian Treaty of 1936 enjoy as long a life!

* * *

Mexican Expropriation.—On November 18th an Expropriation Bill which had already passed the Mexican Chamber was adopted by the Senate. As the President is himself the promoter of this piece of legislation, the Bill

seems certain to become law. It provides that there shall be no expropriation without compensation. On the other hand, the purposes for which the Government can use the powers conferred by the Bill are described in wide terms. Private property may be expropriated "for the equitable distribution of wealth owned and monopolised for the exclusive benefit of one or several persons to the detriment of the collectivity in general or of any one social class." Passage of this legislation in Mexico City coincides with the outbreak of a fresh dispute between workers and employers on some of the principal Mexican oilfields. In the light of their antecedents, these events have to be taken seriously. The last great wave of radicalism in Mexico broke during the years 1926 and 1927. It was not until 1930 that the ground swell subsided. The most important private interests in Mexico are still in foreign—mainly American and British—hands. There is therefore a Nationalist tinge in the Mexican movement for socialisation. It is difficult for the movement to proceed without foreign complications. In 1926 and 1927, United States citizens who held land or oil concessions in Mexico resisted the Mexican legislation of the day. They were at first supported by the State Department at Washington. In the second chapter of the story, the United States Government changed its policy. A compromise between the Mexican Government and the private interests of United States citizens in Mexico was achieved by the diplomacy of the United States Ambassador, Mr Dwight Morrow. Mr Morrow's premature death was a loss to the cause of inter-American harmony. A policy of conciliation, however, inaugurated at Washington under a Republican regime, is not likely to be abandoned by Mr Roosevelt in order to revert to a policy of coercion. The importance of these events in Mexico lies in their possible effect upon the proceedings at the Pan-American Conference. Delegations from other Latin-American countries will be sundered by two emotions: on the one hand, sympathy with Mexican nationalism; on the other hand, dislike of the radical policy in which Mexican nationalism finds expression. Thus, President Roosevelt will probably be able to induce his Latin-American colleagues not to bring out of the cupboard the bogey of United States imperialism.

* * *

Italy Senses Favours to Come.—It was reported from Rome and New York this week that Italy has opened negotiations for a final settlement of her war debt to the United States. They are stated to be proceeding satisfactorily. Resuming payments after the 1931 Hoover moratorium, Italy defaulted, in common with other States, Britain included, on her debt to the United States in 1933. The debt as funded in November, 1925, was \$2,042.2 millions. This was to be paid in annual payments, rising from \$5 millions in 1926 to \$14.18 millions in the decade 1931-40, and thence by rising annuities to \$81 millions in the last year of the repayment period (1987). These annual payments, principal and interest included, raised the total of payments from \$2,042.2 millions to \$2,407.7 millions. Thus, as the Hoover moratorium began in 1931, the first year of the decade in which Italy's annual payments to the United States were to have risen from the \$5 millions level to the \$14.18 millions level, Italy has so far been spared the trebled incidence of her war debt payments in the current decade. The American Johnson Act

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 Kozuchowski.

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

shuts the American capital market to her until she resumes payment or makes a settlement with the United States authorities. The London market would be closed to her, if not on political grounds, because of the standing of her credit. She needs capital for pressing internal purposes, as well as to maintain and develop Abyssinia. The present negotiations may be viewed as a ready Italian response to President Roosevelt's broad hint about the vast sums of "hot money" which, apparently free from the transfer difficulties which so unaccountably hinder transfers of debt annuities, can be transferred to America from the European debtor countries. But Italy's readiness to negotiate is, after all, prompted by that gratitude which is based on "a lively sense of favours to come." Whether Americans will be so prodigal of favours to Italy remains to be seen.

Future Re-armament Expenditure.—A recently issued brokers' circular provides some interesting estimates of the magnitude of the re-armament programme. Its authors have been courageous enough to produce an estimate of the probable size of the arms bill for 1937-38, and even to break up their total into a number of component items, including expenditure on wages and salaries, engineering products, shipbuilding, and so on. These detailed figures, which cover almost the whole of the Estimates, show an increase in effective expenditure (i.e. excluding pensions) from £117,400,000 in 1935-36 to £163,700,000 in 1936-37, and £195,000,000 in 1937-38. This last figure would appear to correspond to a net Defence Estimate of some £220,000,000—an estimate which is not *prima facie* unreasonable. The following table shows the main items:—

	(Million £)		
	1935-36	1936-37	1937-38
Charges and salaries	47.1	52.1	57
Food, clothing, etc.	12.2	12.3	16
Oil and petrol	2.5	3.9	5.5
Aircraft, guns, lorries, and all metal supplies	19.5	43.4	55
Building and construction work	10.3	16.0	18
Shipbuilding: new construction	12.1	16.6	23.5
Naval repair and other dockyard work	13.7	17.4	20
Total (excluding pensions)	117.4	161.7	195

The 1937-38 figures are conjectural to a high degree; the Naval construction estimate, however, tallies fairly closely with what is known of the building programme, which will be in hand in 1937-38. Of greater interest, however, is the classification of the known expenditure for this year and last. The increase in engineering and allied output *directly* connected with the re-armament programme is striking, for only about £10,000,000 of this year's increase can be attributed to the aircraft industry. When to this is added the engineering and building work which has been induced *indirectly* by the re-armament programme—the extension and renovation of private factories, etc.—the dependence of our present level of capital-goods activity (and consequently, of industrial activity) upon re-armament becomes only too plain. Moreover, the armaments programme tends to accelerate the upward spiral of costs and prices. In the shipbuilding industry, in which naval expansion has hardly begun, costs are rapidly rising, and may well slow down the mercantile shipbuilding revival. Throughout heavy industry the shortage of labour and of industrial capacity, while limiting armament output—and, still more, commercial production—may raise prices to levels highly disconcerting to taxpayers and civil producers.

Our Bacon Supplies.—There is a particularly strong case for liberalising our bacon import quota at this moment. The incipient boom conditions prevailing in some branches of British industry make it urgently necessary to restrain so far as possible any tendency towards rapidly rising money costs and money wages; and the present rise in the cost of living consequently needs to be checked. Not only can this be done in the case of bacon without any loss of Budget revenue, since imports are restricted by quota instead of tariff; but the condition of the bacon market demands it.

Simultaneously with the rise in employment and money wages, food supplies should normally rise. But bacon supplies have been held down by restriction actually below the depression level. Total supplies in 1932 were over 13,000,000 cwt. The Lane-Fox Commission, reporting when prices were at depression levels, recommended the "stabilisation" of total supplies at about 10,670,000 cwt. Despite the great recovery in employment and purchasing power since then, the figure has only been raised to 10,808,000 cwt. in the present year; and the ratio of imported to home supplies has, of course, been greatly reduced. It is not surprising, therefore, that a deputation representing all the sections of the bacon distributing trades in the country asked the President of the Board of Trade last week to increase the figure of 10,808,000 cwt. by 10 per cent. It was stated in reply that the possibility of arranging for an increase in total supplies under a levy-subsidy scheme would be "further explored in connection with the forthcoming trade negotiations." A levy-subsidy scheme, on the lines of the proposed beef scheme, would certainly be preferable to the present import quota. But the immediate need, demonstrable on every ground, is for an increase in imported supplies.

The Cotton Wages Dispute.—A decision was taken to hand in strike notices as a result of a ballot by the Operative Cotton Spinners' Amalgamation and Cardroom Amalgamation on Thursday. Notices affecting 100,000 persons are thus due to expire between December 7th and December 19th. The employers in the spinning section recently refused the application of the workers for an advance of 14 per cent. on standard lists, or 1s. 8d. in the £. It is believed (our cotton correspondent writes) that some solution will be found of the problem raised by the demands of the operatives for an advance in wages. The position is least difficult in the weaving section, where the application for an advance of 15 per cent. on standard rates and a minimum wage of 7½d. an hour, or 30s. for a full 48-hour week, is being examined by the Conciliation Committee. In the spinning section the approach to a settlement is likely to prove more troublesome.

British Industrial Production.—The rapid progress of industrial recovery during the past twelve months, revealed by our monthly index of business activity, is confirmed by the official index of industrial production, published in last week's *Board of Trade Journal*. The Board of Trade index of production rose by about 10 per cent. between the third quarters of 1935 and 1936, compared with an increase of 8½ per cent. shown by the more comprehensive *Economist* index of business activity:—

Group	BOARD OF TRADE INDEX OF PRODUCTION (1930=100)				
	Year 1934	Year 1935	1935		1936
			Sept. Quarter	June Quarter	
1. Mines and quarries	90.8	91.7	85.8	88.4	89.6
2. Iron and steel	115.7	125.6	124.1	149.5	149.1
3. Non-ferrous metals	122.7	137.3	136.6	140.9	145.3
4. Engineering and shipbuilding	94.0	104.8	102.2	120.3	118.8
5. Building materials and building	133.4	147.0	153.5	157.8	164.3
6. Textiles	113.3	118.9	113.3	124.4	122.3
7. Chemicals, oils, etc.	104.6	110.8	107.7	112.0	111.1
8. Leather and boots and shoes	104.5	116.0	109.7	121.4	116.4
9. Food, drink and tobacco	102.3	107.6	109.2	114.5	115.2
10. Gas and electricity	121.8	132.6	(a)	(a)	(a)
Total of manufacturing industries (2-10)*	108.5	116.9	114.8	128.5	127.0
Total of all groups (1-10)*	106.1	113.5	110.7	122.9	121.7
<i>Economist</i> Index of Business Activity (on same basis)	103	107½	107	114	116

* Includes also various industries not specified above.
(a) No information is available as to the quantities of gas made in each quarter. The available data for electricity have been included in the general index.

Production in the third quarter this year was higher than a year ago in all the industrial groups included in the official index. Expansion was most marked in the case of iron and steel and engineering and shipbuilding. Compared with 1930, the index for building materials and building has attained the highest level. The Board of Trade index regis-

tered a slight decline between the second and third quarters of this year, but this movement was, in fact, much less than the normal seasonal decline. But the seasonal lull in activity has been scarcely noticeable this year. Actually the *Economist* index, which is adjusted for normal seasonal movements in business, registered a further rise during the July-September quarter.

Retail Trade in October.—The steady increase in sales over the counter confirms the evidence of sustained economic recovery contained in the Trade Supplement to this week's *Economist*. The index of the value of retail sales, published in the *Board of Trade Journal*, continued its strong seasonal upward trend. Compared with October, 1935, retail sales last month showed an increase of 7.4 per cent. Sales rose in all districts, the smallest increase being in Scotland (+ 5.5 per cent.) and the largest in the South of England (+ 8.4 per cent.). With the exception of piece-goods, turnover was higher than a year ago in the case of all commodities shown separately in the returns. The rising tide of prosperity augurs well for a continuation of the upward trend.

Railway Rebates and Coal Exports.—The Railway Freight Rebates Bill was introduced in the House of Lords on Tuesday. We discuss it in an Investment Note on page 421. The Government is applying for the benefit of the coal export trade four-fifths of the Rebate Fund in its attenuated form. It will be curtailed after the adjustment of the contributions of the railway companies to their reduced assessments, and after the annual payment of £800,000 for interest and redemption charge on the loan to be raised by the Minister of Transport to reimburse the railway companies for their over-payments to the Fund during the five years 1931-36. Since the rebate system has been in force, the reductions in the conveyance, shipment and wharfage charges of the coal trade have averaged over £2 millions per annum. The largest total was in the financial year 1932-33, when it exceeded £2½ millions, and the smallest in 1935-36 when it is estimated to have amounted to between £1.8 and £1.9 millions. Of the new distributable Fund of approximately £1.5 millions the coal export trade is to receive four-fifths, or £1.2 millions, leaving a balance of about £300,000 per annum for the benefit of the milk and livestock trades. The loss to the coal export trade compared with the annual average amount of the rebate during the five years 1931-36 is therefore, roughly, £800,000 per annum, which, it is presumed, covers the reductions which are to take place in the rebates on shipment dues as well as those on the transport rates from pit to port. The mining industry is also deprived by the terms of the Bill of the benefits of the rebate of 12½ per cent. in the railway rate for the conveyance of pitwood and steel props; while the 10 per cent. allowance on the wharfage rates for pitwood, pitprops and other imported mining timber is to be reduced by, roughly, one-half. In the absence of any compensatory measures by the Government the two coalfields which will suffer most will be South Wales and Durham. The rebates on the coal and coke supplied to iron and steel works as well as on the transport of ores, limestone, etc., are suspended until 1952, unless continued by an Order of the Ministry of Transport after December, 1943. On the basis of the official returns for 1934-35 this represents an increase in the conveyance cost of coal, coke, ores, limestone, etc., consumed by the iron and steel industry of over £1,000,000. The Bill also reduces the rebates to the agricultural industry from about £800,000 per annum to £300,000.

Sterling and International Prices.—There has been a further advance in wholesale prices in both England and the United States. The *Economist's* complete British index number has risen by 1 per cent., while the British primary products index number has risen by 1.3 per cent. In the United States primary products have risen by 2.5 per cent., and the Irving Fisher complete index number by 0.9 per cent. French wholesale prices have only risen by 0.2 per cent., so that the immediate post-devaluation price-level

has now been established. It is 16.1 per cent. above the index number recorded on September 16th, shortly before devaluation.

SEPTEMBER 18, 1931=100

Date	Economist Indices				U.S.A., Irving Fisher	France, Statistique Générale	Italy, Milan Chamber of Commerce	Germany, Statistisches Reichsamt
	British Complete Index (sterling)	Primary Products		Price of Gold (sterling)				
		British (sterling)	American (dollar)					
July 1932								
July 27th 1933	99.5	103.5	84.1	136.9	88.3	91.3	88.5	88.1
July 26th 1934	108.1	120.6	124.7	145.7	100.9	89.7	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 1936	110.8	124.6	152.4	167.2	118.3	79.1	85.6	92.8
Apr. 24th 1936	110.5	124.5	151.6	169.1	118.6	78.2	91.7	92.6
July 31st 1936	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 1937	118.1	131.7	145.7	165.6	121.8	82.3	...	95.1
Feb. 26th 1937	117.4	132.8	145.0	166.0	120.7	85.2	...	95.2
Mar. 25th 1937	117.4	133.9	144.3	165.8	119.6	85.2	...	95.3
Apr. 29th 1937	117.3	132.8	143.2	165.8	119.2	85.0	...	95.3
May 27th 1937	115.5	130.1	140.5	164.3	117.7	85.2	...	95.4
June 24th 1937	116.2	133.2	147.0	163.2	119.8	84.1	...	95.5
July 22nd 1937	118.7	140.4	157.2	163.4	120.6	86.6	...	95.7
Aug. 5th 1937	119.8	142.4	160.8	163.1	122.2	88.8	...	96.2
Aug. 19th 1937	119.4	141.9	163.2	162.7	121.9	88.8	...	96.1
Sept. 2nd 1937	120.6	141.3	159.3	162.7	121.4	89.5	...	95.8
Sept. 16th 1937	121.7	144.6	162.3	161.9	121.9	90.9	...	95.8
Sept. 30th 1937	121.8	144.5	159.6	165.0	121.8	96.4	...	95.9
Oct. 14th 1937	122.3	145.3	160.6	167.1	121.5	100.3	...	95.9
Oct. 28th 1937	123.6	145.7	161.1	167.1	122.5	102.1	...	95.8
Nov. 11th 1937	125.0	148.9	167.8	167.7	123.7	105.3	...	95.9
Nov. 25th 1937	126.3	150.9	172.0	167.2	124.8*	105.5*	...	95.9*

* These figures relate to November 18th.

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.

	<i>Economist</i> INDEX (1927=100)			
	Sept. 18, 1931	Oct. 28, 1936	Nov. 11, 1936	Nov. 25, 1936
	1931	1936	1936	1936
Cereals and meat	64.5	82.0	80.8	81.8
Other foods	62.2	62.5	63.7	64.0
Textiles	43.7	63.6	65.1	66.3
Minerals	67.4	86.0	88.9	90.0
Miscellaneous	65.8	77.8	78.3	78.4
Complete index ..	60.4	74.6	75.5	76.3
1913 = 100	83.1	102.7	104.0	105.0
1924 = 100	52.2	64.5	65.2	65.9

There were numerous small advances in the cereals and meat group. Among other foods, tea, sugar and butter cheapened, but cheese and coco-oil rose in price. In the textiles group, cotton movements were irregular and silk and jute fell in price. There were sharp advances in wool and flax. Non-ferrous metal prices are still rising. In the miscellaneous group rubber, tallow and Swedish timber have increased in price, but hides are again lower in price.

Progress of the Motor Industry.—The British automobile industry continued rapidly to expand during the season ended September 30th. The accompanying table compiled by the Society of Motor Manufacturers and Traders, shows that the output of both private cars and commercial vehicles during 1935-36 was higher than in any previous year.

Year ended Sept.	Private cars Taxis	Commercial vehicles	Total	Index No.
1913†	—	—	34,000	23
1924†	116,600	100	146,600	100
1927	164,553	141	211,780	144
1932	171,244	147	232,719	159
1933	220,779	189	286,287	195
1934	256,866	220	342,499	234
1935	311,544	267	403,720	275
1936	353,838	303	461,947	315

† Calendar year.

The volume of orders received during the recent exhibition of private cars ensures a further increase in sales in 1936-37. Moreover, requirements of commercial vehicles are also expanding with the progress of recovery, but railways now appear to be holding their own, owing partly to the increase in heavy goods traffic.

OVERSEAS CORRESPONDENCE

From our Correspondents in each centre

UNITED STATES

THE INFLUX OF FOREIGN CAPITAL

IN his Press Conference of November 13th, the President brought up at some length the subject of European buying of American securities, stated that the matter was under study, and suggested that regulations or legislation might be necessary. This theme is often discussed in Wall Street. As Wall Street has seen it, the buying of American securities (or the accumulation of dollar balances) has had its counterpart in the import of gold. No other conclusion could be reached from the data on the balance of payments. Second, it is logically inferred that if this movement were ever reversed, the gold flow would reverse as well; and conceivably the efflux could equal the influx.

Since England has experienced a similar influx in recent years, Wall Street compares British with American practice in meeting the situation, as worked out respectively through the Equalisation Account in London and the Stabilisation Fund here. As is well-known, an influx of funds into London (in gold or otherwise) is taken into the Equalisation Account, and transferred into the Bank of England and so into the credit structure, only in such sums as the monetary authority considers advisable. The operation of our own Stabilisation Fund has been quite different. It was created out of the gold profit, and its assets could become available for use only by a sale of gold to the Reserve Banks in the form of gold certificates, which are not legal tender. It is understood that in this way the Fund provided itself with some \$200 millions of working capital; but this operation, of course, automatically increased member bank reserves by a similar amount. Gold imported since January 30, 1934, whether by the Stabilisation Fund or otherwise, has been immediately sold to the Reserve Banks, and added to member bank reserves, or rather to the excess reserves, since the expansion of member bank credit, rapid as it was, could not keep pace with the torrent of gold. In the period since January, 1934, there have on two occasions been reversals of the gold movement, and on both occasions the gold was subtracted from the member bank reserves rather than from the Stabilisation Fund holding; but the sums involved were negligible.

About a year ago the problem of excess reserves had become sufficiently acute to be a matter of lively discussion. Total reserves (bank cash) were approximately double required reserves, and the flood of gold showed no signs of abating. To meet this situation Washington took two successive steps. In December and again in March, the Treasury successively transferred to its account in the Reserve Bank an aggregate of about \$1,000 millions, reducing member bank reserves correspondingly—a transaction not unlike a form of open-market operation occasionally employed by the Bank of England in pre-war days. The obvious disadvantage of the scheme was that it made an additional demand upon an already burdened Treasury. It was obviously but a temporary expedient, and after March the Treasury withdrew from the position. The Governors of the Reserve System announced an increase of 50 per cent. in required reserves, to become effective on August 15th. This reduced excess reserves by more than \$1,500 millions; but subsequent gold imports were so large that by the end of the calendar year total reserves will be higher than ever; the effects of the August action have already been neutralised by nearly \$500 millions of additional gold since August. The large increase of currency in use will leave excess reserves at the end of 1936 smaller (probably) than they were at the end of 1935; but with a general upward tendency so long as gold continues to pour in at an average rate of close to \$100 millions a month, or to put the same thing another way, so long as the security market continues to be the magnet for foreign funds on a gigantic scale.

Wall Street sees the problem from two angles. There is the point stressed in the Press conference—that this is potentially "hot money," subject to sudden and possibly embarrassing withdrawal. This angle was of acute concern in Wall Street at the end of September, when there were apprehensions of stock market liquidation and heavy transfers consequent upon the devaluation of the gold *bloc*. These specific fears proved groundless, as Europe bought rather than sold, and gold continued to come in on its habitual scale.

The other aspect is more stressed in theoretical discussion. The volume of bank credit in the country is, of course, a function of bank cash, and in theory, the Board of Governors is responsible for the figure of bank cash in the system. Up to a point, the rapid expansion of bank cash (even to the extent of creating "excess reserves") first by open-market operations and then by gold imports, was in harmony with the general policy of refloating bank deposits. But it is quite clear that, as described above, the Reserve authorities have been endeavouring for about a year to control the expansion of bank reserves; and that they have been and can be only moderately successful so long as (a) our stock market is a magnet for the world's current gold production and (b) our Stabilisation Fund is set up in such a way that it can take no action in the circumstances that does not itself increase member bank reserves. The problematical efflux of hot money might cause embarrassments at some future time, although the Stabilisation Fund is able to meet such a contingency with a minimum of disturbances; but the current reality is the inadequacy of the mechanism for handling the influx, in the form of gold, in such a way as not to thwart the obvious desire of the Reserve Board to control the aggregate of bank cash.

In this respect the situation has its analogies with 1929, when the stock market was occasioning an expansion of credit in the form of "brokers' loans for the account of others"—an area quite out of the reach of the then control mechanisms. Now, although direct stock market credit is under complete control, the stock market is the determinant of the basis of bank credit through its international attraction for gold; and the existing mechanisms are not well suited to meet this variant of the general problem of credit control. To sum up, the inflow brings one set of problems which are current realities; the outflow might bring another; but the present mechanism is better designed to meet the remote eventual contingency than the immediate and urgent reality.

THE PRESIDENT'S POWER TO DEVALUE

The provisions of the Act of January 30, 1934, which gave the President discretionary power over the dollar and which created the Stabilisation Fund, expired on January 30, 1936, and were extended for one year by the provision of that Statute. The President has already intimated that he will ask for a continuation of the substance of that Act; but it will be recognised that both the domestic and the international monetary situation are very different from those of three years ago. The emergency legislation adopted at that time requires more than a simple extension; and it is expected that a bill *ad hoc* will be among the earliest items of legislation offered to the 75th Congress in January. The discussion at the Press Conference is understood in Wall Street to be an elaboration of the earlier brief suggestion of the extension of the principles of the Act of January 30, 1934.

In the past month, America's economy has taken on some aspects of a boom with surprising rapidity. Perhaps its most marked form is what may be called a "sellers' market" in labour. The daily Press is full of notices of wage increases—usually about 10 per cent., sometimes greater. The second manifestation is the general

upward tendency in commodity prices, also indicating something of a sellers' market. This tendency seems as yet understated in the price indices. The third is the growing practice of giving orders for future delivery—frequently for a long distance into the future; and the common appearance of complaints over difficulty in securing prompt delivery. In the background, there is the rather belated realisation of the high rate of corporate earnings, suddenly emphasised by the year-end dividend increases—a direct reflection of the tax legislation of last spring. The economic atmosphere is quite different from last May, for example; when, although statistically business was good, there was still a general attitude of caution. Without the slightest intention of pressing the analogy, one may say that the general atmosphere of business following the election of the current year is quite reminiscent of that of November, 1928.

NEW YORK, November 18.

FRANCE

POPULAR FRONT STRENGTHENED

AFTER the ordinary sessions of the local "Conseils généraux," which voted addresses to the Government upholding the rights of property and the "liberty of work," Parliament has resumed work. Only five weeks now remain to pass through the Budget Bill before the end of the year.

The political situation, however, appears to be unaltered. The Popular Front has been strengthened by the political folly of the campaign of calumny which culminated in the tragic death of the Minister of the Interior—M. Roger Salengro, and which brought the Government unexpected support for its new law designed to restrain Press libels. But, at the same time a slight revival of social agitation has accompanied the renewed claims of the Communists for an increase in wages and for French intervention in Spain. But, the whole country, from the Conservatives and the Moderates to the Socialists, are supporting the policy of non-intervention and collaboration with London; so that the Communist demand is of minor importance. Nevertheless, the Communists' campaign, added to the rumours which the Spanish struggle excites daily, are hampering the rise of rentes.

The existing tendency towards a dishoarding of capital as a result of the low rates of interest on the money market suggests that opportune measures of a technical nature might produce rapid effects on the rentes market and on business as a whole. The following table shows that deposits in the four great Parisian banks increased in October for the first time for many months:—

	Sept. 30, 1935.	Aug. 31, 1936.	Sept. 30, 1936.
Credit Lyonnais	11,093	9,493	9,826
Société Générale	9,222	8,060	8,012
Comptoir National d'Escompte	7,029	6,176	6,056
Credit Industriel et Commercial	1,338	1,248	1,241
	28,682	24,977	25,135

Activity in new issues was also better in October, particularly in debenture issues:—

	Existing Companies	Stocks	Debentures	New Stocks	Total
October, 1935	252	11	28	191	12.8
July, 1936	4.3	8	0.5	56.3	74
August, 1936	27.8	26	2.5	82	
September, 1936	39	35	0		
October, 1936	19	53	10		

These figures, and notably those for debentures—the best of the year with the exception of January—show an improvement, particularly if compared with July.

Fiscal receipts in October were Frs. 4,043,000,000, of which Frs. 3,476,236,000 were ordinary receipts, divided as follows:—

Direct taxes	762,366,000
Indirect taxes	2,643,403,000
Other ordinary receipts	70,467,800

These results are 11 millions lower than the yield in October, 1935. The yield of indirect taxes is 44 millions lower, and of direct taxes 32 millions higher. For the

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first ten months of the year, fiscal receipts were 648 millions below the estimates, and 223 millions below the 1935 yield.

A significant feature of the industrial depression is the stagnation of building. The persistent dearth of long-term money rates, the uncertainty of prices following the social laws and the devaluation, high taxation, and legislation directed against landlords, lie at the root of the building crisis. Since the beginning of the year requests for building permits have been about one-sixth of those in 1913. The index of building activity is thus at its lowest for many years.

PARIS, November 26.

GERMANY

FOREIGN SECURITIES CONFISCATED

THE Foreign Exchange Board last week announced its measures, already expected, for the confiscation of foreign securities held by German citizens, by foreigners resident in Germany, and by such companies, partnerships, firms, associations and corporations in public or private law as count as "inland" in the sense of the Exchange Legislation. Formally, confiscation has not been decreed; and therefore the question of compensation in a reichsmark equivalent has not arisen. For the moment the new decrees merely create with the securities a fund which is irrevocably in the physical possession of certain banks acting as the Reich's trustees, and no part of which may again pass into private hands. By the time the decrees appeared the Reich had attained its aim of heavily depressing the German Bourse prices. By the end of last week the "spread" between these and the prices on foreign stock exchanges had been in many cases reduced by two-thirds.

A decree of November 19th required the delivery up to a "foreign exchange bank" of foreign securities to be later announced. The Foreign Exchange Board's discretion to choose the securities was entirely free. Foreign securities which were abroad were to be handed over irrevocably to the depot of a German "foreign exchange bank" with a foreign bank. A "foreign exchange bank" is a bank which acts as agent in exchange matters for the Reichsbank, and which, in particular, buys exchange from those persons or concerns which are obliged to deliver up. All German banks of note, including private banking firms, are "exchange banks." The delivered-up foreign securities will be booked in the name of the nominal owner. They may be freely dealt in on the Bourse, and may be transferred from one exchange bank to another; but they may not be handed out to the owners.

Shortly after the decree of November 19th appeared a first list of the securities confiscated. In the first instance, such foreign securities are confiscated as are officially quoted on German Bourses (some of the more important only in Frankfurt-am-Main) and such as are the objects of regular but unofficial bourse dealing. Many *non-valeurs*, including Russians and South-Eastern European pre-war bonds, are exempted. The list contains in all 63 share or bond securities, including the six officially quoted German Colonials.

The Bourse reacted to these decrees with a new heavy fall, and reichsmark shares declined in sympathy. It was not expected that the Government would proceed to realise the

securities summarily, and it was surmised that they would be merely treated, in press language, as "a national exchange reserve." Pessimists, however, reasoned that ultimately, if the exchange position becomes worse, home securities might be commandeered for sale to foreigners, if foreign buyers could be found.

THE RIGHT TO EXPROPRIATE

The exchange regulation system raises the general question of the right of expropriation. Unlimited right to expropriate foreign property, even when it lies within the boundaries of the expropriating State, does not seem to be admitted. British pre-war property in Russia is a case in point. The German Government, however, claims the right to expropriate property which is outside the Reich, and which is subject to the general legislation and to the fiscal competence of foreign Governments. That is the case with balances in foreign banks and with the new foreign security expropriation. Literally interpreted, these German pretensions go very far. In practice, of course, Germany cannot expropriate anything abroad. She can merely threaten the "Inländer" with the familiar penalty of penal servitude if he does not co-operate in his own expropriation, that is, if he does not give his signature, e.g. for transfer of his foreign bank balance to the Reichsbank. This presents the curious anomaly that only nationals of countries which have their own systems of control of foreign exchange or capital export are automatically protected. They could not freely transfer their funds to Germany even if they wished to do so.

The new regulations for delivery up of foreign securities also involve puzzles which foreign banks and capitalists may need to study. It is officially recognised that foreign loans may have been secured on stocks or bonds which have now to be delivered up, but which lie abroad. The new regulations do not recognise without qualification the foreign lender's claim. The German authorities, it is prescribed, may recognise the foreigner's claim, but they may insist on delivery up; and if the value of the security materially exceeds the loan, they will demand delivery of the excess value. Obviously this pretension would not avail against a foreign bank that was in physical possession of the pledged security; but questions of law might easily arise.

BERLIN, November 27.

DENMARK

SCANDINAVIAN CO-OPERATION

THE Scandinavian celebrations on October 27th were an impressive official demonstration of the desire of the countries of the Scandinavian bloc (Denmark, Finland, Iceland, Norway and Sweden) to formulate a joint foreign policy, based on the principle of strict neutrality, and a common domestic policy based on the principle of democratic government. The addresses of the heads of States were broadcast, and the views of leading personalities in politics, trade and industry urging the necessity of closer inter-Scandinavian co-operation were published in the leading papers of each country. The 16,400,000 inhabitants of the Scandinavian countries are an important factor in the world's economy. Their share in world trade is between 4 and 5 per cent, and—not counting inter-Scandinavian trade—is only surpassed by that of Great Britain, the United States, Germany and France. The total foreign trade of Scandinavia amounted in 1935 to about £350 millions (imports about £200 millions and exports about £150 millions), or £2 per head. Scandinavia is Britain's best customer in Europe and her second best (after India) in the whole world.

The ordinary session of the Rigsdag opened in October, and the Prime Minister outlined the Government's programme for the session. The main points are as follows:—

- (1) Continuation of the crisis policy, since no relief from the restrictions under which international trade is at present labouring can be expected; (2) maintenance of the lowest practicable rate of interest and continuation of the conversion policy; (3) relief of unemployment by various State measures; (4) appointment of a Commission to consider a revision of the Constitution; (5) certain reforms in the Army and Navy; (6) revision of the Social Relief Act,

especially on old age benefit; (7) reform of taxation and inter-communal equalisation of rates; (8) regulation of conditions and working hours on board ships; and (9) the furtherance of the trade and the improvement of the standard of living of the Farøe Islands.

The Budget position is sound:—

	1935-36 Budget	1936-37 Budget	1937-38 Estimates
	(In million kroner)		
Total revenue	418.9	417.9	421.2
Total expenditure	405.4	416.7	416.0
Surplus	13.5	1.2	5.2

For 1937-38 the following items of expenditure are the most important:—

	(In million kroner)
Interest	9.7
Ministry of the Interior	31.5
Social Ministry	145.6
Army and Navy	56.2

When introducing the 1937-38 Budget Bill in the Rigsdag, the Minister of Finance said that as a consequence of the recent devaluations in France and Holland it was intended to discontinue the application of the gold clause in Danish Government bonds held abroad, and thereby to obtain a saving on interest.

EXPANDING FOREIGN TRADE

By agreement with the German Government, supplementary permits aggregating 6 million kroner for imports of industrial goods from Germany have been granted for November and December, and there will be equal additional Danish agricultural exports to Germany during the same period. Trade with Italy is now subject to a provisional treaty, and in principle will be in the proportion 1:1, but until further notice the Danish authorities will grant import permits in excess of this figure to liquidate the frozen Danish debts (about 5 million kroner) in the clearing.

The following are the figures of Denmark's foreign trade during the first nine months of the present year as compared with the same period of 1935:—

	Imports	Exports	Import Surplus
	(In million kroner)		
First nine months of 1935	980	937	43
First nine months of 1936	1,058	1,022	36

Exports to Great Britain are unchanged at 555 million kroner, while imports from Great Britain have increased from 357 to 402 million kroner. Exports to Germany have increased from 139 to 211 million kroner. Butter and cheese exports are up to 45 million kroner, while bacon exports have fallen to 33 million kroner.

Three Danish shipbuilding companies have recently placed a joint order amounting to 10½ million kroner with British steel mills. The position of the shipbuilding industry on the whole is good, and orders on hand should provide full employment for about 1½ years hence.

A recent survey reveals that there are now 135,467 motor-cars in Denmark. This is equal to 237 private cars per 1,000 inhabitants.

The number of insured unemployed at the end of October was 68,148, or 16.3 per cent. of the total number insured, against 17.3 per cent. at the same time last year. The wholesale price index for October was 133, or 3 points higher than in the preceding month and 7 points higher than a year ago.

COPENHAGEN, November 20.

BULGARIA

THE NEW CABINET

THE recent reconstruction of M. Kiosseivanov's Cabinet is to be explained as due to a desire to put off the elections. The chief reason alleged is the dismemberment of the former political parties. As a result, the two Ministers belonging to Professor Tzankov's national movement have resigned. The present Cabinet is composed completely of non-party men, mainly high officials enjoying the confidence of the King. It is believed that it will remain in power for another six months.

The devaluation of the French franc and of some other currencies caused a rise in the compensation premiums in Bulgaria. The Government has decided, however, to maintain the present value of the currency by means of foreign exchange restrictions and export premiums. As from November 1st the system of foreign trade regulation has been modified, but the practice of "compensating" imports against exports is preserved. The difference now is that the former two lists of export articles, against which imports were admitted after the cession to the bank of a fixed percentage of free devisen at the official rate of exchange, have been fused into one. The maximum legal premium of 35 per cent. remains in force. Under the new regime imports on a compensation basis will only be allowed within the limits of the regular quota fixed for each importer, but the bank may authorise the importation of certain articles and products over and above these limits. There will also be no discrimination in premiums between the commodities on the former two export lists. The first list formerly comprised raw materials, and the second list other commodities.

ABUNDANT CROPS

Crops of both cereals and fruit have been abundant this year, and have made possible a marked improvement in the national economy as a whole. The rise in prices of raw materials is reflected in a wholesale price level which is at present 7 per cent. above that of last year. Industrial production has increased by nearly 6 per cent., domestic trade by 8 per cent. and banking activity by 5 per cent.

The foreign trade figures at the end of September, 1935 and 1936, were as follows:—

	Imports	Exports
	(Million levas)	
1935 (9 months)	2,051	2,001
1936 (9 months)	2,213	2,243

As compared with last year's results, exports have increased by 12 per cent. and imports by 8 per cent. Great Britain now occupies the second place among Bulgaria's customers with 216 million levas (about £500,000), or 9.5 per cent. of the total. In comparison with last year, exports to Great Britain have increased 2½ times, while British imports into Bulgaria have slightly decreased.

Another result of the general economic improvement is an increase in Budget revenues for the first nine months of the year to 5,400 million levas (13 per cent. over last year); while expenditure was 5,689 million levas. The deficit so far is 289 million levas, as against 421 millions for the corresponding period of 1935.

SOFIA, November 20.

SOUTH AFRICA

IS THE BOOM ENDING?

ALTHOUGH outwardly there is still every sign of the activity and material prosperity that have for some years past characterised Johannesburg and the other principal industrial and commercial centres of South Africa, one is conscious of an undercurrent of doubt. How much longer can this appearance of limitless expansion be expected to be maintained? Indeed, the more cautious leaders of local commerce and industry confess to a preference for an early return to more stable and less spectacular conditions. The present position is felt to have reached, in some respects, a rather too hectic and artificial a level, stimulated partly by the phenomenal expansion in the last few years of the gold mining industry, and more recently perhaps by the unrestrained campaign of publicity conducted both locally and overseas on behalf of the Empire Exhibition which has now experienced half of its four months' duration.

It is to be feared that the Exhibition has in the past two months had considerably more than half its possible measure of revenue-yielding support, and disappointment has sooner or later to be frankly faced. The Exhibition was planned on too ambitious a scale in relation to the obvious limitations imposed both by its geographical remoteness

from potential visitors in overseas centres, and the smallness of the local population. The organisers had in their official estimates based their expectations on an attendance of 2,000,000 visitors. The total white population of the Union is still well below that figure. Moreover, the whole of the available steamship services to South Africa could not, in a period of four or five months, convey to this country 20,000 visitors if such a number were prepared to spend the money and time on the trip. The official estimates were at least twenty times the possible number of visitors even under the most favourable conditions. It is true the official returns of daily attendances have exceeded the 500,000 level, but these, it must be remembered, include re-admissions.

VALUE OF THE EXHIBITION

Nor has it been possible to assess the commercial value of the Exhibition from the point of view of firms represented thereat. Some few have said in course of conversation that satisfactory business has resulted from the enterprise, but observation of adult attendances at the various displays—many of which obviously represent a very heavy expenditure—do not warrant a very optimistic estimate of the possible rewards of this enterprise.

But the actual and potential economic value of such an exhibition cannot be assessed in monetary terms. The Exhibition is undoubtedly providing a spectacular demonstration of South Africa's attractions and resources that should prove of enormous ultimate value to the country. But the immediate financial liability incurred is not liquidated by these potential possibilities, and a good deal of anxiety is felt.

In spite of the perceptible slackening of activity in other industrial and commercial enterprises, the gold mines continue to make new records. Output of gold for the month of October, declared three days ago, represents in value an all-time record of £6,915,282, based on an average price

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received for the month of £7 os. 6d. per fine ounce, an increase of 4s. 6d. per fine ounce as compared with the September valuation. The October output totalled 977,425 fine ounces and was the highest month's production since South Africa left the gold standard.

On the other hand, among the indications of a slowing up of recent boom conditions is the steady decline in the value of new buildings for which plans are passed by the Johannesburg City Council; for the month of October the 871 plans deposited represented a value of £790,000, as compared with £835,000 for September, £916,500 in August and £946,000 in July.

According to the report of the Public Debt Commissioners for the financial year ended March, 1936, the Union's indebtedness was reduced that year by no less than £23,028,707, and at the end of the year the outstanding debt stood at £251,086,694, of which 51.15 per cent. represents loans raised in the Union—the highest percentage of internal debt in the Union's quarter of a century, comparing with 42.84 per cent. for the previous year. An interesting appendix to the report shows the following comparative figures of debt and debt charge per head of population:—

	Total Gross Debt £	Debt per head of Population £ s. d.	Annual Charge per head £ s. d.
Australian Commonwealth and States	1,242,114,821	184 2 6	6 13 10
Canada	702,795,458	55 4 10	2 10 10
New Zealand	282,561,098	166 19 8	6 12 9
Union of South Africa	251,086,694	124 16 4*	5 14 0*

* European only (1,974,000 est. at March, 1936).

The annual per head charge compares favourably with that of New Zealand and Australia.

JOHANNESBURG, November 13.

BOOKS AND PUBLICATIONS

PUBLIC FINANCE

THIS translation,* based on the 1934 edition of Professor De Viti De Marco's "Principii di economia finanziaria," will be widely welcomed by English-speaking economists. Professor De Viti is less well-known in England than the other members of the group with which he was associated—Pareto, Pantaleoni and Barone—but in the field of public finance his pre-eminence has long been recognised.

Liberal economists have often been accused of under-estimating the importance of the State in economic affairs, and the politicians who follow their teachings have even now not entirely abandoned the view that the best financial policy is to allow money to fructify in the pockets of private individuals. Professor De Viti's great merit is that he

* "First Principles of Public Finance." By Antonio De Viti De Marco. Translated by Edith Pablo Marget. Jonathan Cape. 435 pages. 16s.

THE ROUND TABLE

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LETTER TO THE EDITOR

BRITISH MONETARY POLICY

TO THE EDITOR OF THE ECONOMIST

SIR,—May I be allowed to submit that none of the writers contributing to your symposium on this subject has dealt with the problem in a satisfactory manner? They all appear to think that the improvement in our economic condition is a "phase of a trade cycle"; therefore, as in the past, a depression will of necessity follow. The mistake of all is that they do not recognise the origin of the "boom." It is not a "phase of a trade cycle." If it were, the other great trading nations would also experience an improvement; whereas the fact is that Germany, France, Italy, Holland and Belgium have not experienced any improvement in their respective economic conditions.

The cause of the improvement is that we left gold in 1931 and that, to the surprise of the experts, the cost of living, and consequently of production, fell. We enjoyed the full benefit of this until America devaloured in 1933, since when our adverse balance of trade has been steadily increasing; the latest returns show an increase of some £61 millions over the corresponding period of last year.

If this premise be well founded, the course our monetary policy should take is clear. We should reduce the international gold value of our currency in order that we may be in a position to compete in world markets. The three-party agreement with France and the U.S.A. is a step in the wrong direction. It will cause the £ to remain the currency, with the exception of the gold currencies, with the highest international gold value. The effect of this on our trade requires no elaboration. We, in agreement with the rest of the Empire, should reduce the international gold value of our respective currencies by stabilising them at 25 per cent. of their original par values. The domestic purchasing power of our respective currencies would not fall, as we and the Empire are capable of supplying all our needs.

Yours truly,

JOSEPH RICARDO.

6 Crown Office Row,
Temple, E.C.4.

coherent reasoning. Problems of tax incidence and shifting, which were discussed often in isolation by Marshall and Edgeworth, are here fitted into a general theoretical framework. Professor De Viti may not have said the last word on these matters, but all attempts at further analysis will have to take his work as a starting point.

It may, however, be objected that in the applications of his theories Professor De Viti assumes a closer connection between the modern democratic State and the ideal co-operative state than actually exists in reality. May not the preponderance of special interests in the framing of public policy, which gives a monopolistic bias to the modern State, be a fact which has to be analysed not only by the political theorist but also by the economist? In particular, it may be argued that it is the existence of large inequalities in incomes which gives rise to these disturbing tendencies, and that therefore the theory of public finance should not be merely analytical and explanatory. But even if Professor De Viti, as an economist of the classical school, refuses to give us a theory of what measures should be undertaken in order to weaken the forces which stand in the way of the attainment of the co-operative ideal, he has given us an indispensable apparatus for testing the effects of actual policies of taxation and expenditure.

SHORTER NOTICES

"Zero Hour." By Richard Freund. Methuen. 252 pages. 10s. 6d. net.

"Born an Austrian, brought up a German, and anglicised by many years' sojourn in England, where I found a second home and a third nationality": on this basis, and on the testimony of his interesting book, Mr Freund can claim to have achieved an outlook free from national bias. He starts his comprehensive and up-to-date world survey with Germany—on which he has much inner light to shed. He marshals cogent arguments to show that German policy aims at a "free hand" in Central and Eastern Europe, for which the diplomatic separation of France and England is a condition precedent. His quite special knowledge of Central Europe produces a valuable chapter on the Danubian tangle; and on the balance in the Baltic he has clearly had access to special information. The chapters on the disposition of national forces and interests in the Mediterranean and Near East are more common form. (It is highly doubtful if the Italian Navy outclasses the French Mediterranean fleet, as he says: and, if, when Italy's two 35,000-ton battleships are ready, they will be "the fastest in the world.") He has some blunt comments on British diplomacy at Stresa last year, and on British conduct in the Italo-Abyssinian dispute.

But the really outstanding feature of his contribution to current knowledge of foreign affairs resides in his five chapters on India (with information on India's defence problems from "a wise Indian mentor") and the Far East. These important sections bear the impress of a careful, sifting mind, seeing "things before and after," and concerned to lay bare the causes and forces at work.

Mr Freund may be exaggerating when he says that a pro-German British policy is supported by the City, and by Liberal and Labour friends of the League. He concludes that in the three most dangerous volcanoes of the world's volcanic belt—Central Europe, the Mediterranean and the Far East—Britain alone can prevent disaster, if it can be prevented at all. "It is a grave responsibility which cannot be shirked, except at the grave risk of losing the greatest Empire of all time." Mr Freund's able and compact world survey should be read and pondered by British citizens.

"Audits." By A. E. Cutforth. Gee and Company. 362 pages. 10s. 6d.

This is the ninth edition of a work which, from its first appearance in 1907, has occupied its proper place among the standard expositions of auditing technique. It is mainly designed for the student preparing for professional examinations. But it might also be read with advantage by those investors who imagine that an auditor's certificate is a guarantee of annual verity. There has been no reason for this assumption since the celebrated dictum, which declared that the auditor was no more than a watch dog. But those who still imagine that an auditor is a professional bloodhound should read this analysis of his work; for it shows the essential limitations of the services which he performs for the shareholder.

BOOKS RECEIVED

The Theory and Practice of Central Banking, with Special Reference to American Experience, 1913-1935. By H. P. Willis. (London) Harper & Bros. 480 pages. 21s. net.

Men, Medicine and Food in the U.S.S.R. By F. Le Gros Clark and L. Noel Brinton. (London) Lawrence & Wishart. 173 pages. 5s. net.

City of Cardiff. Abstract of Accounts of the City Treasurer and Controller. Year ended March 31, 1936. 192 pages. (Cardiff) City Hall. No price stated.

This Way Out. By H. P. Fairchild. (London) Harper & Bros. 89 pages. 4s. 6d. net.

Unemployed Struggles, 1919-1936. By Wal Hannington. (London) Lawrence & Wishart. 328 pages. 10s. 6d. net.

The Earth Goddess. A Study of Native Farming on the West African Coast. By G. Howard Jones. (London) Longmans, Green & Co., Ltd. 205 pages. 12s. 6d. net.

The Indian Tariff Policy, with Special Reference to Sugar Protection. By B. N. Adarkar. (Bombay) The Kamatah Publishing House. 161 pages. Rs. 3.

Spanish Front. By C. Prieto. (London) Nelson & Sons, Ltd. 95 pages. 2s. 6d. net.

The Other Side of the Miner's Life. Issued by Philip Gee, 5 New Court, Lincoln's Inn, W.C.2. With the authority of The Mining Association of Great Britain. 31 pages. No price stated.

Contemporary Russia and Her Relations with Her Neighbours. Vol. 1. No. 1. October, 1936. (London) 92 Fleet Street, E.C.4. 96 pages. 1s. net.

This first issue of a new and well documented revue contains an interesting and original article on National Movements in the Soviet Union; an article on the Moscow Executions, by the Editor, Lancelot Lawton, and two very informative articles on the Red Army and the Soviet Price System.

OFFICIAL PUBLICATIONS

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

British Sugar (Subsidy) Acts: Section I. Factory Balance Sheets. 3d. net.

Report on the Vulnerability of Capital Ships to Air Attack. Cmd. 5301. 3d. net.

Third Report of the Commissioner for the Special Areas (England and Wales). Cmd. 5303. 3s. 6d. net.

Saving and Investment

The Theory of Capital in a Developing Community

W. E. ARMSTRONG

Elucidates the principles that govern the processes of Capital Accumulation. Shows that the "period of production," or time dimension of capital is an essential determinant. Shows how money systems transform the fluctuations, accompanying progress in production, into cyclical disturbances.

12/6

Routledge

MONEY AND BANKING

"HOT MONEY" IN WALL STREET

FRESH from his triumph at the polls, President Roosevelt recently enunciated a new monetary problem for the United States. It is a problem with which we in England have long been familiar—namely the presence of foreign money which is here one day and gone the next, to the confusion of the exchanges. Thanks to the fears antecedent to devaluation and to the prevailing buoyancy of Wall Street, the American Federal Reserve authorities reckon that to-day there are about \$7,000 millions of foreign funds in the United States, of which \$5,500 millions are invested in securities and the remaining \$1,500 millions lodged on deposit at the banks. These volatile foreign resources President Roosevelt has now described as "hot money," thus enriching the financial vocabulary with a new and expressive term. He has equally made it clear that he views its presence with some anxiety. While other Governments have usually been concerned to check the export of capital, the American Administration is apparently thinking of possible ways of checking its ingress.

This American problem has two aspects, internal and external; and the external problem is the more immediate. Ever since devaluation, the dollar has been strong against both sterling and the franc. From the opening post-devaluation quotations of \$4.93½ to the pound and Frs. 21.42 to the dollar, the exchanges have consistently moved until early last week they stood at \$4.88½ and Frs. 21.55½. Since then the Paris rate has strengthened to Frs. 21.49 and the pound to \$4.89½. Simultaneously there has been a persistent influx of gold into New York, for between September 24th and November 12th there was a net accretion of \$341 millions to the United States monetary gold stocks, the bulk of which represented imports from abroad. Exports from England amounted to £23 millions, or a little more than \$110 millions, while during October alone \$94 millions were shipped from France.

The underlying threat is that if these movements of gold and capital continue, the British and French Exchange Funds will eventually be denuded of their gold resources. Before admitting the validity of this threat, it may be well to analyse more closely the past eight week's gold movements. Part at least of the arrivals from France represented gold engaged for shipment at the end of September, and so arose from conditions which were terminated by devaluation. Again, devaluation has encouraged a certain amount of dishoarding, particularly of foreign gold lodged in London safe deposits. In view of Wall Street's activity, some gravitation of this gold to New York was inevitable. To that extent, therefore, the recent gold movements may be of a non-recurrent character; and in any case they do not represent official transfers of gold from the French or British Exchange Funds.

There is no doubt, however, that if Wall Street were again to become the magnet for world capital that it was in 1927-29, a difficult exchange position might develop. The resources of the French and British exchange funds are not inexhaustible, and beyond a certain point they cannot easily be replenished. We ourselves were able to build up our own exchange fund by means of the influx of funds into London from early 1932 onwards, which enabled us to transmute Government credit into gold. If it were necessary to replenish the fund at a time when funds were leaving the country, we could, of course, revalue the Bank of England's gold and transfer the "surplus" to the Exchange Account. This, however, could only be done once, and it would, incidentally, raise a number of important questions of policy. France has not even this expedient at her disposal, for she used the profit on the revaluation of her gold to constitute her Exchange Fund in the first place. Neither country, in fact, could view with equanimity an indefinitely large influx of funds to Wall Street.

The dimensions of the problem can be stated very simply. The gold now in the British Exchange Equalisation Account is of the order of \$1,000 millions to \$1,500 millions. The French Exchange Fund was fixed last month at Frs. 10,000 millions, or \$500 millions. Foreign funds in the United States have, as we have stated, been estimated at \$7,000 millions, and may have recently been flowing into the country at the rate of \$100 millions or \$150 millions a month. These figures suggest that the British and French Exchange Funds have a reasonable, but not an inexhaustible, margin in hand. Thus President Roosevelt cannot wholly rule out the danger that if Wall Street continued to absorb the world's floating capital it might not be possible to carry out the terms of the Tripartite Agreement or to maintain the value of the pound and franc against the dollar. Again, if the pound were to fall below \$4.86 or the franc were quoted at more than Frs. 22.50 or Frs. 23 (so that France would be confronted with the problem of devaluing anew), the United States might be more immediately concerned than Great Britain with possible consequences.

The internal aspect of the matter may also give Mr Roosevelt food for thought. The fate of his predecessor stands as a warning to the President. Mr Hoover was elected in 1928 on a wave of prosperity. In 1929 the markets broke. In 1932 Mr Hoover was sunk without trace in the maelstrom, and has never re-emerged. The last thing President Roosevelt can desire is a stock market boom based on volatile foreign capital, which at any moment may return home and bring down prices in Wall Street. This danger, we may surmise, looms even larger in the President's mind than the more immediate threat to the exchanges. How can the authorities keep out foreign "hot money" without checking American recovery?

The answer is not easy to discover. The orthodox remedy of higher money rates is ruled out by the existing plethora of credit and member bank excess reserves (the latter still amount to \$2,270 millions). It is equally barred by the financial needs of the Treasury; and, indeed, by the President's sense of the temper of the whole nation. Recovery must go on and must be steered into safe channels rather than throttled down altogether. In any case, the experience of 1927-29 shows that when investors and speculators are convinced that large capital profits are in sight, mere manipulation of interest rates is not in itself an effective deterrent. To be decisive, rates must be raised to so high a level that the entire trend of the market is reversed.

It is true that a good deal has been done since 1933 to stiffen up the banks' margin requirements against security loans, and this will have a certain effect. This brake, however, acts equally against the home and foreign investor. Could President Roosevelt attain his objective by imposing discriminatory taxation against the foreign investor? He has already found that it is more or less impracticable to subject foreign capital profits to the American income-tax law, for his writ does not run in foreign centres. It might be possible to impose an export duty upon American securities, to be collected from the American seller, who would at once add it on to his selling price; and this could be made to reduce seriously the foreigner's expected profit margin. It might also be possible for him (at the cost of controversial legislation and a deliberate interference with American company law) to induce American companies to make certain classes of shares only eligible to American holders. Both these ideas have greater theoretical than practical attractions.

All in all, President Roosevelt must be left to work out his own solution. It is his problem, and, in the words of Michael Finsbury, we can do nothing but sympathise. Yet as signatories to the tripartite monetary agreement, we ought, like Gideon Forsyth, to feel certain qualms of con-

science, especially as we do not want to see the British and French Exchange Funds denuded of their gold to finance a rush of European capital to Wall Street. No one to-day can desire yet another addition to the network of foreign exchange restrictions, and capital ought, as far as possible, to be left free to take its own course. Yet at least we can watch our own situation in London, with the object of preventing it from getting out of hand and shaking the confidence of foreign investors. Already the Continent tends to regard Throgmorton Street and Wall Street as rival magnets. We can endeavour so to frame our own budgetary policy as to minimise any undesirable expansion of credit based on a programme of heavy Government borrowing. We can, and should, recognise that international monetary co-operation cannot end with the day-to-day regulation of exchange rates. It must embrace some co-ordination of credit control in the leading financial centres, and one of the objects of that co-ordination must be to tempt world capital to where it is really needed and to prevent its excessive concentration in one particular place. Here, then, is abundant scope for fresh monetary co-operation.

FINANCIAL NOTES

Extension of Monetary Agreement.—Holland and Switzerland have this week announced their adherence to the tripartite monetary agreement originally made between England, France and the United States. As Belgium had previously adhered, the agreement now comprises four of the six members of the former gold *bloc*, together with England and the United States. Holland and Switzerland have announced general agreement on the underlying matters of principle, such as the undertaking against competitive currency depreciation, and the United States has replied by extending to these countries the arrangement by which gold can be transferred freely between the monetary authorities of the United States and the other signatories to the Agreement. The British Treasury has also issued a statement welcoming the Dutch and Swiss adherence, but Holland has taken no steps to revalue the guilder in terms of gold, and the guilder is still free to fluctuate against gold, and is only restrained by the official intervention of the Dutch authorities. On the other hand, now that Holland is in the new monetary union, the operations of the Dutch Exchange Control can no doubt be made even more effective, and Switzerland has stated that she will be the first to stabilise her currency if England, France and the United States do likewise. Meanwhile, the American authorities have formally prohibited the private exportation of gold from the United States. Hitherto the American banks have been able to buy gold from the Treasury at a fixed price and export it under licence to those countries with whom the United States authorises gold dealings, but now the exportation of gold is to be confined to direct official shipments. This new step shows that Washington recognises that the world is now passing under a form of quasi-gold standard, the key to which lies in semi-rigid gold parities maintained by official international transfers of gold.

Devaluation and Gold.—The extension of the monetary agreement referred to above does not necessarily mean that there will be automatic gold movements between all the six participants in the agreement. The position is that the authorities of each of the five European countries will deal freely in gold with the authorities of the United States, but may deal less freely with each other. One reason is that neither England nor Holland is prepared to fix a definite price for gold in their own currencies. The point is of minor importance, because exchange discrepancies can easily be smoothed out by arbitrage through New York, which can be covered by gold transfers to or from the United States. So long as gold can move freely to or from one point of the hexagon, no direct movements between the other points are necessary. Meanwhile, the

French Government is beginning to modify its previous uncompromising attitude towards private profits accruing from the revaluation upwards of gold in terms of francs. At the time of devaluation it was politically necessary to impose penal taxation on these profits, as otherwise the devaluation legislation might not have got through the Chamber. To-day, it is realised that the sole effect of this taxation is to retard the repatriation of capital and gold, and on the whole there has been a slow outward flow of capital since the middle of October. France is now badly in need of new capital, both to finance the trade revival and also to enable the Treasury to cover its immediate needs, possibly by the issue of a short-term loan. There is an obvious chance for a compromise, which might take the form of withdrawing the punitive taxation on the condition that all private devaluation profits were used by these recipients as subscriptions to a new Government loan. If this expedient succeeded in attracting gold back to France, it might also help in the re-establishment of a free private gold market in Paris. Gold held by the authorities, including the Banque de France, would not be drawn into this market, but it is thought that this step would provide Frenchmen with a legitimate means of acquiring gold from other sources and so might have a reassuring influence upon French public opinion.

United States Balance of Payments.—The Department of Commerce has published, for the third year in succession, an estimate of the balance of international payments of the United States for the first six months of the year. This estimate is given in the following table, to which the figures for the first half, and for the whole, of 1935 have been added for the purposes of comparison (in the conventional notation a plus sign denotes a credit item or in-payment, a minus sign a debit item or out-payment):

UNITED STATES BALANCE OF PAYMENTS (\$ millions)			
	Whole Year, 1935	January- June, 1935	January- June, 1936
Merchandise trade (excluding silver)	+ 236	+ 29	- 9
Tourists' expenditure	- 292	- 103	- 115
Immigrants' remittances ..	- 115	- 64	- 57
Miscellaneous service items...	- 15	- 17	- 1
Interest and dividends	+ 375	+ 145	+ 190
Balance on current account	+ 189	- 10	+ 8
Gold movements	- 1,739	- 802	- 473
Silver movements	- 336	- 79	- 116
Currency movements	- 1	- 11	+ 3
Total	- 2,076	- 892	- 586
Long-term capital	+ 462	+ 100	+ 264
Short-term capital	+ 1,075	+ 560	+ 229
Balance on capital account	+ 1,537	+ 660	+ 493
Unrecorded items	+ 352	+ 242	+ 85

It is clear from these figures that the tendency for American trade in merchandise and services to balance, which has been obvious for some years, still continues. There is actually a small net balance of merchandise imports, while the service items add up to an almost equally small net credit. The increase in tourists' expenditures is a sign of reviving prosperity in America, while the very considerable increase in the receipt of interest and dividends provides strong testimony to the progress of recovery in the countries in which American funds have been invested. The capital accounts still show large abnormal movements, but smaller than in the first half of last year. The large continuing inflow of gold into America is one of the gravest obstacles to a re-establishment of an international monetary system based on gold. But it does not necessarily follow that this flow of gold is due to, or could be prevented by, American policy. Most of it is undoubtedly to be ascribed to the contrast between returning prosperity in America and continuing political uncertainty in Europe.

The Money Market.—The repayment on November 20th of the first instalment of £8 millions due on the French credit replenished bank cash and made money a little easier. Nevertheless, there was some clearing bank calling on every day of this week. The banks bought late January and early February Treasury bills at $\frac{1}{2}$ per cent. The usual rate on three months' bank bills was $\frac{1}{8}$ per cent. Discount houses have not been prepared to pay for bills at a lower rate, for as the clearing banks will probably cease buying bills from next week until the end of December, it is expected that sellers of bills will soon be willing to accept a rate of $\frac{1}{8}$ per cent.

	Nov. 5, 1936	Nov. 12, 1936	Nov. 19, 1936	Nov. 26, 1936
Bank rate.....	$\frac{1}{2}$	$\frac{1}{2}$	$\frac{1}{2}$	$\frac{1}{2}$
Clearing banks' deposit rate ...	$\frac{1}{2}$	$\frac{1}{2}$	$\frac{1}{2}$	$\frac{1}{2}$
Short loan rate:—				
Clearing banks	$\frac{1}{2}$ – $\frac{1}{2}$ *	$\frac{1}{2}$ – $\frac{1}{2}$ *	$\frac{1}{2}$ – $\frac{1}{2}$ *	$\frac{1}{2}$ – $\frac{1}{2}$ *
Others	$\frac{1}{2}$	$\frac{1}{2}$	$\frac{1}{2}$	$\frac{1}{2}$
Discount rates:—				
Treasury bills	$\frac{1}{2}$ – $\frac{1}{2}$	$\frac{1}{2}$ – $\frac{1}{2}$	$\frac{1}{2}$	$\frac{1}{2}$
Three months' bank bills	$\frac{1}{2}$ – $\frac{1}{2}$	$\frac{1}{2}$	$\frac{1}{2}$	$\frac{1}{2}$

* 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.

It is not known how the French authorities are acquiring the sterling needed to repay the French credit, but it is significant that £10.2 millions of gold was imported from France during the past week. The floating assets of the Departments were also reduced by £15 millions during the week ended November 28th, and these cannot be due entirely to "inside" subscriptions to the new Funding Loan, for the total application money only amounts to £10 millions. Inside applications, of course, may have been paid up in full, but it looks as if the Exchange Equalisation Account has also been buying gold from the French authorities, and turning out Treasury bills to make room for it. This week the total tender issue of Treasury bills has risen from £603 to £608 millions, this being the first increase since the end of July. During September and October it contracted by £27 millions, mainly owing to tap sales of last year's Funding Loan and acquisition of Treasury bills by the Departments.

The Bank Return.—Last week witnessed a very moderate increase in the note circulation, but next week the normal month-end withdrawals will inaugurate the Christmas currency expansion, which may easily carry the circulation as high as £470 millions. In the absence of further gold acquisitions by the Bank, the Reserve may fall to about £40 millions.

BANK OF ENGLAND					
	Nov. 27, 1935	Nov. 4, 1936	Nov. 11, 1936	Nov. 18, 1936	Nov. 25, 1936
Issue Department:—					
Gold	197 6	248 7	248 7	248 7	248 7
Note circulation	401 3	447 1	446 6	444 9	445 6
Banking Department:—					
Reserve	57 1	62 5	62 9	64 6	63 8
Public deposits	19 7	27 2	14 9	14 1	12 1
Bankers' deposits	90 9	85 3	98 0	96 1	97 6
Other deposits	36 5	41 8	41 6	44 7	41 7
Government securities ...	85 5	82 0	80 4	79 0	71 2
Discounts and advances..	9 5	7 7	8 6	7 4	6 8
Other securities	12 8	20 0	20 3	21 7	20 4
Proportion	38 8%	40 4%	40 7%	41 7%	42 1%

The repayment of the first instalment of the French credit, amounting to £8 millions, has caused a small transfer of funds from "other" to bankers' deposits. Public deposits are now low, especially in view of next week's impending War Loan dividend. It looks as if the Treasury may have to borrow on Ways and Means from the Bank.

The Foreign Exchanges.—The London market has been fairly quiet. Continental political apprehensions have stimulated some selling of securities in Wall Street

as well as in London, and there has been a tendency to repatriate the proceeds on the ground that in times of anxiety money is safer at home. This has caused dollars to be offered, and sterling has appreciated slightly to \$4.90, thus reversing its previous downward trend. Spot francs have remained pegged by the French authorities at Frs. 105.14 to the pound. Three months' francs have improved to Frs. 1 discount (or under 4 per cent. per annum) but this is entirely due to support by the French Control which, unlike the British Control, operates in the forward market. One consequence of this control is that the exchange market has noticed no indication of the French credit repayment. Nor does last week's Banque de France return record any gold losses, so that the gold now coming to London has either been previously ear-marked, or else is being drawn from the French Exchange Fund. Both spot and forward guilders are stronger, chiefly because of a growing realisation that even if the guilder is still overvalued it is not likely to depreciate immediately. Open forward guilder positions are therefore being covered. Swiss francs are steady at Frs. 21.30, and the Swiss Bank rate has been reduced to the unprecedented level of $\frac{1}{8}$ per cent. There has been some official selling of Swiss francs in London against gold shipments to Switzerland.

Commercial Bank of Scotland.—In many ways the accounts of this bank confirm the general increase in Scottish business and banking activity during the past few years. The Commercial Bank's deposits and note circulation have both again risen, while there has also been an expansion in the bank's cash. Unlike the Royal Bank of Scotland, upon whose accounts we commented last week, the Commercial Bank's acceptances on October 31st last were higher than the year before. This is an interesting point, for the explanation of the year's decline in the Royal Bank's acceptances was that owing to the devaluation of the gold bloc currencies at the end of September the Royal Bank's forward exchange commitments on October 10th (the date of its balance sheet) had been reduced. The Commercial Bank's accounts are dated three weeks later, and so it appears that by then forward exchange business had recovered to its normal dimensions.

	1934	October 31, 1935 (£'000)	1936
Liabilities—			
Capital	2,250	2,230	2,230
Reserve fund	2,850	3,000	3,050
Notes in circulation	3,223	3,351	3,629
Deposits	38,932	40,784	42,017
Acceptances, etc.	1,731	2,209	3,299
Assets—			
Cash, etc.	4,120	4,437	4,738
Call and short money	2,786	3,241	3,419
Discounts	874	1,132	1,143
Investments	21,963	24,409	25,455
Advances	14,529	13,247	13,101
Net profits	379	397	400

The Commercial Bank's advances have fallen slightly during the past year. This is against the general banking trend, but it may be a fortuitous movement which manifested itself on the date of the bank's accounts. Net profits are higher, and the previous year's dividends of 16 per cent. on the "A" shares and 10 per cent. on the "B" shares are being paid once more. Last year's special bonus of 2 per cent. on the "A" shares, to celebrate the bank's 125th birthday, is of course not repeated, and instead allocations to various staff funds are being increased.

English, Scottish and Australian Bank.—In a comment on the accounts in last week's issue we stated that gross receipts had risen by £78 millions. This sentence should have read "gross profits have risen by £78,000." The correct description and results were contained in the table to which the comment referred.

THE STOCK EXCHANGE

RUBBER SHARE PROSPECTS

In the past few weeks the rubber share market has produced fireworks which rivalled those of the rubber famine days of 1925, and even suggested comparison with the celebrated boom of 1910. Seers who had asserted that the industry's youthful volatility had yielded to the staid respectability of middle age have been disillusioned. Rubber prices, after long hesitation, have easily broken through the charmed figure of 8d. a pound and reached a post-1930 record on Thursday at 8 $\frac{1}{2}$ d. Share quotations have leapt upwards with much enthusiasm and less discrimination. How far is the rise justified?

Students of the rubber market have commented on the paradoxical fact that the International Committee's decision to increase supplies of rubber next year precipitated the latest rise in rubber. The market, though aware of the general improvement in the position of the industry, seems previously to have been held back by uncertainty about the size of output quotas in 1937. The Committee's decision was thus an immediate signal for renewed activity. At the same time, the Committee, by permitting a 5 per cent. increase in the quota to 70 per cent. for the first half of 1937, preserved its reputation for holding a fair balance between the interests of consumers and producers.

The recent statistical trends in the industry are shown in the following table:—

PRODUCTION, CONSUMPTION, STOCKS AND PRICES
(Quantities in thousand tons)

Year	World Exports	Consumption			World Stocks outside regulated areas†	Ribbed smoked sheet (London) per lb.
		Total World	U.S. Crude	U.S. reclaimed		
1929	867.9	804.7	467.0	217.0	228.9	10.3
1930	826.1	712.8	376.0	153.5	361.1	5.9
1931	799.7	683.0	355.0	123.0	498.7	3.2
1932	708.7	689.0	337.0	77.5	502.6	2.3
1933	853.4	818.7	412.0	85.0	496.4	3.2
1934	1,019.0	836.9	465.0	100.9	552.1	6.2
1935	872.7	837.5	492.5	117.5	495.6	6.0
1935, January-October	662.9	768.2	406.8	99.2	529.0*	6.9
1936, January-October	699.0	832.0	473.6	105.0	340.8*	7.5

† At end of year.

* End of October.

Two major phases in the present restriction scheme since its inception in June, 1934, may be distinguished. The first eighteen months were spent in solving the administrative problems of regulating so great a diversity of producers—the most important being the control of native rubber shipments from the Dutch East Indies. The tax on native exports was clumsy. It produced unexpected consequences and was strongly resisted by the native growers. No less serious, however, was the check to world consumption late in 1934 and in 1935. Low rubber prices during the depression stimulated demand. But between 1932 and 1934 the price rose from an average of 2 $\frac{1}{2}$ d. per lb. to

6 $\frac{3}{4}$ d. per lb. and fell only slightly to 6d. a lb. in 1935. The rise immediately arrested the reduction of excessive world stocks, and produced complete stagnation in the demand for rubber during 1935. The Rubber Committee was thus impelled to increase the severity of restriction, and output was gradually reduced to 60 per cent. of standard quotas.

At the end of last year, however, a new phase began. Difficulties in the Dutch native situation were first acknowledged by an increase in the standard quota allotted to native producers, and subsequently appeased by energetic manipulation of the export tax, according to price movements, to leave the native a gross return (after tax) of about 12 or 13 cents per kilogram. Since the devaluation of the guilder the tax has been raised to no less than 57 cents, and now absorbs about 80 per cent. of the total value of native rubber produced. Simultaneously, registration of the native areas has been pushed forward, and individual native restriction is promised for the beginning of 1937. Although this may be an optimistic estimate, the native question has, for the moment at least, lost some of its terrors.

Meanwhile, world consumption has been rising more vigorously and stocks have been steadily reduced. A gradual improvement in prices has, therefore, persisted throughout the present year, with only minor checks. This progress was signalled by an increase in the quota to 65 per cent. of standard in the second half of 1936, and again underlined by the further 5 per cent. increase decreed for the first half of next year. The recent rise in prices, moreover, has not been accompanied by much outside speculation. Primarily, it has resulted from demand by manufacturers who had refrained from entering into long-term commitments until uncertainty about the 1937 production rate was removed. The conclusion, recently, of many large-scale forward contracts by estates at prices up to 8 $\frac{1}{2}$ d. (and in some cases up to 9d.) a lb., as far ahead as the end of 1937, also indicates greater confidence. Estimates of future demand may, indeed, have to be revised upwards. For the whole of 1936, absorption will probably total 1,000,000 tons—an increase of 60,000 tons on last year. But during the past six months the average monthly total has been approximately 86,000 tons, equivalent to 1,050,000 tons a year, against a prospective output, on a 70 per cent. quota (including supplies from Siam, French Indo-China, and areas outside the scheme), of about 970,000 tons. Even if there is no further increase in the rate of consumption, therefore, world stocks should continue steadily to fall.

From the short-term standpoint, clearly enough, the outlook for rubber prices appears satisfactory. But even at the present advanced stage of the recovery cycle, current rubber output represents little more than two-thirds of standard capacity, which in turn is probably well below

PRODUCTION, COSTS AND POTENTIAL EARNINGS

Company (and date of latest accounts)	Equity Capital	Standard Production	Standard Production per £ Equity Capital	Latest Costs	Latest Earnings	Latest Dividends	Estimated earnings on 70 per cent. quota and 8d. Price	1d. per lb. on price or costs at 70 per cent. quota equals per cent. on Ord. Capital	5 per cent. increase at 8d. price equals per cent. on Ord. Capital	Share denomination	Current Share Price	Yield on latest full year's Div.	Yield on prospective earnings for 1937
	£'000	000's lbs.	000's lbs.	d. per lb.	%	%	%	%	%	s. d.	%	%	%
Batang (December, 1935)	246	1,235	5.0	5.2	1.5	2 $\frac{1}{2}$	4.1	1.5	0.3	2s.	1 4 $\frac{1}{2}$	3.7	5.9
Batu Tiga (December, 1935)	231	3,069	13.3	4.6	5.3	6 $\frac{1}{2}$	13.2	3.9	0.9	£1	38 9	3.2	6.8
Berian Consolidated (March, 1936)	350	3,538	10.1	3.7	7.0	7 $\frac{1}{2}$	12.7	3.0	0.9	2s.	4 6	3.3	5.5
Broome (June, 1936)	164	2,500	15.2	4.1	9.6	8 $\frac{1}{2}$	17.3	4.4	1.3	2s.	3 9	4.4	9.0
Cheviot (December, 1935)	245	3,113	12.7	4.0	8.4	7 $\frac{1}{2}$	14.8	3.7	1.1	2s.	5 0	3.0	5.9
East Asiatic (March, 1936)	890	4,756	5.9	4.1	5.3	5 $\frac{1}{2}$	6.7	1.7	0.5	2s.	3 3	3.1	4.0
East Sumatra (June, 1936)	354	3,495	9.9	5.2	5.5	5 $\frac{1}{2}$	8.1	2.9	0.6	2s.	3 0	3.5	5.3
F.M.S. (December, 1935)	245	2,880	11.8	4.2	5.2	6	13.1	3.4	1.0	£1	37 6	3.2	6.9
Kamuning (June, 1936)	201	2,133	10.6	4.0	11.6	10	12.4	3.1	0.9	2s.	4 7 $\frac{1}{2}$	4.3	5.0
Kepong (December, 1935)	684	9,600	14.0	4.4	4.0	4	14.7	4.1	1.1	2s.	4 0	2.0	7.2
Labu (December, 1935)	235	2,987	12.7	3.3	10.6	10	17.4	3.7	1.2	£1	56 10 $\frac{1}{2}$	3.5	6.1
North Malay (December, 1935)	286	2,676	9.4	4.0	4.1	4	11.0	2.7	0.8	2s.	2 7 $\frac{1}{2}$	3.5	7.7
Pataling (December, 1935)	305	4,207	13.8	3.9	7.3	Nil	4.6	1.6	0.3	£1	39 4 $\frac{1}{2}$	3.5	8.2
Seremban (December, 1936)	200	1,071	5.4	5.1	4.8	2.2	6.6	2.1	0.5	2s.	2 3	3.5	6.5
Sumatra Para (June, 1936)	227	1,608	7.1	4.8	2.2	4	6.6	2.1	0.5	2s.	2 3	3.5	5.7
United Sui Betong (December, 1935)	800	13,734	17.2	4.5	11.8	10	17.6	5.0	1.2	£1	70 0rd	2.9	5.0

maximum production. A further increase in consumption is essential before real health can be restored in the rubber industry, and this involves a reasonable level of prices. Prudent investors may well hope that the Committee will still refuse, in the present active business phase, to sacrifice the future for the illusory gains of an immediate boom.

Meanwhile, prospects for rubber producers during the next year or so have improved. Rubber prices this year should average about 7½d. a lb., against 6d. in 1935, and for 1937 there is reason to expect a figure of over 8d. The future tendency of costs is more uncertain. The industry has largely, though not wholly, finished the process of restoring wage and salary cuts and making more liberal allowances for maintenance work, manuring and other essential expenditures which were drastically reduced during depression. But anxiety has recently been expressed, especially in Malaya, at the prospect of a shortage of labour if the level of permitted output is increased beyond 80 per cent. Although this problem may be eased by giving greater encouragement to Indian coolie emigration, an increase in the cost of plantation labour cannot be ruled out.

Again, under the terms of the Restriction Scheme, no new estates may be established, but up to 20 per cent. of the existing area may be re-planted before the end of 1938. Little was done in 1935, but a considerable increase has occurred in the present year and large areas have now been cleared. This has, to some extent, reduced the volume of current potential output, but the higher productivity of the re-planted areas, largely under bud-grafted rubber, should partly compensate for the complete cessation of new planting during a period of steadily expanding consumption. Despite the additional charges, most of the efficient estates have established their costs near a 4d. a pound basis. A number of company chairmen have further declared that, with the assistance of the higher quota, there should be no further increase in expenses per lb. during the next year or two.

Broadly, therefore, reasonably efficient companies should earn a profit margin of approximately 4d. a lb. on an increased output next year. But the distribution of the resulting gains will be strikingly uneven. The table at the foot of the preceding page presents the factors which control the level of rubber profits for a number of leading producers and makes a series of necessarily broad estimates of possible earnings in 1937, assuming that the quota remains unchanged at 70 per cent., and that rubber averages 8d. per lb. over the year. The figures, however, are conservative, for they exclude all income from investments and non-rubber sources. The costs figures are based on the last published accounts and will need modification in due course. We have therefore included a column to show the effect on earnings of a penny change in prices or in costs.

Such figures can obviously claim no prophetic accuracy, but at least they are a guide to the relative order of magnitude of increased earnings. In some cases potential profits are more than three times as high, in others only half as high again as in 1935 or 1935-36. In our final columns we use the figures as a yardstick for comparing existing share valuations.

Companies with the highest "gearing" to changes in price show, in general, the largest potential yields. The prospective advance in profits of these companies may not, even now, have been entirely discounted. But quotations for some of the lower geared producers certainly appear to have been carried too far. For an industry like rubber, an earnings yield of less than 6 per cent., after recovery has been discounted, is unduly low. If increased appropriations are made to reserves, against future adversity, the yield on dividends will be even less impressive.

The conclusions of this survey may be briefly summarised. Given a price above 8d., reasonably equipped producers should earn satisfactory profits even on a 70 per cent. quota. Conditions in the short run favour a further rise in rubber prices, but long-term interests will be better served by increased production, to encourage the improvement in demand now evident. Undoubtedly, as a contributor to an immediate rise in profits, a moderate rise in prices is more powerful than a moderate increase in output quotas. A comparison of the effect on earnings,

shown in our table, of a penny rise in price and a 5 per cent. increase in the quota, is illuminating. But if the controlling authorities take the long view, a further release of supplies may be reasonably expected in 1937. The benefits of increased output do not accrue to producers in the form of higher receipts alone; their ability to keep down unit costs in the face of higher wage demands and heavy replanting expenses depends largely on the spreading of existing overheads over a large volume of output. Again, the amalgamation, where possible, of separate small estates into larger units would assist the same object, and merits renewed consideration. Yet, to-day, approximately half the four hundred-odd rubber companies in the Stock Exchange list have a paid-up capital of no more than £100,000 and a planted area of less than 2,000 acres each. Many of the smaller estates, unquestionably, have a technical efficiency second to none. But their powers of financial resistance are disproportionate to the severity of possible future fluctuations in their industry. Present prospects are favourable, but history has a habit of repeating itself. And that is a consideration which divides prudent investment in selected rubber shares from indiscriminate speculation in a rising market.

INVESTMENT NOTES

A Sharp Reaction.—The advance in stock market activity and prices was sharply checked this week. It was six months since the markets had last paused for breath, and the pace in the interval had been strenuous. On May 26th the *Financial News* Index of 30 industrial ordinary shares (July 1, 1935 = 100) touched 108.6. On November 18th it stood at 124.9, having risen meanwhile at the rate of nearly 2½ per cent. per month. Last Thursday it had fallen back to 121.9. New York clearly shared London's feelings, despite the fact that in both centres the financial newspapers carried heartening reports of higher company earnings and dividends. After every sustained upward movement a technical readjustment performs an indispensable cathartic function. There is no evidence that either London or New York has become top-heavy to the point of immediate danger, though both markets are obviously carrying more hamper. Nor, with a few exceptions, has this week's movement gone far enough to produce the definitely more dangerous secondary phenomena of reaction—namely the uncovering of extensive stop-loss selling orders, and the creation of demands for increased margin on stocks carried by loans. The movement, nevertheless, affords an instructive commentary on contemporary market psychology. The markets are like the dancers at Brussels on the eve of Waterloo. Nothing can interrupt them except the distant sound of cannon. The parallel may not hold entirely; and this time, possibly, there may be no Waterloo. But last week-end, after Berlin and Rome had recognised General Franco's Government and the British Cabinet had met on a Sunday, the market for a moment thought it heard the guns. The double option on peace *plus* re-armament has so far been profitable. But it carries peculiar risks, of which speculators and investors alike have been sharply reminded.

"Country Register."—It is typical of the public's confidence in the Committee for General Purposes of the London Stock Exchange that this week's announcement of the Committee's intention to limit the return of half commission to country brokers (who are non-members of recognised provincial stock exchanges) to a list compiled under its own auspices, has been hailed everywhere as a progressive and praiseworthy innovation. The compilation of White Lists and Black Lists by private bodies frequently carries with it unpleasant implications of restraint of trade, but the Committee's present decision obviously bears no such construction. It is characteristic, again, of the Committee's approach to its problems that a measure which, directly and indirectly, will create an immensely valuable new form of protection for the small investor against the depredations of the bucket shop,

should be primarily conceived as the logical restriction of a pecuniary facility of the Stock Exchange to those who are prepared to submit themselves to Stock Exchange control. Formerly, the "test" for the sharing of commission between Stock Exchange members and country brokers has been the latter's inclusion in a Somerset House Register, admittance to which appears to have been, if anything, more easy to obtain than a motor-driving licence. Henceforth, the Stock Exchange will keep its own register, every name on which will need to be sponsored by two members, will be reviewed annually, and will be subject to removal at any time without the specification of any reason. One result will be a much closer scrutiny to ensure that the Committee's stipulations—particularly the prohibition of advertising—are observed. It will now be easier for a camel to pass through the eye of a needle than for a bucket shop to obtain, and trade on, the species of Stock Exchange "recognition" which inclusion in the List will imply. Unfortunately, for various reasons, brokers with London addresses (who are not Stock Exchange members) are ineligible, although the respectability of many is unquestioned. This geographical distinction may appear fortuitous and, from a public point of view, unfortunate, but the difficulties in the way of its removal are formidable. The Committee's decision comes aptly in the same week as the announcement that Sir Archibald Bodkin, formerly Director of Public Prosecutions, will be chairman of the Board of Trade committee on fraudulent share pushing.

Let Speculators Beware!—Three more restraints have been imposed upon trading on Wall Street, all with the aim of curbing speculation. These follow rapidly on the President's statement of concern over foreign purchases of American securities (which we discuss in a leading article on page 416), and suggest that general measures have been preferred to discriminatory action against foreigners. The Securities and Exchange Commission has decided that members of the Stock Exchange trading on or off the floor on their own account must work to the same margin regulations as the general public. Trading by commission houses, or their partners, on their own account must henceforth be on a cash basis. The object of both regulations is to hasten the segregation of broker and dealer functions, openly desired by the Commission. The volume of speculative dealings will be reduced by limiting floor trading by members on their own account, which in recent weeks has been estimated at about 20 per cent. of total turnover. A third regulation to be imposed on Wall Street is indicated by a Federal Reserve Board proposal to abolish the three-day period of grace allowed at present before margin is put up. All these measures are signs of official concern over the dangerous possibilities of credit expansion for Stock Exchange speculation. If the policy is further pursued, friction and perhaps some hardship will be inevitable. But if the repetition of past speculative orgies is prevented, the price will not be too high.

Railway Rebates Bill.—The text of the Railway Freight Rebates Bill consists of three clauses and a short schedule of considerable legal complexity, but its import for the railway companies and their stockholders is fundamentally simple. In its provisions the Bill (which began its legislative course with a second reading in the House of Lords on Tuesday) follows the outline suggested in the *Economist* of October 3rd, page 26. The overpayments which the railway companies have made into the Rebates Fund during the past quinquennium (arising from excessive rating assessments which the House of Lords finally set aside in January this year) now amount to £9½ millions. On the new assessments agreed for the 1936-41 quinquennium, the income of the Rebates Fund is estimated at £2,330,000. It would, therefore, employ its full resources for four years directly to repay the railways' debt, without providing for any rebates. Payment will accordingly be made in a lump sum from the proceeds of a loan raised on the security of the income of the Rebates Fund. The service of the loan will cost some £800,000 per annum over its projected life of 16 years, and the balance of rather more than £1½ millions remaining annually in the Fund will be

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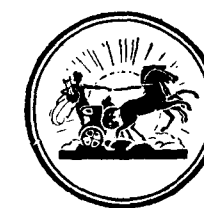
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available for a modified scheme of rebates. Under the former dispensation 70 per cent. of the Fund's receipts were used for rebates on coal and coke freights for export and for steelworks, 20 per cent. on certain agricultural traffic, and the balance mainly for industrial freights. The last category is to disappear, and its percentage will be taken over by export coal—now 80 per cent.—while agricultural rebates—20 per cent.—are to be limited to milk and livestock. During 1935-36 the rebates paid by the Fund amounted to £3,600,000. Under the new provisions, export coal (as we show in a Note on page 409) will receive a lower rebate than before, while the steel industry will lose its place in the scheme. This plan combines the virtues of simplicity and equity. The railways receive immediate payment, subject to the final ascertainment of the sums due to them, while the revised Rebates Schedule fortunately coincides with a period of boom prosperity in the steel industry, when increased freight costs can comfortably be met.

The Bill's Implications.—The Bill has two significant consequences for the investor. The new loan, in the first place, will be of high rating, for its service will be secured among the working expenses of the main lines. It will not, apparently, qualify for trustee status, although in point of security it should be comparable with the soundest home corporation issue and the sinking fund provisions over 16 years will undoubtedly prove attractive. The passage of the Bill can hardly occupy much Parliamentary time—indeed, Clause 1 (3) ordains a meeting of the Railway Rates Tribunal before January next to estimate the relief for the first nine months of 1937. What is the railway stockholder's position? The companies are to receive £9½ millions from the Rebates Fund and rather over £3½ millions from the local authorities—repayment of the latter sum is now under discussion between the local authorities and the railways directly. The total credit for the L.M.S. is of the order of £5½ millions, for the L.N.E.R. nearly £4½ millions, and for the Great Western and Southern just over £1½ millions and £1½ millions respectively. How will the railways treat these sums? The L.M.S. took £885,000 into the 1935 accounts and the Southern £250,000. But Sir Josiah Stamp, at the L.M.S. meeting last February, explicitly stated that the board would transfer the repayments for previous years to reserve, and would not treat them as profits available for 1936. No other spokesman has authoritatively discussed the matter, but the Great Western, having drawn £4½ millions from reserves to maintain the 3 per cent. ordinary dividend, and the L.N.E.R. with its special renewals problems, will doubtless consider this lead carefully. If it is generally followed, market hopes of windfall distributions from arrears repayments will be disappointed. The chief interest of stockholders, in fact, is in the companies' reduced rating liability for the current quinquennium (already long discounted by the market) and the presumption that the boards, being more comfortably endowed with cash, may distribute current earnings nearer to the hilt. But they are so near the hilt already that there is little left for them to grasp.

Far-Eastern Bonds.—At a time when markets in general are the prey of politics, it can hardly be expected that the foreign bond market will clothe itself with distinction. The European section, inevitably, has been depressed this week. The incipient recovery among South American bonds, also, has been checked, and, in the Far East, Japanese issues have again reacted sharply. Some confusion, apparently unnecessary, has been caused to British bondholders by vague reports of a tax on the coupons of Japanese external loans. Later rectification of these reports, however, has made it clear that no levy will be inflicted on bonds held outside Japan. This explanation, however, produced no recovery in the market, for it coincided with the "leakage" of the alliance between Japan and Germany. Nor has the troubled state of politics left Chinese bonds untouched. Judged solely in economic terms, China's potentialities as an investment field are considerable, and they were suitably stressed by Sir Frederick Leith-Ross in

a public address this week. China's recent record of treatment of her creditors, moreover, is highly praiseworthy. The Customs Loans have always been fully met; the Salt Gabelle Loans, after a temporary default, are receiving full interest, and arrears of principal repayments will be overtaken by 1940; finally, schemes for dealing with the defaulted railway loans have been agreed, with the sole exception of the Hukuang Loan. These facts are clearly brought out in an authoritative and detailed booklet compiled by a leading firm of jobbers in the foreign market, which also includes a map of existing and projected railways. This survey emphasises the basic improvement in China which has resulted from the Central Government's control of the interior, and the significant contribution made by improved means of transport—including a co-ordinated system of railways development out of local funds. Improved administration is evident in the steadily advancing collections of the Salt Gabelle, against which the Hukuang Railway and "Crisp" Loans, together with the "Vickers" Notes and the "Marconi" Bills and specifically secured. If the investor could persuade himself that the unknowns in the Far-Eastern political equation could be easily resolved, China's recent improvement would make a far deeper impression in the bond market.

Actuaries' Investment Index.—November has closed to the accompaniment of several days of political wrath and the correction of a rather top-heavy speculative position in several groups of industrial and commodity shares. This is recorded in a fall in the Actuaries' Investment Index of 178 industrial equities during the past week. The achievement of post-depression "highs" for many leading shares in the second week in November, however, accounts for a rise in the total index over the month from 90.4 to 91.2 on last Tuesday's prices, compared with a level of 80.1 twelve months ago (December 31, 1935 = 100). The yield figures are 3.57 per cent. this week, 3.54 per cent. a month ago, and 3.73 per cent. a year ago. A selection of component indices follows, together with the usual monthly calculations for representative fixed-interest groups:—

Group (and No. of Securities)	Prices (Dec. 31, 1928 = 100)			Yield (%)		
	Year ago (Nov. 26, 1935)	Month ago (Oct. 27, 1936)	This week (Nov. 24, 1936)	Year ago (Nov. 26, 1935)	Month ago (Oct. 27, 1936)	This week (Nov. 24, 1936)
Fixed Interest						
2½ per cent Consols.....	151.4	151.0	150.1	2.94	2.95	2.97
Misc. Indust. Debts. (17).....	124.8	126.2	126.1	3.89	3.91	3.91
Misc. Indust. Preference (44).....	119.3	123.0	123.0	4.31	4.19	4.20
Ordinary						
Coal (7).....	88.0	113.9	117.5	4.37	3.12	3.11
Cotton (6).....	47.3	47.5	49.2	2.09	2.01	1.95
Electric Light and Power (16).....	131.7	134.6	132.7	3.87	3.79	3.85
Oil (5).....	74.4	93.3	89.2	3.10	2.91	3.05
Home Rails (4).....	63.7	83.6	87.1	1.58	1.31	1.24
Stores and Catering (20).....	83.0	88.5	91.5	3.79	3.64	3.69
Breweries and Distilleries (21).....	136.7	155.7	160.2	4.11	3.78	3.76

The fixed-interest groups give a display of impressive steadiness during the month, and the yield differential between preference shares and debentures is still sub-normal. A variety of influences have been at work in the industrial markets. Impressive brewery company results, recovery possibilities in depressed industries like cotton (and, to some extent, coal) the railway freights rebates legislation, and the correction of technical disparities in the oil market, are all evident. But over each group, this week, has hovered the dismal influence of foreign affairs.

COMPANY NOTES

London Tin Scheme.—This is a short title for a long scheme, which aims at the reconstruction of the London Tin-Anglo-Oriental Mining-Metal Securities group. Essentially, this was the creature of its guiding personality. Those who succeeded to the task of clarifying a complicated system of interlocking interests deserve the thanks of all shareholders. Briefly, London Tin Corporation is to acquire all the tin assets of the two other companies, on terms based on the position of each company at April 30th last. That condition is basic to the whole scheme. The capital of London Tin Corporation will be reduced, and will consist solely of £3,598,236 in 4s. ordinary shares. The

Details of the Issue of which the full prospectus will be advertised on December 1st

COVENTRY AERO-ENGINES & COMPONENTS LIMITED

SHARE CAPITAL:

Authorised
£500,000 in 2,000,000 Shares of 5s. each

Issued or to be Issued
£391,000

DIRECTORS:

Colonel C. F. HITCHINS, D.S.O., M.I.Mech.E., M.I.N.A., Chairman
CLAUDE GRAHAM-WHITE, Air Commodore L. F. BLANDY, C.B., D.S.O.
Lt.-Col. N. G. THWAITES, C.B.E., M.V.O., M.C.

THE SUBSCRIPTION LIST WILL OPEN AND CLOSE ON WEDNESDAY,
DECEMBER 2nd, 1936

FOR AN ISSUE OF

1,290,000 SHARES OF 5s. EACH AT PAR

- The Company has been formed to acquire the exclusive licence to manufacture and sell throughout the British Empire the world-renowned LORRAINE AERO-ENGINES, which at the present time are used on such well-known aircraft as the Fokker, Breguet, Potez and Farman. The engines are also used exclusively in the French Colonial Air Forces and almost alone by the French Government for the French Trans-African line from Algiers to Madagascar.
- Aircraft using Lorraine Engines have achieved many records for speed and endurance, including a world's speed record in 1932 and the record between Paris and Madagascar in 1935. The engines were also used in the famous 15,000 miles African flight accomplished by a Squadron of 28 Potez Aeroplanes, which were in the air for a period of 180 hours under most arduous atmospheric conditions; they were used in South Atlantic flights and have been employed by many Foreign Governments, including Holland, Belgium, Italy, Japan, Poland, Roumania, Russia, Spain, Turkey, Yugoslavia and several South American countries.
- Different types of Aero-Engines are being produced by the Lorraine Company ranging in power from 100 h.p. to 1,200 h.p. Outstanding among which are the "Petrel," a "V" 12-cylinder water-cooled, super-charged engine of high power and endurance and the "Sterna," a "V" 12-cylinder of the latest type, also a new 1,200 h.p. 18-cylinder air-cooled engine.
- The exclusive licence includes the right to manufacture and sell Lorraine Aero-Engines within the British Empire for use in high-speed marine craft for both naval and civil purposes; these additional rights should be extremely valuable.
- With 20 years' expert experience the Company will be in an excellent position to manufacture highly technical accessories, such as Gun Fire Interrupter Gears, Balanced Torque Propellers, Air Compressors, Oil Pumps for Retractable Undercarriage and Flap Operations, etc. It is of great importance that the Company will be in a position to commence manufacturing immediately without incurring heavy experimental costs.
- The Board includes men with wide and varied experience in the Aircraft, Engineering and Accessory business, and they will have the assistance of Monsieur Barbarou, Managing Director of the Lorraine Company, who will act as technical consultant without salary. The Lorraine Company will also furnish technical advice and assistance in the initial stages of the Company's development.
- The issue will provide sufficient working capital to enable the immediate erection of completely modern specially equipped works on a freehold site of about 12 acres at Coventry. These works are under contract to be completed in six months. The Directors are confident that the Company is entering a highly promising field at a very favourable time, and that it should be able to earn highly satisfactory returns on its share capital.

Copies of the full Prospectus, upon the terms of which alone applications will be considered, and Forms of Application can now be obtained from:

THE BANKERS

DISTRICT BANK LIMITED, New Issue Dept., 75, Cornhill, E.C.3;
Head Office, Spring Gardens, Manchester, 2; and Branches

THE BROKERS

PIDGEOON & STEBBING, 3, Copthall Buildings, E.C.2; and Stock Exchange
WEDDLE, BECK & CO., 20, Copthall Avenue, E.C.2; and Stock Exchange
E. A. COLLIS, 109, Colmore Row, Birmingham 3; and Stock Exchange

and from

COMMERCIAL & GENERAL FINANCE TRUST LIMITED, Kent House, Telegraph Street, London, E.C.2

circular system of interlocked holdings will be eliminated, except for a residual holding of London Tin shares by Metal Securities, which will retain its separate existence while its Ship Carbon interests are being brought to a satisfactory earnings stage. To determine the participation of the two principal concerns—London Tin and Anglo-Oriental—the net assets position has been computed, then subjected to a deduction of 14 per cent. in each case to form an investment reserve, with an additional 10 per cent. to cover certain doubtful Anglo-Oriental investments. The resulting sums have been finally apportioned between the preference and ordinary shareholders. After cancellation of the Anglo-Oriental holdings in London Tin, the respective participations of preference and ordinary shareholders are 57.4 and 42.6 per cent. for London Tin, and 66.7 and 33.3 per cent. for Anglo-Oriental. The final distribution of shares in London Tin, after providing for an allotment to Metal Securities for the assets acquired, is shown in the following statement:—

London Tin—			
Preference shareholders† receive	7,606,131 shares or	42.3%	
Ordinary shareholders‡	5,635,050	31.3%	
Anglo-Oriental—			
Preference shareholders	3,000,000	16.7%	
Ordinary shareholders‡	1,000,000	5.5%	
Metal Securities, Limited receives	750,000‡	4.2%	
† Excluding Anglo-Oriental. ‡ Excluding Metal Securities			
§ Including allotment as shareholders in Anglo-Oriental.			

The effect of these changes is outlined in a *pro forma* balance sheet. It reveals a considerable "hidden reserve" arising from the book valuation of the assets. These are shown at £2,216,085 for quoted, and £1,080,474 for unquoted securities, the respective amounts for subsidiary company interests being £293,220 and £925,300. The floating assets position will also be reasonably comfortable.

Grounds for Approval.—The basic method of the London Tin scheme can hardly encounter objection. Clearly, workmanlike proposals could not have been produced in any other way. The ordinary shareholders of

London Tin may conceivably feel themselves less generously treated than those of Anglo-Oriental—the latter, in fact, would have difficulty in making out a satisfactory claim at all, on the assets values taken over. But the interest of London Tin shareholders in the scheme as a whole far exceeds any tangible advantage which might be gained by active opposition. The support of the buffeted ordinary shareholders of Anglo-Oriental is essential to the scheme, and the income participation rights of London Tin preference shares also claim some recognition. All schemes, ultimately, turn upon earning power, but unfortunately this criterion is inapplicable at the moment to the present plan. A calculation of break-up value, however, suggests that the new 4s. shares in London Tin should be worth about 5s. 6d. On this basis the existing shareholders participate as follows:—

	Wednes- day's Quo- tation	Thurs- day's Quo- tation	New 4s. shares receivable	Estimated break-up value
London Tin—	s. d.	s. d.		s. d.
10s. Preference.....	13 0	14 6	3	16 6
10s. Ordinary	10 3	10 6	2	11 0
Anglo-Oriental—				
£1 Preference	14 0	14 4½	3	16 6
5s. Ordinary	3 0	2 9	1	2 9

That no striking anomalies exist between present market prices and the potential capital value of the new shares may be some consolation to existing shareholders.

Further Brewery Results.—The brewery dividend season is now at its height. During the past week more than a dozen reports have been published. They show almost consistent progress, varying in rate, but leaving no doubt of the general advance in profits. The preliminary announcement of *Ind Coope and Allsopp*, for instance, brings the news of a 2½ per cent. bonus, which raises the total dividend from 25 per cent. to 27½ per cent. The general reserve provision is doubled at £100,000, and the amount carried forward is increased by £20,000. Even with full accounts, strict comparison with previous years will be impossible, owing to the acquisition of Nalder and Collyer during the past year. The latest results, however, imply a further substantial improvement over the previous year, which suggests that the amalgamation with Allsops, coupled with general recovery, is giving handsome returns. The *Mann, Crossman and Paulin* report is less spectacular, for profits are practically unchanged at £399,615, and the dividend is maintained at 20 per cent. Good progress has been made by *Benskin's Watford Brewery*, operating in the prosperous outer circle of London. Profits have increased from £447,431 to £461,638, and the dividend is raised from 17½ per cent. to 20 per cent. The greater expansionary power of companies serving in the Midlands and the North is again reflected in the *Telley* profits, which at £289,575, are nearly £41,000 higher. The dividend, however, is unchanged at 12 per cent, since the increase in profits is absorbed by more liberal provisions for property improvement and pensions. The improvement in the earnings of *W. Butler and Company* is on a smaller but still satisfactory scale, and the increased dividend of 17 per cent., tax free, is still amply covered by earnings of 23.2 per cent., tax free. *Hull Brewery* is paying 17½ per cent., against 15 per cent., from total profits of £130,556, against £123,780. *Morgans Brewery*, which operates in the Eastern Counties, make modest but steady progress, profits having risen from £124,646 for 1932-33 to £138,663 in the latest year. A dividend of 15 per cent. (against 17½ per cent.) is payable on a capital increased by the 20 per cent. capital bonus. The defence programme may have assisted the recent progress of *Brickwoods*, the Portsmouth brewers. The latest profits have reached £240,613, compared with £215,887 for 1934-35, representing an increase comparable with that of the two preceding years. The dividend is raised to 14 per cent., and reserve provisions solidated assets and earnings statements, together with a print of the chairman's speech. Among the reports issued by controlled companies, *Worthington* profits are some £20,600 higher, at £405,864, while *Peter Walker and Sons*, £461,715, should contribute materially to the parent company's results.

South Durham and Cargo Fleet.—The market's first reaction to the South Durham dividends was one of disappointment. It was only moderately appeased by the full accounts. It is true that they show an increase in total profits from £163,435 to £217,272 (which is matched by a comparable advance in the total profits of Cargo Fleet), but the directors have taken a cautious view—one, indeed, which it is difficult to criticise—of the requisite depreciation provision to match a period of peak earnings. South Durham's provision is consequently raised from £55,000 to £85,000, while that of Cargo Fleet is increased by no less than £75,000 to £120,000. After provisions on this scale, the increased dividends of the two concerns, together with the respective issue expenses written off and the £30,000 tax provision of Cargo Fleet, are met with a small margin. The companies' recent revenue accounts are analysed below:—

	South Durham Steel and Iron			Cargo Fleet Iron		
	1934	1935	1936	1934	1935	1936
Profit	105,199	163,435	217,272	94,156	150,636	223,402
Depreciation	25,000	55,000	85,000	40,000	45,000	120,000
Fees	2,210	2,210	2,251	2,700	2,787	2,718
Debt interest	13,500	13,500	14,754	35,265	35,927	30,072
Preference dividends ..	18,000	18,000	18,000	...	...	30,000*
Ordinary shares—						
Earned	46,489	74,725	97,267	16,191	66,922	40,612
Paid	31,500	38,500	42,000	15,000	20,000	40,000
Earned %	8.7	11.9	14.8	1.7	8.0	4.1
Paid %	9	11	12	1½	2	4
"B" ordinary dividends	17,635 (3%)	29,391 (5%)	35,269 (6%)	...	...	...
General reserve	25,000	...	...	100,000	...	...
Carried forward	111,621†	118,455	119,013†	93,454	93,901‡	94,513

* Taxation reserve. † After charging £19,440 Debenture stock issue expenses. ‡ Including £3,000 from income tax account. § After providing £46,474 premium on debentures redeemed and new debenture issue expenses.

Basically, then, the results are satisfactory, but they have not accrued directly in full measure to the shareholders. There is no doubt that the group has expanded its operations considerably—a 10 per cent. addition to the fixed assets and the striking expansion of the current items clearly indicate as much. But the real effect of the £750,000 debenture issue of South Durham had not been felt at September 30th. The new coke ovens and plant improvements at Seaton Carew were still in process of construction, and could have made no contribution to the past year's results. In a full year, the new stock will require £30,000 for service, and during the current year some £26,750. The prospects for the ordinary and "B" ordinary shares therefore depend not only upon the maintenance or otherwise of the present activity in the steel industry but also upon the extent of the economies realised from the new coke ovens. The latter may well be considerable, and if shareholders are justified in assuming that the past year's depreciation provision contains an element of opportunism, the prospect for the next twelve months seems good. The ordinary shares have fallen from 63s. 3d. before the dividend announcement to 60s. 3d. and yield £4 per cent.

Higher Dividends in America.—Recovery has brought higher earnings to many American companies, and President Roosevelt has, so to speak, distributed them. Some substantial dividends consoled the markets this week for a weak start on Monday, when the Dow Jones' index for 30 industrial shares fell 3½ points. On Tuesday, United States Steel Corporation announced a further payment of \$7 per share toward preferred arrears, which will thus be reduced to \$9.25 per share. Republic Steel had already announced a payment of \$12 per share for preferred arrears. Increases in wage payments have been offered by a number of steel companies. The process of recovery has advanced a stage further with the decision of Carnegie-Illinois Steel, a subsidiary of U.S. Steel, to increase its prices by up to \$4 per ton from December 1st for deliveries during the first quarter of 1937. Other companies are expected to follow this example. The Shell Union Oil Corporation has

announced that all preferred arrears, amounting to \$9,727,300, or \$26.12 per share, are to be paid off. Dividends on the common stock are to be resumed (for the first time since June, 1930) by a distribution of 25c. per share. The extent of the recovery may be seen from the reported net profit for 1935 of \$6,812,836, compared with a loss of \$1,353,901 in 1934, and a profit for the first nine months of 1936 of \$16,512,053, compared with \$4,411,649 in the corresponding period of 1935.

Turner and Newall and United Molasses.—These two concerns have but one thing in common. Both have issued preliminary profits statements this week, the first excellent and the second very good. Turner and Newall's net profits for the year to September 30th have reached a new high record of £1,163,308, compared with £780,625 for the previous year. The ordinary dividend is raised from 12½ per cent. to 17½ per cent., and the general reserve provision is doubled at £200,000. These results must compel the investor's admiration. The ordinary stock units have appreciated rapidly in recent weeks, and reached 111s. recently. That they reacted sharply before the dividend announcement was evidently attributable to nervous market conditions and not to any disposition of stockholders to divest themselves of one of the best general equities in the Stock Exchange list. Detailed consideration of the results must await the publication of the report in a fortnight's time. On the United Molasses statement, it appears that the group's earnings should represent some 22 per cent. for the United Molasses equity after raising the depreciation provision to £303,678. Consolidated profits, in fact, rose from £718,200 to £789,044. The dividend of 14 per cent. is broadly in accordance with revised market estimates, and the current yield on the 6s. 8d. shares at 25s. 1½d. is slightly below 4 per cent. Comparison of the net results is affected by a considerable reduction in the amount provided for the redemption of funded income stock. It would appear that approximately £120,000 less has been required for this purpose, and the current year's accounts will benefit from the elimination of the charges of £53,413 required last year. Here, again, detailed comment must be reserved, but it is desirable, perhaps, to stress two factors in the Company's equation—the continued improvement in the freight markets, and the directors' express determination, so far, to maintain the present level of depreciation.

Tube Investments.—The full report of Tube Investments fully bears out the excellent impression given by the 17½ per cent. dividend announced some weeks ago. It shows the company in the midst of an expansion programme which, for the time being at any rate, has swept aside considerations of regular self-financing through capital bonuses. If justification were required for this almost inevitable policy, during a period when resources have been taxed to the limit, it is clearly to be found in an increase of 27 per cent. in the dividends received from the company's subsidiaries, during the past year, and in the certainty, during the current year, that a rapid expansion programme has been required to meet the expansion in demand. With profits at a peak, however, the directors have made a substantial net transfer to reserve, after increasing the contingencies and special depreciation reserve for the whole group from £400,000 to £575,000. Last year the chairman

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remarked that additions to that account amounted almost to making assurance doubly sure. The following table shows the recent trend of earnings:—

	Years ended October 31,		
	1934	1935	1936
Total revenue	371,370	502,784	639,561
Fees and interest	7,556	6,778	13,679
Preference dividends	44,945	44,946	44,220
Ordinary and liaison shares*—			
Earned	313,869	451,060	581,662
Paid	194,459	217,215	421,116
Earned %	16.4	20.8	24.2
Paid %	10*	10*	17½
Reserve	102,757*	230,545*	150,000
Carry forward	106,119	107,276†	112,669†

* Also 10 per cent. capital bonus requiring from reserve: 1934, £252,757; 1935, £280,545. † After writing off capital increase expenses: 1935, £2,143; 1936, £5,152. ‡ Liaison ordinary shares rank for dividend as equivalent to £1,000 ordinary stock.

The consolidated balance sheet (which, valuable though it is, might well be supplemented by a group earnings statement) shows a general advance in fixed and current assets. It also discloses a reduction in the group interest in Stewarts and Lloyds (other than the liaison share arrangement) from £116,315 to £67,310—a change whose significance is not discussed in the report. The directors are outspoken on the re-armament boom. They "are not enamoured of the violent fluctuations . . . inseparable from the armament trade, and have only made provision to supply armament material . . . directly ensuant from (the company's) normal activities or such as the State has a right to expect. . . ." Tube Investments remains a construction trade equity first and foremost, and only a re-armament share indirectly. At 90s. it yields £3 18s. per cent.—a figure in keeping with its steady prospects of expansion.



TO-DAY

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Tate and Lyle.—The publication of the Tate and Lyle report confirms that the slight fall in total profits from £1,363,140 to £1,324,415 (already foreshadowed in the preliminary announcement) has no great significance. The decline, in fact, arises entirely from a fall of £47,123 in revenue from investments and rents, and trading profits are slightly higher. The following table of earnings thus reveals no considerable changes:—

	Years ended September 30th		
	1934	1935	1936
Trading profit	1,189,720	1,183,907	1,192,315
Dividends and Rent	114,968	179,233	132,100
Fees	7,570	7,098	7,013
Other provisions	225,000*	...	...
Debt interest	91,250	91,250	90,562
Preference Dividend	71,500	71,500	71,500
Ordinary Shares:			
Earned	909,368	1,193,292	1,155,340
Paid	765,000	870,400	868,700
Earned %	28.0	27.0†	26.2
Paid %	22½	18.2, 857†	18½

Reserves

Carry Forward	150,000	310,000	284,000
	43,341	56,233	58,874

* £50,000 written off plant, etc., and £25,000 off properties; £150,000 tax equalisation. † On capital, increased by 40 per cent. bonus (or 37.9 per cent. earned, 25.6 per cent. paid on £3,400,000 old capital).

In the balance sheet a few items stand out. Fixed assets and cash are higher—the latter by nearly £1,000,000—but stocks are actually £500,000 lower at £1,187,918, while trade and general creditors have increased from £877,139 to £1,581,831. The general reserve is, doubled at £1,200,000, for in addition to the £284,000 allocation from profits, a transfer of £316,000 is made from the investment reserve, which is no longer required owing to the changing nature of the investments. It is significant that investments in subsidiary companies have fallen from £634,402 to £34,989, while interests in associated concerns have risen by a comparable amount. These changes presumably reflect the company's new interest in cane sugar producers. Though, in the past, the company has obtained substantial profits from beet sugar, the new regime in that industry, as Sir Leonard Lyle himself has implied, offers fewer attractions. The new policy of assisting Colonial cane sugar producers—such as Caroni Sugar Estates—is, therefore, significant, and may well prove remunerative in the long run. The prospects of steady progress of the concern are measured by a yield of £4 2s. per cent., which the shares now offer at their present price of 89s. This is a fair valuation for investors who take a long-term view.

Consolidated Gold Fields.—The disappointment occasioned by the mere maintenance of the Gold Fields' final dividend was accentuated on the publication of the accounts, which show a decrease of some £200,000 in the earnings of the operating company. The repetition of the 20 per cent. dividend involved a larger amount, however, since some 248,690 New Consolidated Gold Fields shares had been issued to Consolidated Gold Fields, which in turn had accepted an offer for a corresponding number of its own shares. We give below a table of salient figures for the past three years:—

	Year ended June,		
	1934	1935	1936
New Consolidated Gold Fields			
Investments	4,882,140	6,068,470	5,373,180
Shares in subsidiaries	1,157,590	1,217,670	1,232,490
Properties and ventures	169,260	122,970	101,110
Loans at short call	731,540	529,840	347,870
Debtors	263,680	214,830	221,790
Cash advances, etc.	354,720	397,070	496,840
Creditors and dividends	660,040	561,380	2,091,380
Consolidated Gold Fields			
Net profit	659,570	662,630	691,260
Preference dividends	140,240	143,170	142,780
Ordinary dividends	517,160	516,250	544,740
Ordinary dividend per cent.	20%	20%	20%
Carried forward	19,540	22,750	26,480

A substantial reduction in investments is shown in the report, which evidently explains the extraordinary expansion in cash to nearly four times the amount of a year ago. The net premium of £767,800 realised upon the issue of the

New Consolidated Gold Fields' shares was transferred to depreciation reserve, while £300,000 has again been allocated to reserve, raising the fund to £1,300,000. At current market prices the investments show a further unrealised profit. The prospects of most of the company's South African interests have been discussed here on the publication of the reports. Since the close of the financial year, the company has taken over the administration of H. E. Proprietary and also the administrative and technical control of Luipaards Vlei, to which favourable references are made. Satisfactory progress is recorded by most of the company's varied interests in Rhodesia and West Africa, and by the tin mining concerns. The operations of Fresnillo, however, have been adversely affected by labour difficulties and by the fall in silver. It seems assumed that no final dividend will be paid by Wiluna, but a favourable account is given of the adjoining Moonlight property, in which the company is interested through Gold Fields Australian Development. Gold Fields shares at £5 x.d. show a yield of 4 per cent.

Other Company Results.—An analysis of the reports of 51 further companies appears on page 446. The results of a number of brewery companies are discussed in a Note on page 424. *Charterhouse Investment Trust*, who have substantially increased their net profits from £94,137 to £140,002, are raising £625,000 by an issue to shareholders with a view to broadening the basis of the concern by increasing the holdings of quoted securities. *Tobacco Securities* profits are some £10,000 higher at £537,832, the dividend remaining at 15 per cent. and the general reserve allocation of £25,000 being unchanged. The amount earned for dividends by *Strand Hotel* is £123,000, against £120,000 and against £119,140 for each of the three preceding years. Variations in the trading position cannot be studied, as these profits, expressed as a round sum, are arrived at after making reserves of unknown amount for contingencies and depreciation. The rapid recovery in *Stewarts and Lloyds of South Africa* profits continues, with net earnings of

£146,944, against £123,257. Shareholders of *Yarrow*, who are paid 15 per cent., against 10 per cent., are informed in the report that prices leave only a small margin, the year's profit being rather under 5 per cent. on turnover. *Armstrong-Siddeley Development* is paying as much as 107½ per cent., compared with 10 per cent., and the profits of £399,620 for a 10-month period are more than double those for the previous full year. *Bowater's Paper Mills* earnings total £155,528, against £131,768, though the accounts include no benefit from Edward Lloyd Investment. Similar progress is shown by the *W. V. Bowater* subsidiary, and *Bowater's Mersey Paper Mill* are paying a first ordinary dividend of 5 per cent. The full report of *Dennis Brothers* shows that net profits continue to advance at a satisfactory rate, being £134,187, against £119,882. Characteristic earnings stability is again shown by *Hay's Wharf*, whose net profits are £9,225 higher at £244,823. Dividend announcements in the past week include an increase of 7½ per cent. in the *Timothy White* payment, which amounts to 30 per cent. for the year. Profits are £49,223 higher at £327,369. The *London, Midland and Scottish* board announces that the final dividend on the 5 per cent. redeemable preference stock will be paid on January 1st.

Company Meetings of the Week.—On later pages of this issue will be found the reports of the following company meetings: Royal Bank of Scotland, English, Scottish and Australian Bank, Hawker Siddeley Aircraft, Johannesburg Consolidated Investment, Wankie Colliery, Wall Paper Manufacturers, S. Smith and Sons (Motor Accessories), Australian Mercantile Land and Finance, Bushtick Mines (1934), Malaya General Company, Sumatra Para Rubber Plantations, and Bekoh Consolidated Rubber. At the Royal Bank of Scotland Court, the Duke of Buccleuch referred to the highly liquid position of the bank, and explained that although it was perhaps natural to expect a still greater increase in profits, the results could be considered satisfactory in view of lower yields now being obtained. In commenting on trade conditions,



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he expressed doubt that more than 50 per cent. of available shipbuilding berths in the West of Scotland were occupied, in spite of improving conditions. Mr E. M. Janion, at the English, Scottish and Australian Bank meeting, after dealing with the economic and financial position in Australia, said that the growing demand for accommodation from the banks provided a better outlook for the future. At the first Hawker Siddeley Aircraft meeting, Mr T. O. M. Sopwith explained that the company controlled operating companies engaged in widely varying activities; the greater part of output was concerned with re-armament, but revenue was also derived from the Armstrong Siddeley car and from training schools. Mr Walter S. Webber, at the Johannesburg Consolidated meeting, gave his reasons for believing that fears for the loss of value of gold as an exchange medium were unjustified. At the Wankie Colliery meeting, Sir Edmund Davis remarked that satisfactory arrangements had been made to supply electricity for mining purposes at the Tshotanda wolfram deposits. Mr Alan Sugden, at the Wall Paper Manufacturers' meeting, referred to the problem of over-production of wall-paper, arising not only from a larger number of competitors, but also from the increased number of machines operated by earlier competitors. The Hon. H. U. Moffat, at the Bushtick Mines meeting, summarised the results of the re-estimation of ore reserves. At the Malaya General meeting, the chairman explained the necessity for purchasing export rights. Mr E. F. Slade, at the Bekoh Consolidated Rubber meeting, proposed writing down the capital, a step made necessary by the lower value per acre of rubber properties. At the Sumatra Para Rubber meeting, Mr H. A. Barrett explained how, on the expenditure side, the company was helped by the lower value of the guilder.

Mr John Sanderson, at the Australian Mercantile Land and Finance meeting, pointed out that since the 1934-37 wool selling season opened, an increasingly active demand had been associated with a rising level of values. At the S. Smith and Sons (Motor Accessories) meeting, in alluding to the progress made by their various products, the chairman mentioned that the increase in aircraft production was benefiting the K.L.G. Sparking Plug Co., as the leading makers of aircraft plugs.

THE WEEK IN THE MARKETS THE STOCK EXCHANGE

SETTLING DAYS
TICKET DECEMBER 1 | ACCOUNT DECEMBER 3

THIS week the Stock Exchange lost its aplomb, and for one brief moment on Wednesday came near to losing its head, when Paris turned a heavy seller. Interpretation of political news, perhaps, is not the forte of the Stock Exchange, but it inevitably extracted the full dramatic value of a Sunday Cabinet meeting, and the publication of the precise terms of a treaty whose existence and objects had already been known a week. In addition, it had become clear at the end of last week that the account would not provide favours for the hot-blooded speculator on the recent scale, and a perceptible weakening of the technical position was heightened by the vulnerability of certain operators on margins. With the close of the account, it was evident that considerable differences would have to be met, over almost every section of the market, despite the partial recovery recorded on Thursday.

Gilt-edged opened in poor style, with the new Funding Loan at $\frac{1}{2}$ discount, and although the whole list regained part of Tuesday's losses, conditions in mid-week remained very depressed. A closing rally still left sizable losses, which were not regained on Thursday.

In the foreign list, Japanese issues were singled out for special selling. The news of the treaty, further frontier incidents, and the Budget statement all brought in a steady volume of sales, but the Chinese group was saved from similar wrath largely on the optimistic speech of Sir Frederick Leith-Ross on the country's economic possibilities. European bonds were inevitably affected by the political gloom, although German issues made a good recovery, on bear covering, on Thursday. South American bonds least affected, directly, by the week's news resisted the general trend more successfully, but in mid-week irregularity gave place to lower prices, and only Argentine issues kept firm.

The previous week's boom in home rails was pricked. Conditions were "spotty" at first, with no real volume of selling, but no effective volume of support. The Rebates Bill had been discounted fully, and a batch of poor traffics, amid the general conditions of retreat, brought in considerable mid-week selling. Great Western ordinary and "Berwick" second preference were most affected. The Argentine group opened lower, but recovered well on Tuesday and held their ground, despite less spectacular traffics. Cordoba debentures were again a strong feature.

The course of events in Spain and the treaty between Japan and Germany had a depressing influence over the industrial markets on Monday, which was reinforced by the downward rush of prices on Wall Street. On Tuesday a firmer appearance was evident at the start of business, but encouraging company reports were not able to prevent an irregular movement toward the close. Wednesday saw continued weakness with a reduced volume of business, but later in the week less attention was paid to foreign political developments, and prices became a little firmer.

This rise was fairly general in the iron and steel group, which was favourably influenced by the South Durham and Cargo Fleet profits. Among coal shares, Powell Duffryn improved on hopes of better trade in South Wales. The Bristol dividend was a spur to higher prices in the aviation group. In the electrical equipment shares group Crompton Parkinson recovered rapidly from previous weakness. The textile group was one of the few to stand fast against the reaction of the early week, and Courtaulds benefited from the rayon output figures. Woolworth held their ground in a dull Stores section. Profit-taking among miscellaneous industrials was evident most of the time, but Turner and Newall recovered sharply on the excellent profits.

Oil shares have fluctuated in a somewhat alarming manner. The collapse in Mexican Eagle followed week-end news of further strike possibilities, arising from quite Utopian demands from the workers. This evoked substantial selling, which was further augmented by liquidation of shares bought to cover call options at higher prices. The French market, from the first, was a considerable seller of Royal Dutch and Shell, and it threw these shares on the London market on Wednesday in a volume which dealers were compelled severely to check. The apparent steadiness which ensued, however, concealed a fundamentally uneasy market situation.

General uneasiness on the political situation spread to the rubber market, which opened the week in a depressed condition. There was a certain amount of nervous selling, but the lower quotations were the result of sentiment rather than of considerable sales. Business remained depressed, though at the cheaper prices offers of shares were fairly comfortably absorbed. Highly selective investment buying continued to be in evidence, on a more moderate scale. The Tea market did not escape the general influence, but activity has been at such a low ebb that such selling as there was remained confined to a few shares only.

In the mining market, once week-end orders had been carried out, it was clear that sentiment had changed markedly for the worse. The Gold Fields report provided no stimulus, and all sections of the market shared in the general depression. Prices rallied on Tuesday, especially West Witwatersrand, but by mid-week the tone had again become hesitant, and a new decline occurred. Rhodesians throughout remained listless, not even sharing in Tuesday's recovery. There was no demand for copper issues. West Africans were likewise affected by the general trend, and the market seemed unmoved by the news that the Marlu plant had been opened. Tin issues likewise were no exception, though the amalgamation scheme between London Tin & Anglo-Oriental proved a cheerful influence for a time.

In Paris, the political situation, in particular disquiet over Spain, brought on a marked weakness which persisted in spite of a short rally on Tuesday. The Berlin Bourse was weak and unsettled, with no particular trends emerging. Heavy selling took place in Amsterdam, and by mid-week prices resumed their downward course after a short respite.

"FINANCIAL NEWS" DAILY BARGAIN INDEX
Approximate number of Bargains recorded in Stock Exchange List

	Week to Nov. 20	Nov. 19	Nov. 20	Nov. 23	Nov. 24	Nov. 25	Nov. 26
Govt. and Municipal Transport, etc.	5,898	1,092	1,174	1,283	1,226	1,144	1,103
Comm. and Ind.*	7,458	1,415	1,271	1,446	1,313	1,326	1,203
Banks and Ins.	28,139	5,520	5,248	6,001	5,131	6,131	4,541
Mines	3,781	734	798	784	835	739	631
Oil	11,305	2,252	2,164	2,035	1,825	1,713	1,508
Rubber and Tea	1,360	289	255	377	253	332	248
	2,983	697	452	494	465	399	360
Total	60,924	11,999	11,361	12,420	10,848	11,784	9,594
Corres. day 1935	...	9,872	11,598	11,400	9,109	9,408	8,938

* Including Steels and Breweries.

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

Highest†	Lowest†	Nov. 19	Nov. 20	Nov. 23	Nov. 24	Nov. 25	Nov. 26
124.9	107.4	124.8	124.1	122.6	122.5	121.4	121.9

† November 18. ‡ January 2.

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

Highest†	Lowest†	Nov. 19	Nov. 20	Nov. 23	Nov. 24	Nov. 25	Nov. 26
138.8	136.2	138.2	138.1	138.0	138.0	137.8	137.8

† February 10. ‡ September 23.

NEW YORK STOCK EXCHANGE

At the end of last week the Securities and Exchange Commission conspired with the Federal Reserve Board to quench the Stock Exchange's post-election jubiliations. Their new regulations in restraint of speculation were reinforced at the opening of the week by fears of trouble in Europe, and prices fell rapidly. Utilities resisted the depression. On Tuesday the market rallied, under the influence of a number of extra dividend distributions, among which the most prominent were by United States Steel and Shell Union. On the eve of Thanksgiving prices became irregular; motors, rails and steels were lower, mail order shares higher. Treasury issues were firm, and railroad bonds strong. Business news continues to be excellent. Electricity output, for the week ended November 21st was 12.4 per cent. up on the corresponding week of last year, and touched a new all-time high; Iron Age estimates steel mill activity at 74.5 per cent. of capacity this week against 74.0 per cent. last week. Prices of steel products are rising.

	Nov. 18, 1936	Nov. 24, 1936	Nov. 25, 1936	Nov. 18, 1936	Nov. 24, 1936	Nov. 25, 1936
	(Close)	(Close)	(Close)	(Close)	(Close)	(Close)
1. Rails & Transp.						
Atchafalaya	74½	73½	72½	62½	61½	60½
Balt. and Ohio	22½	22½	21½	136½	126½	125½
B.M.T.	56	54	54½	44½	43½	44
Can. Pacific	14½	13½	13½	72½	70½	69½
Ches. and Ohio	73½	71½	71	20½	20½	19½
Gl. Nth. Ry. Pl.	39½	38½	38½	21½	19½	19½
Illinois Central	24½	23½	23½	18½	17½	17½
N.Y. Central	43½	43½	42½	12½	11½	11½
Nor. Pac.	26½	26½	26	29½	29½	29½
Pennsylvania R.R.	43½	41½	40½	32½	35½	34½
Southern Pac.	42½	41½	40½	74½	74	72½
Southern Ry.	22½	21½	21½	26½	26½	26
Union Pac.	136	141	141	83½	82	81½
Greyhound Corp.	New	17½	16½	16½	239½	230½
2. Utilities and Communications						
Am. Waterworks	25	25	24½	124½	118	118
C. Wealth & S.thern (Cons. Gas of N.Y.)	3½	3½	3½	27½	16½	16½
Dow Cons. Edison	45½	45½	46	182½	181	180
Col. Gas & Electric	18½	17½	17½	104½	101½	102
Elec. Bond & Share	20½	20	19½	41½	41½	40½
Nat. Pwr. and Lt.	11½	11½	11½	68½	68	68
North American	30½	30½	31	52½	51½	50½
Pac. Gas & Electric	37½	36½	36½	144½	142½	141½
Pac. Lighting	49½	49½	49½	125½	122½	121½
Pub. Service N.J.	46½	47½	47	33	34½	...
Stan. Gas & Elec.	6½	6½	6½	90½	87½	87½
United Corp.	14½	14½	14½	70½	69½	69½
United Gas Imp.	186½	186½	185½	136	134½	134½
Am. Tel. & Tel.	13½	12½	12½	198½	198½	198½
Int. Tel. and Tel.	13½	12½	12½	139½	140	139½
Western Union	92½	90½	89	22½	22	22½
Radio	12½	12½	12	72½	70½	70½
Radio B. Pref. New	79½	76½	77	161	155	153
3. Extractive and Metal Industries						
Am. Rolling Mills	36	34½	34½	42½	41½	40½
Beth. Steel	71½	70½	71	70	69½	69½
Beth. Steel Pref.	135½	133½	130	32½	31	30½
Republic Steel	23½	24	23½	28½	27½	27
U.S. Steel	75½	74½	74½	17½	18½	18½
U.S. Steel Pref.	150½	150	151½	181½	181	180
Alaska Juneau	15½	15	15	15½	16½	16½
ex Div.	52½	49½	49	22½	22½	22½
American Metal	99	97	96½	20½	19½	19½
Anaconda	51½	50½	49½	64	63½	63½
Bohn Aluminum	48½	46½	46½	38	37½	37
Cerro de Pasco	69½	69½	68½	70	68	66½
Int. Nickel	65½	63½	62½	28½	27	27
Kennecott	61½	61	58½	43½	43	42½
Patino Mines	15½	15	15½	24½	24½	24½
Texas Gulf Sulph.	97	92	91½	34½	34½	33
U.S. Smelt.	23½	22½	22½	26½	25½	24½
Vanadium Corp.	32½	30½	31	16½	16½	16
Atlantic Refining	46½	45½	45½	100½	99½	100½
Phillips Petroleum	25½	27½	26½	106½	106½	107
Shell Union	126½	127½	126½	24½	23½	23½
Shell Union Pref.	16½	16½	16½	60½	60½	59½
Socony Vacuum	39½	38½	38½	30½	31	31
Stand. Oil Calif.	66½	65½	66½	55½	55½	54½
Stand. Oil N.J.	49½	47½	47½	76½	76½	77½
Texas Corp.	66½	65½	66½	15½	15½	15½
4. Manufacturing						
Briggs	62½	61½	60½	81½	81½	81½
Chrysler	136½	126½	125½	98½	97½	98
Electric Autolite	44½	43½	44	16	15½	15
General Motors	72½	70½	69½	37	37	37
Hudson Motor Car	20½	20½	19½	70	68	66½
Murray Corp.	21½	19½	19½	28½	27	27
Nash Motors	18½	17½	17½	43	42	42
Packard Motor Car	12½	11½	11½	49½	49	48½
Packard Aviation	29½	29½	29½	24½	24½	24½
Bendix Aviation	32½	35½	34½	34½	34½	33
Boeing Airplane	74½	74	72½	26½	25½	24½
Douglas Aircraft	26½	26½	26	16½	16½	16
United Aircraft	83½	82	81½	100½	99½	100½
Air Reduction	...	...	...	106½	106½	107
Allied Chemical	239½	230½	230½	24½	23½	23½
ex Div.	124½	118	118	60½	60½	59½
Col. Carbon	27½	16½	16½	30½	31	30½
Comm. Solvents	182½	181	180	28½	27	27
Dupont	104½	101½	102	17½	18½	18½
Union Carbide	41½	41½	40½	15½	16½	16½
U.S. Ind. Alcohol	68½	68	68	22½	22½	22½
Allis Chalmers	52½	51½	50½	20½	19½	19½
General Electric	144½	142½	141½	64	63½	63½
Westinghouse	144½	142½	141½	38	37½	37
American Can.	125½	122½	121½	65½	64	64½
Addressograph	33	34½	...	102½	104½	105½
Caterpillar	90½	87½	87½	98½	97½	98
Cont. Can.	136	134½	134½	16	15½	15
Ingersoll Rand	139½	140	139½	37	37	37
Intntl. Harvester	100	98½	98½	76½	76½	77½
Johns Manville	139½	140	139½	76½	76½	77½
Am. Radiator	22½	22	22½	15½	15½	15½
Corn Products	72½	70½	70½	86½	86½	86
J. I. Case and Co.	161	155	153	...	...	...
Glidden	42½	41½	40½	...	...	...
Gen. Am. Transp.	70	69½	69½	...	...	...
Allied Mills	32½	31	30½	...	...	...
Celanese of America	28½	27½	27	...	...	...
Ind. Rayon New.	40½	38½	38½	...	...	...
Colgate Palmolive	17½	18½	18½	...	...	...
ex Div.	181½	181	180	...	...	...
Eastman Kodak	15½	16½	16½	...	...	...
Gillette	23½	22½	22½	...	...	...
Kelvinator	20½	19½	19½	...	...	...
Lambert Co.	20	19½	19½	...	...	...
Loews	64	63½	63½	...	...	...
20th Century Fox	38	37½	37	...	...	...
5. Retail Trade and Food						
Montgomery Ward	65½	64	64½	...	...	...
J. C. Penney Co.	102½	104½	105½	...	...	...
Sears Roebuck	...	...	...	...	...	...
ex Div.	98½	97½	98	...	...	...
United Drug	16	15½	15	...	...	...
Walgreen	38½	37	37	...	...	...
Woolworth	70	68	66½	...	...	...
Borden	28½	27	27	...	...	...
Gen. Foods	43½	43	42½	...	...	...
Kroger Grocery	24½	24½	24½	...	...	...
Nat. Biscuit	34½	34½	33	...	...	...
Nat. Dairy	26½	25½	24½	...	...	...
Standard Brands	16½	16½	16	...	...	...
Am. Tobacco B.	100½	99½	100½	...	...	...
Liggett Myers B.	106½	106½	107	...	...	...
Gilliland	24½	23½	23½	...	...	...
Reynolds Tob. B.	60½	60½	59½	...	...	...
National Distillers	30½	31	31	...	...	...
Schenley Distillers	55½	55½	54½	...	...	...
6. Finance						
American Credit	76½	76½	77½	...	...	...
Atlas Corp.	15½	15½	15½	...	...	...
Com. Invest. Trust	91	86½	86	...	...	...

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 Nov. 25, inclusive				Name of Security	Price, Nov. 18, 1936	Price, Nov. 25, 1936	Rise or Fall	Yield Nov. 25, 1936	Prices, Year 1936 Jan. 1 to Nov. 25, inclusive				Name of Security	Price, Nov. 18, 1936	Price, Nov. 25, 1936	Rise or Fall	Yield Nov. 25, 1936
High	Low	High	Low	High	Low	High	Low						(a)	(b)	(c)	%					
94	80	87	83	Consols 2½	85½	84½	-1	2 19 5	45/8	35½	5(5)	5(4)	Bank of New Zealand £1	39/6x	39/6x	...	3 19 6				
118	109	116	113	Do. 4½ Red. at par on or after Feb. 1937 (a)	116	115½	-	2 19 0	383½	371	6(4)	6(3)	Bank of England Stk.	379	379	...	3 13 4				
103	97	102	100	Conversion 2½ 1944-49	104	103½	-	2 13 0	40 9/8	43/3	7(6)	7(5)	Barclay B. (£1)	49/1	49/1	...	3 13 3				
107	100	105	103	Do. 3½ 1948-53 (a)	107	107	-	2 13 0	44 1/8	43/3	8(7)	8(6)	Barcl. (Dom. Acc.) A £1	49/1	49/1	...	3 15 6				
112	108	112	110	Do. 3½ after 1961 (a)	110	110	-	2 7 6	43 1/2	43/3	9(8)	9(7)	Bk. of Australasia (£5)	91	91	...	3 15 6				
114	108	111	108	Do. 4½ 1940-44	117	117	-	2 11 6	47 1/2	47 1/2	10(9)	10(8)	Bk. of Montreal (\$100)	43 1/2	44	+	3 15 0				
124	115	121	117	Do. 5% 1944-64	117	117	-	2 11 6	50 1/2	50 1/2	11(10)	11(9)	Bk. of Wales (£20)	28	29	+	2 14 0				
96	98	104	101	Funding 2½ 1956-61	93	92½	-	2 17 6	101 1/2	76/3	6(6)	6(6)	British Overseas A £5	92/6x	92/6x	...	6 9 9				
121	111	119	115	Funding 3½ 1959-69	102	101½	-	2 18 0	16 1/2	12 1/2	7(6)	7(5)	Chtd. of India (£5)	15 1/2	15 1/2	...	1 6 0				
118	101	107	104	Funding 5% 1950-60	116	115½	-	2 19 0	16 1/2	12 1/2	8(7)	8(6)	Com. Bk. of Aus. 10/-	92/6	92/6	...	3 18 0				
101	101	108	104	Victory Bonds 4½	108	108	-	2 19 0	11 1/2	10 1/2	9(8)	9(7)	Dist. A £5, £1 pd.	65/1	65/1	...	3 12 0				
98	89	98	94	Warlond 3½ after 1952 (p)	98	97½	-	3 1 9	11 1/2	10 1/2	10(9)	10(8)	Do. B £1 fully paid	57/6	57/6	...	3 12 0				
104	100	103	101	Local Loans 3½	102	102½	-	2 16 9	11 1/2	10 1/2	11(10)	11(9)	Hambros £10, £2½ pd.	96 3/4	95 1/4	-1/4	3 14 1				
86	76	89	83	Austria 3½ 1933-53	74 1/4	74 1/4	-	3 7 7	110 1/2	82/6	12(11)	12(10)	Hong, and S. (£125)	11 1/2	11 1/2	...	3 17 6				
100	90	100	96	India 2½	88	87½	-	3 8 6	65 3/8	61-7	13(12)	13(11)	Lloyds £5, with £1 pd.	108 1/2	108 1/2	...	5 3 3				
109	112	120	116	Do. 3½	99	99½	-	3 10 2	98 9/8	99 1/8	14(13)	14(12)	Martins £20, £2½ pd.	65/1	65/1	...	3 13 0				
108	105	107	104	Do. 4½ 1938-68	118	118½	+	3 6 0	98 9/8	99 1/8	15(14)	15(13)	Midland £1, fully pd.	95/1	95/1	...	3 15 0				
113	106	113	109	U.K. & Arg. 4½ (1947)	104	104	-	3 11 0	47 1/2	47 1/2	16(15)	16(14)	Nat. of Egypt £10	41 1/2	41 1/2	...	3 12 0				
108	100	106	102	Dom. & Colonial Govts.	113	113	-	3 9 6	16 1/2	15 1/2	17(16)	17(15)	Nat. Prov. India £25, £2½ pd.	47 1/2	47 1/2	...	4 12 6				
118	112	118	114	Australia 5% 1945-75	105	105	-	2 13 4	508	468 1/2	18(17)	18(16)	Royal Bk. Scotland	16 1/2	16 1/2	...	3 12 6				
121	116	121	118	Canada 4½ 1940-60	118	118	-	3 6 0	16 1/2	15 1/2	19(18)	19(17)	St. of S. Af. £20, £5 pd.	493x	493x	...	3 8 9				
115	107	114	108	Gold Coast 4½ 1956	119	119	-	3 6 0	99 7/8	90/9	20(19)	20(18)	Westminster £4, £1 pd.	15 1/2	15 1/2	...	3 15 0				
110	103	109	106	Nigeria 5% 1950-60	107	107	-	3 13 3	95/-	88/-	21(20)	21(19)	Union £1 of £5	93/9	95/-	+1/4	4 0 0				
118	113	117	114	N. Zealand 5% 1946-60	117	117	-	2 19 0	16 1/2	15 1/2	22(21)	22(20)	Alcander £2, £1 pd.	6 1/2	6 1/2	...	3 17 0				
101	98	103	99	Queensland 5% 1945-75	102	102	-	3 19 0	56/-	52/-	23(22)	23(21)	Nat. £2 fly. pd.	18 1/2	18 1/2	...	3 19 3				
101	98	103	99	Foreign Governments	102	102	-	3 19 0	32 1/2	30	24(23)	24(22)	Union £1 of £5	54/-	54/-	...	...				
101	98	103	99	Argentina 4½ Resc. 1952	97	97	-	7 9 0	32 1/2	30	25(24)	25(23)	Alliance £1, fully pd.	32	32 1/2	...	2 16 6				
101	98	103	99	Austria 7% 1957	89	87	-2	5 13 10	16 1/2	15 1/2	26(25)	26(24)	Atlas £5, £1 pd.	15 1/2	15 1/2	...	2 12 3				
83	51	70	57	Do. 4½ 1934-59	70	70	-	5 0 0	12 1/2	10 1/2	27(26)	27(25)	Com. A £1, fully pd.	10 1/2	10 1/2	...	2 12 3				
20	14	22	14	B. Aires (Prov.) 3½	20 1/2	21 1/2	+	11 12 6	29 1/2	28	28(27)	28(26)	Gen. Acc. £5, £1 pd.	28	27 1/2	...	2 15 0				
84	77	83	79	Belgian 4½ red by 1970	73	72	-1	6 19 0	14 1/2	12 1/2	29(28)	29(27)	Lon. & Lanc. £2½	35	35	...	2 17 0				
24	18	20	16	Brazil 5% Fund. 1914	19 1/2	19 1/2	-	...	22 1/2	20 1/2	30(29)	30(28)	N.Brit. & Mer. £1, fy. pd.	14	13 1/2	...	2 6 0				
91	71	84	66	Chili 6% (1929)	80	80	-	6 5 0	28	26 1/2	31(30)	31(29)	Pearl (£1), fully paid	23	22 1/2	...	3 16 0				
103	99	112	95	China 5% (1912)	92	92	-	5 8 0	15 1/2	14 1/2	32(31)	32(30)	Phoenix £1, fully paid	16 1/2	16 1/2	...	2 4 0				
113	99	114	95	Do. 5% (1913)	100	100	-	8 0 0	40	38 1/2	33(32)	33(31)	Prudential £1 A	37 1/2	37 1/2	...	3 11 0				
103	93	110	98	Czechoslovakia 8%	100	100	-	12 13 0	108 1/2	107 1/2	34(33)	34(32)	Real Estate £1 paid	113/9	113/9	...	2 10 0				
89	48	70	57	Danish 3½	64 1/2	64 1/2	-	10 1 6	11 1/2	10 1/2	35(34)	35(33)	Royal £1, 10/- pd.	11 1/2	11 1/2	...	2 16 0				
109	98	106	102	Danzig 6½	103	103	-	3 17 9	10 1/2	9 1/2	36(35)	36(34)	Sea Insur., £1, fully pd.	9 1/2	9 1/2	...	3 7 0				
30	22	25	18	Egypt Unified 4½	19	19	-	...	5 1/2	4 1/2	37(36)	37(35)	Sun Insur. £1 with 5/-	4 1/2	4 1/2	...	3 8 6				
78	56	69	53	French 4½ (British)	59 1/2	56	-3 1/2	12 10 0	4 1/2	3 1/2	38(37)	38(36)	Sun Life Assur., £1, fy. pd.	8 1/2	8 1/2	...	2 19 6				
87	26	40	29	German 7½ Dawes Ln.	43	40	-3	13 15 0	21 1/2	18 1/2	39(38)	39(37)	Yorkshire £1, fully pd.	20	20	...	1 17 6				
45	31	45	35	Do. 5½ (Young Ln.)	31	29	-2	...	18 1/2	17 1/2	40(39)	40(38)	Anglo-American Tr. Deb.	285	285	...	3 17 2				
51	38	52	39	Greek 6% Stab. Ln.	38 1/2	35	-3	...	289	255	41(40)	41(39)	Anglo-Electric Ord.	74 1/2	74 1/2	...	3 7 2				
91	78	90	79	Hungary 7½	49 1/2	46 1/2	-3	8 1 3	80 1/2	59	42(41)	42(40)	Brit. Assets Trust 5/-	9 1/2	9 1/2	...	3 19 6				
97	85	97	83	Japanese 5½ 1936-60	86	85	-1	6 9 0	9 1/2	8 1/2	43(42)	43(41)	Debutent Corp. Stk.	25 1/2	25 1/2	...	3 19 6				
144	113	144	105	Do. 6% (1924) red 1959	91 1/2	89	-2 1/2	7 4 0	18 1/2	15 1/2	44(43)	44(42)	For. Amer. etc. Def.	85 1/2	86 1/2	...	3 19 6				
50	42	53	41	Norwegian 4½ 1911	112 1/2	112 1/2	-	3 10 6	25 1/2	23 1/2	45(44)	45(43)	Guadian Investment...	151	151	...	3 19 2				
100	87	93	80	Peru 7½ 1922	52	52	-	...	9 1/2	8 1/2	46(45)	46(44)	Indus. and Gen. Ord.	293	293	...	3 11 3				
16	7	15	8	Poland 7%	79	77	-2	Nil	157 1/2	143 1/2	47(46)	47(45)	Invest. Trust Ind.	322	322	...	3 19 6				
144	106	160	110	Romania 4½ Con. 1922	15	13	-2	Nil	298	258	48(47)	48(46)	Lake View Invest.	203	203	...	3 19 0				
113	106	116	112	Swedish 3½ 1908	120	120	-	2 18 3	353	300	49(48)	49(47)	Mercantile Investment	180	180	...	3 11 2				
84	75	90	79	U.K. & Argentine 1933	114 1/2	114 1/2	-	4 3 3	312	270	50(49)	50(48)	Merchants Trust Ord.	203 1/2	203 1/2	...	3 19 0				
37	24	27	22	Do. Certs. (3½ Max.)	89 1/2	89 1/2	-	3 7 0	18 1/2	17 1/2	51(50)	51(49)	Metropolitan Tr.	285	287	...	2 16 6				
120	114	119	116	Corporation Stocks	127	127	-	...	310	3	52(51)	52(50)	Scottish Investm. (5/-)	8 1/2	8 1/2	...	3 13 0				
122	115	120	117	Berlin 6% 1932-57	117	117	-	3 0 1	10/-	7	53(52)	53(51)	Securities Mortgage, etc.	232	232	...	3 13 0				
85	60	84	64	Birmingham 5% 1946-56	119	119	-	3 3 0	252 1/2	217	54(53)	54(52)	Trustee Corp. Ord.	240	241	...	3 14 9				
125	119	121	117	Bristol 5% 1948-58	119	119	-	3 3 0	251	221	55(54)	55(53)	United States Debent.	237 1/2	237 1/2	...	3 7 6				
108	104	107	103	Danzig 7% 1935-45	74	74	-	9 9 3	244	220	56(55)	56(54)	Financial Trusts, etc.	23/1	23/1	...	1 19 0				
98	90	97	94	L. London 5% 1950-70	120	120	-	3 14 3	...	...	57(56)	57(55)	Argentine Land, etc. £1	30	30	...	Nil				
104	100	103	101	Lebanon 5½ 1937-52	103	103	-	3 7 0	26/-	15/6	58(57)	58(56)	Australian Estates, etc.	38/-	35/-	-3/-	2 17 0				
104	100	103	101	L.C. 3½	96	96	-	3 2 6	34	23 1/2	59(58)	59(57)	Brit. S. Africa 15/- fy. pd	35 7/8	34 1/4	-1/4	6 0 0				
104	100	103	101	Seine (D																	

CAPITAL ISSUES

THE shadow of political crisis has covered the markets this week, and has imposed a check upon the recent spate of small industrial issues. Such a check, certainly, was inherently reasonable. Both of this week's issues are of greater substance than some recent offers. *Walsall Conduits*, an electrical engineering concern, has offered 5 per cent. preference shares slightly over par, but the premium asked for the 4s. ordinary shares is high, even for these days, for it amounts to no less than 712½ per cent. This, in other words, is a company which has been brought fairly rapidly to a state of high profitability on relative small fixed assets, and the terms of the offer are based on estimated peak earnings for the current year. The weakness of such terms has been discussed almost *ad nauseam* in these columns. The vendor, whether of shares or fixed assets, is entitled to the best bargain which he can obtain. But while the offer of small denomination shares at premiums of these dimensions enables the company to keep its capital in relation to its asset values, the terms conceal a very real goodwill component (for which the ordinary investor is usually unable or disinclined to provide), and also discount the maintenance, at least, of a level of earnings which, three years ago, would have been considered quite improbable. The component undertakings of *Amalgamated Collieries of South Africa* sell two-thirds of their output to Victoria Falls and Transvaal Power Company under contract, and may thus be expected to share in the expansion of that undertaking. The public participation is small, but the shares appear under good auspices and have satisfactory earnings prospects. Statements "for information only" have been published by *Sydney S. Bird* and *Shop Investments*.

ISSUES OF THE WEEK

January 1 to November 21, 1936, including conversions, Old Basis, £454,323,140.
January 1 to November 21, 1936, excluding conversions, Old Basis, £230,561,259.
January 1 to November 21, 1936, including conversions, New Basis, £519,201,530.
January 1 to November 21, 1936, excluding conversions, New Basis, £378,561,208.

Net Sales National Savings Certificates, week ended November 21, 1936, £50,000.

TOTALS OF CAPITAL ISSUES DURING WEEK

	Nominal Capital	Conversions	New Money
To the Public	500,000	...	1,317,500
To Shareholders only	485,500	...	548,031
By Stock Exchange Introduction	347,000	...	588,100
By Permission to Deal	1,095,402	...	1,558,844

January 1 to date—	Including Conversions	Excluding Conversions	Total offered for Subscription—	Including Conversions	Excluding Conversions
1936 (New Basis)	523,262,005	382,621,683	Whole year (Old Basis)—	...	...
1936 (Old Basis)	456,236,671	232,474,790	1935	548,351,393	236,147,637
1935 (New Basis)	387,330,502	255,785,047	1934	410,980,300	169,108,700
1935 (Old Basis)	276,696,570	140,852,202	1933	467,921,500	244,780,500
January 1 to date (Old Basis)—	...	...	1932	2,699,684,265	188,909,963
1934	369,429,574	158,613,116	1928	683,000,056	369,058,073
1933	445,143,080	241,860,405			
1928	530,194,284	355,613,301			

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

(b) Including securities for which "permission to deal" was given in forty-eight weeks ended November 30, 1935.

Nature of Borrowing (Excluding Conversions)

	Debentures	Preference	Ordinary	Total
January 1 to date—				
1936 (New Basis)	168,857,263	38,144,731	175,619,689	382,621,683
1936 (Old Basis)	146,080,696	21,957,647	64,456,447	232,474,790
1935 (New Basis)	101,982,015	45,765,564	108,037,468	255,785,047
1935 (Old Basis)	77,093,301	29,215,774	34,543,127	140,852,202
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	167,185,509	31,696,741	37,265,387	236,147,637

BY OFFER FOR SALE

Amalgamated Collieries of South Africa.—Offer for sale of 200,000 £1 shares at £1 10s. Acquires four collieries and undeveloped coal rights. Purchase price £1,738,658 (£556,246 in shares, £1,143,754 cash to be used in taking shares and £38,658 cash). Mining profits before depreciation: Cornelia, I., £103,154; II., £125,189; III., £123,763. Lango, I., £20,733; II., £20,894; III., £22,418. Schoongezicht: I., £47,403; II., £50,993; III. (10 months), £48,895. Springfield: £25,314 (initial development period). List closed 9.5 a.m. November 25th. Heavily oversubscribed.

Walsall Conduits.—Offer for sale of 200,000 5 per cent. cumulative £1 preference shares at 20s. 6d. and 500,000 4s. Ordinary shares at 32s. 6d. Manufacturing electrical engineers. Profits, after depreciation: 1933, £63,740; 1934, £88,110; 1935, £98,307. Net assets, £350,491 (including £37,342 estimated net profits from January 1st, less vendor's proportion), purchased for £350,000, payable by 200,000 £1 preference and 749,965 4s. ordinary shares and £7 cash. Standard Industrial Trust take issue for £846,875 and expenses (or preference shares at par, and ordinary at about 28s. 9d.). List closed 9.1 a.m. November 24th. Heavily oversubscribed.

BY STOCK EXCHANGE INTRODUCTION

Sydney S. Bird and Sons, Ltd.—Issued capital, 500,000 2s. ordinary shares. Instrument makers at Enfield, established 1920. Products include "Cylcon" Condenser. Net assets acquired £33,929 for

£40,000 (goodwill £6,071) payable by 400,000 2s. ordinary shares. Profits, after depreciation, years to March 31: 1934, £6,198; 1935, £10,439; 1936, £13,125. Half year to September 30, 1936, £10,547. Whitehead Industrial Trust take 499,993 shares at net cost of 2s. 11.28d.

Shop Investments, Ltd.—Issued capital, 600,000 5s. ordinary shares. Deals and invests in shop properties. Total holding, 69 properties (51 freehold). Valuation £270,355 (£210,455 freehold). Total assets £252,085. Profits after leasehold amortisation, including profit from sales: Period July 21, 1933, to June 30, 1934, £2,696; years to June 30th: 1935, £4,369; 1936, £6,494.

ISSUES TO SHAREHOLDERS ONLY

National Omnibus and Transport.—In order to repay certain loans which have been incurred for the purpose of financing the expansion of the company's interests, the directors have decided to offer 200,000 ordinary shares of £1 at par to ordinary shareholders registered on November 14th, at the rate of one new share for every three ordinary shares held.

The Anglo-Portuguese Telephone Company, Ltd.—Offer to the ordinary stockholders and "A" ordinary shareholders of 185,625 ordinary shares £1 at 23s. per share, in the proportion of one new share for every 6 ordinary stock or six "A" ordinary shares held on November 14, 1936.

Horseley Bridge and Thomas Piggott.—An issue is being made of 150,000 ordinary shares of 10s. each in the proportion of one for every two held on November 6th. The shares will rank in all respects, including dividend, as from July 1, 1936, *pari passu* with the issued ordinary shares.

L. Rose and Company, Ltd.—Issue of 48,750 2s. ordinary shares at 15s. each in proportion of one new ordinary share for every five ordinary shares held on November 18th.

Levers Optical Company.—Issue of 20,000 6 per cent. cumulative £1 preference shares at 21s. each.

CONVERSIONS AND REPAYMENTS

Ampat (Sumatra) Rubber Estate.—This company will redeem its 7 per cent. fifteen-year notes on February 18, 1937, at 101½ per cent., together with accrued interest.

Kay's Atlas Brewery.—The 6 per cent. debentures of this company will be repaid at par on December 31, 1936.

Malayan Rubber Loan and Agency Corporation, Ltd.—The 6 per cent. debenture stock of this company will be repaid at par on February 26, 1937.

FORTHCOMING ISSUE

Coventry Aero-Engines and Components.—A public issue will be made on Wednesday next, December 2nd, of 1,290,000 5s. shares at par. The prospectus will show that the company has been formed to acquire an exclusive licence to make, and sell, in the British Empire, Lorraine aero-engines, the licence including engines for high-speed marine craft. The company will be in a position to make accessories such as gun fire interrupter gears, oil pumps, etc., and will also have the benefit of technical advice from the Lorraine Company. The issue will provide enough working capital for erection of works covering 12 acres at Coventry, which are to be completed in six months.

LONDON NEW ISSUE PRICE

Stock or Share	Issue price	Paid	Nov. 18, 1936	Nov. 25, 1936
Argentine 3½% Conversion	84½	84½	2½-1½ dis	2-1½ dis
Associated Paper Ord. 5/-	6/6	4/-	4½-7½ dis	3d dis-3d pm
Do. 5% 1st Pref. £1	20/-	10/-	1½-1½ dis	1½-1½ dis
Bird (Sydney S.) Ord. 2/-	...	...	...	4/7½-4/10½
Birmingham Small Arms 4% 1st Debs.	102½	5	...	1½-1½ dis
Bristol 3%	99½	24	...	1½-1½ dis
Buchan's (Andrew) Brewery Ord. £1	15/-	15/-	4½-1½ dis	43/3-43/9
C.T.C. Bazaars (5/-)	21/-	21/-	3d dis-3d pm	14/-14/6
Do. 6% Pref. £1	...	...	...	20/9-21/3
Drey, Simpson (5/-)	99½	5	...	4/10½-5/1½
Dewsbury 3%	99½	24½	...	1½-1½ dis
Dumfries 3% Stock	5/9	3/9	4½-10½ dis	9d-1/- pm
East Hunter Cement (5/- Ord.)	101	51	...	1½-1½ pm
Do. 4½% 1st Debs.	102	20	...	1½-1½ pm
Everard Brewery 4% Debs.	98½	10	...	1½-1½ pm
Funding 2½%	6/-	6/-	5/9-6/3	5/7½-6/1½
Gale Lister 4/- Ord.	5/6	5/6	4/9-5/3	4/9-5/3
Gas Light and Coke 3½% Pref.	100	20	...	2/3-2/9 pm
Howards (Newcastle) Ord. 4/-	10/-	10/-	9/6-10/-	1/3-9d dis
Do. 6% Pref. 10/-	20/-	10/-	...	par-3d pm
Inter-Union Finance 5/-	20/-	10/-	...	5/1½-5/4½
Do. 5½% Pref. £1	22/6	7/6	1½-4½ pm	97½-97½
Lewis (J.) 5% 1st Pref. £1	5/-	5/-	...	1½-1½ pm
London & Dist. Cinema Ord. 5/-	99	99	...	1½-1½ pm
Do. 5% Debs.	99½	24½	...	1½-1½ pm
London County Council 3%, 1956-61	...	...	6/10½-7/1½	6/7½-6/10½
Manchester 3%	...	...	20/-20/6	7/9-8/3 pm
M. Morris Cabinet 4/-	15/-	7/6	7/1½-7/7½ pm	par-3d pm
Do. 6% Pref. 20/-	21/-	10/-	1½-4½ pm	7/9-8/3
Phillip Hill Ord. 5/-	5/6	5/6	...	22/-22/6
Do. 5% Pref. 20/-	20/-	20/-	2/6-2/9	7/1½-7/4½
Triplex Foundry 5/- Ord.	...	...	20/6-20/9	20/4½-20/10½
Do. 5½% Pref. 20/-	...	...	...	...
Waite and Sons 2/-	...	...	...	...
Wake and Dean Ord. 5/-	...	...	...	...
Do. 6% Pref.	...	...	...	...

TRINIDAD CONSOLIDATED OILFIELDS, LTD.—The Company announces that Well No. 19 has been brought into production. The initial output was at the rate of 800 barrels per day.

BRITISH CONTROLLED OILFIELDS, LTD.—Production for the week ended November 21st: Venezuela, 17859 barrels; Trinidad, 29,205 barrels; total, 47,064 barrels.

THE MEXICAN EAGLE OIL COMPANY, LTD.—The production for the week ended November 14, 1936, was 364,000 barrels.

COMPANY MEETINGS

ROYAL BANK OF SCOTLAND

ANNUAL GENERAL COURT OF PROPRIETORS

SATISFACTORY YEAR'S RESULTS

IMPROVED TRADE CONDITIONS

DUKE OF BUCCLEUCH'S ADDRESS

The Annual General Court of Proprietors of the Royal Bank of Scotland was held, on the 25th instant, at Edinburgh, His Grace the Duke of Buccleuch, G.C.V.O., Governor of the Bank, presiding.

His Grace said:—I presume it will be your pleasure that the annual report and balance sheet with the auditors' report, which have now been in your hands for some days, shall be taken as read. The directors are pleased to be again in the position to submit a statement which, they are sure, will be considered satisfactory by the proprietors.

INCREASED DEPOSITS

Looking at the liabilities it will be seen that our deposits have increased over the amount shown last year by £2,800,000—bringing the total up to £66,800,985.

These are large figures and reflect the heavy accumulation of unemployed funds in the hands of the banks at the present time.

Notes in circulation at £2,929,938 are £117,000 higher than last year, and the increase under this heading provides indications of a welcome improvement in trade and employment.

Acceptances and endorsements of foreign bills and other obligations show a moderate decrease this year. The decrease of approximately £200,000 is accounted for by a smaller volume of forward exchange transactions.

LIQUID RESOURCES AND INVESTMENTS

The highly liquid position of the bank is again emphasised in the balance sheet. On the assets side it will be seen that cash on hand and with the Bank of England and other London bankers, and money at call and short notice, etc., amount to practically £15 millions and represent 21.4 per cent. of our liabilities to the public in respect of deposits and note issue.

Our bill portfolio, which includes £2,035,000 of British Government Treasury bills, is £331,000 higher than last year's total. We regard that as a satisfactory feature of our balance sheet, although the margin of profit on this side of our business remains very low.

The increase of £1,593,000 in investments in British Government, Indian and Colonial and other securities arises from our larger deposits, to which I have already referred. In passing I may mention that a goodly proportion of our British Government securities are in short and medium-dated stocks.

As usual, all our investments are valued at or under the market prices ruling on the date of our balance.

INCREASE IN ADVANCES

In the Address from the Chair last year, it was mentioned that the balance sheet then before you showed an increase under the heading of advances on cash credit accounts and current accounts of over £800,000, and it is gratifying to report this year a further expansion of £625,000 in this important branch of our operations.

I am glad to say that indications are not wanting that the internal industrial revival and the rise in commodity prices are having their effect in increasing the requests for advances which our customers are making on us, and which, in view of our increased resources, we are more than ever in a position, and ready, to make.

PROFITS

We now turn to the profit and loss account, where we show a small increase of about £3,000 in profits.

In view of the expansion shown under practically every heading in the balance sheet, it is perhaps natural that you should expect, in a year which has been remarkably free from the necessity of providing for bad debts and during which the liquidation of frozen loans has continued, that profits should have shown a

larger increase. We, however, consider the results of our year's working as satisfactory, having regard to the lower yields we are now getting on our investments and the present low earning rates for money, while taxation, salaries and other management charges continue to increase.

Following our usual practice, all bad and doubtful debts have been fully provided for.

APPROPRIATIONS

The directors recommend that a dividend for the half-year, payable at Christmas, at the same rate as formerly—17 per cent. per annum—be declared, and that the same appropriations as last year be made to pension reserve fund, and to bank buildings and heritable property.

After these appropriations there remains the sum of £87,027 16s. 5d., which it is proposed to carry to rest or reserve, which now stands at £3,944,171 10s. 9d.

BUSINESS OF THE BANK

The business of the bank in Scotland and at its five London offices continues to progress, while our associate, Williams Deacon's Bank, Limited, is also benefiting from the improved conditions—particularly in the industrial areas in which it operates.

TRADE REVIVAL

At this meeting it is the practice to say a few words on trade conditions, and I am glad to think that the long-awaited industrial revival is in view, and I am fairly confident in considering that in Scotland we have still to experience the full effect of the revival.

In the shipbuilding industry, which means so much to the West of Scotland, last year's steady and gradual improvement has been maintained throughout the year, but, although some yards are working at practically full capacity and have further building orders in hand, other yards, unfortunately, still show many unoccupied slips. From what we learn it is doubtful if much more than 50 per cent. of the available building berths are occupied at the present time, and, while prospects are brighter than at any time during the past five or six years, it is to be sincerely hoped that the Clyde will obtain its fair share of the Admiralty building programme and so ensure that the spectre of unemployment, which has hung over the industrial West, will soon disappear. The other Scottish shipbuilding yards are also sharing in the activity arising from the demand for new commercial tonnage.

The export trade in coal is far from satisfactory and is still suffering from the many politically imposed barriers on international trade, but now that agreement has been reached with Italy, resumption of trade with that market should help Scottish coal exports, which are so vital to our country.

Fortunately, the home market in coal is good, and that is largely due to the busy conditions in the heavy industries, which look likely to continue for some time. Another feature, offsetting to some extent the disappointing state of our coal exports, is a satisfactory demand from Ireland for our coal.

The iron and steel industry is finding it difficult to meet demands for deliveries. In addition to all the furnaces in normal use, it has been necessary to re-fire some reserve furnaces, so as to cope with the increasingly heavy orders from the building trade, and from shipbuilders, which it is anticipated cannot be fully satisfied for another year or two. It is unfortunate, however, that the heavy home requirements should result in a neglect of the export trade where little business is passing.

Manufacturing engineers are now experiencing boom conditions, but slowness of deliveries of steel sections is proving a handicap. Government contracts are providing a good proportion of work on hand, the total of which is sufficient to keep the industry busy for many months.

In textiles, better results have been shown in the home and export markets, and prospects look reasonably good. Quotas and other restrictions, however, continue to have an adverse effect on Continental trade. Good markets are being experienced with Australia and New Zealand, while trade with the United States shows signs of improving.

Some branches of agriculture, which is still our largest single industry, show better results, but conditions in the fishing industry still remain unsatisfactory.

WORLD TRADE

Overseas trade continues to expand, although the tendency has been for imports to increase much faster than exports.

The recent devaluation of the gold *bloc* currencies and the reciprocal agreements between this country, the United States of America and France are events of major importance. The published statements of the Governments of these three countries that the success of their policy is linked with the development of international trade and the removal of different forms of trade barriers will be approved by all countries and, if the policy outlined is boldly pursued, a big step will have been taken towards a return to world monetary and trade equilibrium.

THANKS TO OFFICIALS AND STAFF

I desire to record the thanks of the directors for the valuable services rendered throughout the year by the officials and staff at the head office, London, Glasgow, Dundee offices and the branches.

Our sincere congratulations are due to the general manager, Mr Whyte, and those associated with him, that in a year in which in many ways banking conditions have not been easy, good management has produced so satisfactory a result.

Some of our proprietors may have seen statements in certain sections of the Press criticising the remuneration and conditions of service of our staff.

It is unusual to deal with such matters at this meeting, but, in the interests of the bank, the proprietors, and members of our staff, I think it right to correct misunderstandings which may have arisen through the statements to which I have referred.

In the spring of this year the whole salary question was gone into very carefully by the directors, and certain adjustments, benefiting particularly the younger members of the staff, were and are being given effect to.

As is usual at this time the directors are making their annual revisions of salaries. These, with the completion of the adjustments above referred to, will be communicated to the staff at the customary time just before Christmas.

I would add that the directors, as the result of their careful examination into the conditions of service and remuneration of the staff, are satisfied that the conditions under which the staff work—the security of employment, the rate of remuneration, the consideration shown during sickness, the pensions granted on retirement (to which no contribution is made by the staff), the payment by the bank of income tax on salaries and pensions—compare very favourably with those in any other type of clerical employment, as indeed is evidenced by the fact that there is no lack of applicants for admission to our service.

APPROVAL OF ACCOUNTS—DIVIDEND

I now beg to propose that the report, containing a statement of the accounts and balance sheet, be approved, and that out of the profits of the year a dividend at the rate of 17 per cent. per annum for the half-year, under deduction of tax, be declared in conformity therewith.

The report was approved, and the Governor, Deputy-Governor, Extraordinary Directors, and the retiring Ordinary Director were re-elected and auditors were re-appointed for the ensuing year.

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.

WANKIE COLLIERY COMPANY, LIMITED

REDUCTION IN COSTS

The thirteenth ordinary general meeting of the Wankie Colliery Company, Limited, was held, on the 24th instant, at the Abercorn Rooms, Great Eastern Hotel, London, Sir Edmund Davis (chairman and managing director) presiding.

The Chairman, in moving the adoption of the report and accounts, after dealing with the various items in the balance sheet said:—Turning now to the profit and loss account, the total cost of production amounts to £167,159 on a saleable output of 617,497 tons, as compared with £176,566 on a saleable output of 610,891 tons last year. You will notice that coke and brick-making charges are included in our general costs, but they are, comparatively speaking, small, and as they amount to practically the same in each of the last two years, these comparisons are not vitally affected. I mention this in order that you may appreciate how we are gradually reducing our costs, and I think you will agree that our colliery management is to be congratulated upon this satisfactory result.

The amount written off this year for depreciation is £54,962, compared with £53,905 last year. African and general expenses at £5,339, compare with £5,691, and London expenses at £6,582, compare with £6,934 last year.

Directors' fees and additional remuneration amount to £5,000 this year, as compared with £4,993 last year. The only other items remaining in the profit and loss account are rents and sundry receipts—Africa, £12,313, which compares with £11,851 last year, and registration fees, £185, compares with £139 last year.

PROFIT AND ALLOCATION

If you will turn again to the balance sheet you will see that on the debit side we have brought in, under the heading profit and loss account, the balance at August 31, 1935, £61,397, and deducted the final dividend of 5 per cent. paid on November 22, 1935, £49,875, leaving a carry-forward of £11,522. To this sum we have added the profit for the year, amounting to £133,489, bringing the total up to £145,011, from which we have deducted taxation reserve, £22,244, leaving a net total of £122,767. After deducting the two interim dividends of 5 per cent. each, paid on February 26th and August 17, 1936, which amounted to £99,750, there remains a balance of £23,017. This balance would enable us to pay you a final dividend of 1 per cent. and leave our carry-forward intact, but as this would involve a large number of very small cheques we have, on consideration, decided to add this 1 per cent. to the first interim dividend paid in respect of the current year, which I feel sure will meet with your approval.

COPPER MARKET AND COAL CONSUMPTION

During the year under review we have unfortunately had to face a reduction in our contemplated production owing to the state of the copper market. This has, within the last few months, shown considerable improvement, which will be reflected in a gradual increase in sales.

So that you should realise what this means to us, may I point out that for the year ended August 31, 1935, we supplied Northern Rhodesia with 51,633 more tons of coal than for the previous twelve months, and for the year ended August 31, 1936, 5,292 tons less.

In our current financial year we look to larger sales of coal, due in the first instance to the additional output of copper in Northern Rhodesia, and, secondly, to the extension in Southern Rhodesia of supplies of electricity from municipal power stations to mines in their vicinity, which previously obtained their power requirements from wood fuel or oil.

During the year under review we have made satisfactory arrangements to supply electricity for mining requirements at Tshontanda, where large wolfram deposits are being opened out and equipped. This proposition should reach the production stage in February next.

There has been a small increase in the number of European employees. So far as native labour is concerned we have in general employment 2,400 men. A large number of these have been employed for a considerable time and appear to be very contented in the work for which they are used.

I see no reason why I should not give you my personal views on the subject of the production of copper for 1937 which, subject to nothing unforeseen, I estimate at about 200,000 short tons. That would be an increase of about 40,000 short tons over my estimate for 1935 of about 160,000 tons.

Such an increase would mean larger sales of coal to the mines and the railways, naturally followed by an increase in our profits. The report and accounts were unanimously adopted.

ENGLISH, SCOTTISH AND AUSTRALIAN BANK, LIMITED

SATISFACTORY RESULTS

FURTHER IMPROVEMENT IN THE COMMONWEALTH

The forty-fourth annual general meeting of the English, Scottish and Australian Bank, Limited, was held, on the 25th instant, at 5 Gracechurch Street, London, Mr E. M. Janion presiding in the absence, through indisposition, of Mr Andrew Williamson, the chairman of the bank.

Mr A. A. Shipston (London manager and secretary) read the notice convening the meeting and the auditors' report.

The Chairman, in the course of his speech, said that the past year had witnessed a great improvement in the position in Australia, prices being higher for practically all exportable articles. The most important item was, of course, wool, and the wool cheque for this year amounted to £A.58,000,000, compared with £A.40,400,000 for the previous twelve months, an increase of £A.17,600,000. This naturally caused increased activity in Australian secondary industries, and a reduction in the total of unemployment, as well as stimulating imports from abroad. The demand for accommodation from the banks had increased. The opinion generally held was that Australia was passing through a period of comparative prosperity and that the future, so long as prices continued as they were, was a brighter one than it had been for some time.

OVERSEAS TRADE

Last year there was a favourable balance of trade of £22,000,000, as compared with £16,000,000 for the previous year, which was not quite sufficient to pay interest amounting to £23,000,000 due in London in respect of loans to the Commonwealth and local authorities, but the difference was more than made up by the export of capital from overseas to Australia, largely for investment in gold-mining undertakings. The exchange between here and Australia had remained stable at £125 Australian for £100 sterling.

With regard to the Commonwealth Budget, the Hon R. G. Casey, the Treasurer, stated that the continued all-round improved position in Australia was remarkable. The trades unions reported to the Commonwealth Statistician that unemployment had decreased from 30 per cent. in the second quarter of 1932, the highest level reached, to 12.8 per cent. in the second quarter of 1936, while the number of factory employees had risen from 450,000 last year to 483,000 this year.

The total of savings bank deposits, including the Commonwealth Bank, now amounted to £225,000,000, against £218,000,000 last year. The bank clearings for the six capital cities, excluding Treasury bill transactions, were £1,934,309,000 in 1935 and £980,056,000 for the first six months of 1936, against £888,556,000 in the corresponding half of last year. A further indication of improvement was in building activity, covering both residential and business erections in the capital cities, the figures for which show a very marked advance.

During the year further conversions had been made of Australian loans in London of £21,657,000 and £16,551,000, which brought the total conversions to £198,513,000, with the resultant annual saving of approximately £4,000,000 in interest and exchange, on which the Government, who initiated the movement, and Mr Bruce, who so successfully carried the conversions through, were to be heartily congratulated.

TAXATION

This year's operations had resulted in a further reduction to £2,430,000 in State deficits, while the Federal surplus this year was £3,567,000, against an anticipated one of £17,000 only, so that taking all Government Budgets together, the aggregate result for the year was a surplus of £1,137,000, which was being devoted chiefly to a reduction of income and property taxes.

They welcomed the concessions made to income-tax payers and the reduction in respect of incomes from personal exertion and property, and the final abolition of the special property tax. They were very pleased to see that concessions had been granted to non-resident individual taxpayers, who were now exempted in respect of the first £250 of income.

The Treasurer pointed out also that the Income Tax Assessment Act of 1936, containing the uniform taxation provisions agreed upon, had been passed by the Parliaments of New South Wales and Tasmania, and that similar Bills had been introduced into the Parliaments of Victoria, Queensland and South Australia, also that the Government of Western Australia had announced its intention of passing a Bill on the subject in the near future.

THE ACCOUNTS

With regard to the bank's accounts, the reserve fund showed an addition of £15,000 from the annual profits, and now stood at £1,680,000. The special reserve of £1,585,000 was unchanged, and fully covered the depreciation in Australian currency, for which it was put on one side. Deposits at interest showed an increase of £133,081, and current account credit balances an increase of £350,815, the total at £32,893,249 being £483,896 more than last year, which, under the circumstances, might be considered very satisfactory considering the many more opportunities for profitable investment. Cash in hand, Australian notes, etc., stood at £8,412,214, as against £6,167,832 last year, the increase being mainly due to the smaller amount of Treasury bills now held. The ratio of cash held against demand deposits was now 12s. 9d. per £, or, taking into account the Treasury bills and investments held, it was 17s. 3d. per £, which exhibited a position quite satisfactory from a sound banking point of view. Advances and other assets at £29,112,248 showed an increase of £299,201 on last year's figures. The demand for overdrafts had been insistent, and they had found continued activity in this direction. Business both in exports and imports was active, and secondary industries were having a much more prosperous period than they had experienced for a long time.

PROFIT AND DIVIDEND

After deducting interest on perpetual stocks and after making a transfer to the credit of contingencies reserves, out of which reserves provision for all bad and doubtful debts had been made, the gross profit stood at £1,102,713, an increase of £76,855 over last year's figure. At the same time, however, the expenses of management showed an increase of £31,131, mainly in salaries, which were largely beyond their control, and income and other taxes were also higher than last year by £31,843. The net profit for the year amounted to £257,460, from which £15,000 had been carried to reserve fund, and it was now proposed to allocate £10,000 to officers' provident fund, £50,000 to contingencies reserve, £25,000 to bank premises account, and to pay a further dividend of 2½ per cent., (making 5 per cent. for the year, free of U.K. income-tax), leaving £306,787 to be carried forward.

The business of the bank during the past year had been well maintained and increased in all the States, and their connections had been extended in various directions. The year began under better conditions, and they had found a brighter outlook maintained and a good demand for accommodation from their constituents. Produce prices had been better all round, and they looked upon the future prospects as good, provided they were favoured with good rains for the crops.

The following telegram had been received on the previous day from their joint general managers in Australia:—

"Trading conditions generally buoyant and on the whole prospects are brighter than for some years past."

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

Mr S. M. Ward, in seconding the motion, referring to his recent visit to Australia, said: I was fortunate in arriving at a time when Australia was already recovering from one of the most severe crises in her history. The people rose to the occasion in a way which reflects the highest credit on them. Great sacrifices were made. The Government curtailed all expenditure, adopted a sound financial policy, kept faith with its overseas creditors, and are to-day reaping the well-deserved reward of their efforts. Good seasons and a healthy but not excessive rise in the value of primary products have helped to bring about the present recovery.

That my main preoccupation was with the banking and financial organisation of the country was only natural to one who has spent the greater part of his life in that profession, and one of my earliest impressions was one of admiration for the successful way in which the best traditions of English banking had been adapted to suit the needs of that vast continent, with all its varied requirements in trade, production and industry, from the tropical areas of the North to the rich temperate regions of the Southern States and Tasmania. One feature was particularly noticeable in all those in charge of the banking system whom I had the privilege to meet, and that was their high sense of duty to the community. The fact that the late crisis was so successfully overcome was due to no small extent to the way in which a sound and far-sighted banking system was able to afford liberal assistance to trade and industry in tiding over the period of distress.

Of our own bank I will only say that I went to Australia to judge our organisation on the spot by a pretty high standard, and after very careful investigation I can tell you without hesitation that I give them full marks.

The resolution was carried unanimously.

HAWKER SIDDELEY AIRCRAFT COMPANY, LIMITED**PROSPECTUS ESTIMATES EXCEEDED****GREATLY INCREASED TURNOVER****MR T. O. M. SOPWITH'S REVIEW OF THE GROUP'S PROGRESS**

The first ordinary general meeting of the Hawker Siddeley Aircraft Company, Limited, was held, on the 25th instant, at the May Fair Hotel, Berkeley Street, London, W.

Mr Thomas O. M. Sopwith, C.B.E., F.R.Ae.S. (chairman of the company), presided.

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

The Chairman said:—Ladies and gentlemen,—On this the occasion of our first annual general meeting, I think you will agree that we have cause to be satisfied with the report and balance sheet. These documents have been in your hands for some days, and I propose, with your permission, to take them as read. (Agreed.)

As you will see from the accounts, our revenue for the year amounted to £502,919 16s. 6d., from which have been deducted income tax, amounting to £118,649 3s. 3d., management expenses, directors' fees and audit fees amounting to £6,078 1s. 2d., leaving a balance of £378,192 12s. 1d. available for payment of dividends on the preference and ordinary share capital. As already announced, the board will ask you to recommend to-day out of such profits the payment of a cash dividend for the period ended July 31, 1936, on the 4,000,000 ordinary shares, numbered 1 to 4,000,000, inclusive, issued prior to June last, of 30 per cent., less tax, and a bonus for the said period of one fully-paid ordinary share for every ten of the said ordinary shares, leaving a balance to be carried forward of £10,633 10s. 7d.

WIDE SCOPE OF COMPANY'S ACTIVITIES

I would remind you that we are not an operating company and that our revenue is derived from dividends received from our subsidiary companies. The item represented in the accounts by loans to subsidiary companies, including a loan of £300,000 to the Hawker Aircraft Company, is mainly for the purpose of financing extensions to existing factories, the acquisition of additional land and buildings, the purchase of new plant and machinery, and the provision of working capital. The forecast of increased profits made in your company's prospectus has been justified and the turnover of subsidiaries shows an increase in excess of anticipations.

Your company exercises control over a number of operating companies engaged in widely varying activities. The major portion of the output of these subsidiary companies is in connection with the expansion and re-armament programme laid down by Parliament. The rate of profit earned thereon is controlled—and rightly so—by official costing experts, but while the average percentage of profit is lower, the aggregate is higher than in the past by reason of the greatly increased turnover. I am, however, pleased to say that a gratifying increase in turnover is shown in other branches. Your subsidiary companies manufacture aeroplanes, aeroplane and other engines for naval, military and Air Force purposes. They supply civil and commercial aircraft and engines ranging from light training types to the new air liners under construction for Imperial Airways—and details ancillary to high-grade engineering work.

ARMSTRONG SIDDELEY CARS

The Armstrong Siddeley motor car is our own product, and in addition we derive revenue from our training schools for air pilots and operators. We cater for a considerable commercial market, and I can assure you that your directors devote unremitting care and attention to this side of our activities. I am pleased to record that the Armstrong Siddeley motor car is increasing in popularity, and while the results for the last financial year have been satisfactory, I anticipate the necessity for additional output in the current year and arrangements have been made accordingly. The world-wide reputation for reliability gained by these cars will be further enhanced by the attractive lines of our new models. I had the pleasure recently of presiding at the annual meeting of Armstrong Siddeley agents and was impressed by their enthusiasm for the 1937 productions. The export business of subsidiary companies shows marked improvement, and further efforts will be made to expand in this very important direction.

While in the past year, as our report shows, we have not neglected your interests in the direction of earning profits, we have also devoted considerable time and attention to building

up the capacity of our group of companies. The extensions, additional buildings, and new plant authorised during the year are nearing completion, and the benefits of these, together with certain reorganisations which have been effected, should be felt during the next twelve months. The total number of hands employed by our group of companies is very much greater than at the same period last year and is steadily increasing.

CHANGES IN MANAGEMENT

Turning to the question of management, Sir John Siddeley, for personal reasons, has retired from office, I have been elected chairman of the Armstrong Siddeley Development Company and its subsidiaries, and Mr F. S. Spriggs has been appointed managing director of your own company and will occupy the same position in relation to the Armstrong Siddeley Development Company and subsidiaries. It became apparent during the year that your board would require further assistance, and you will be asked to confirm the appointment as directors of Mr H. K. Jones, who has an intimate knowledge of our products and markets, and Mr Hubert A. Meredith, whose advice and guidance in financial matters will, I am sure, prove invaluable.

As I indicated at our last meeting in June, we have had under discussion the question of making an offer for that portion of the Hawker Aircraft Company's ordinary capital not at present owned by your company. The subject has received mature consideration and we are, within a few days, formulating proposals to this end.

FURTHER DEVELOPMENT

Your directors are aware of the advisability of further widening the sphere of activity of your company as and when a suitable occasion arises, and negotiations are in progress in one or two directions which should afford an opportunity for further development in the future.

While it is hazardous to endeavour to foreshadow profits ahead, I am satisfied that the increased turnover of the subsidiary companies during the past year, which has enabled us to provide what I hope you consider a satisfactory dividend, should, by reason of the additional facilities available, show a further advance during the current year, and, although the actual percentage of profit will still remain comparatively low, the aggregate should be higher.

BONUS TO STAFF

Now I should like to deal with the question of our staff. I am sure you will agree with me when I say that success in a business can only be attained by enlisting the loyalty and good will of every one connected with it. I suggest that the best method of achieving this is to interest those responsible for carrying on the business in its financial success. Personally, I would like to see every employee of the company, from the heads of departments down to the youngest apprentice, a shareholder. Unfortunately, this is not practicable, but I do think it is very desirable that as many as possible of our key-men should have a stake in the company, so that they are directly interested in its welfare.

I trust, therefore, that you will approve the intention of the board to allocate a bonus of £5,000 among such of the employees of your subsidiary companies as they may select, and to give them an opportunity to acquire 20,000 of our unissued ordinary shares at par. I consider it will be very beneficial to the company from every point of view if these men are placed in a position to benefit personally from the result of their own efforts.

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

MR PHILIP HILL'S TRIBUTE TO STAFF

Mr Philip E. Hill, in seconding the resolution, said he would like to take the opportunity of thanking Mr Spriggs, their managing director, and the staff, and expressing their appreciation of the results which had been achieved. It was his opinion that the suggested bonus to the staff would be of enormous benefit to the shareholders, as undoubtedly it would be an incentive to members of the staff to work even harder to improve the value of their own shares.

The resolution was carried unanimously without question or comment.

The dividends and capital bonus were approved; the retiring directors—Mr Frederick Sigrist, Mr Hubert A. Meredith and Mr Herbert Keene Jones—were re-elected; the auditors, Messrs Price, Waterhouse and Company, were re-appointed; and the proceedings terminated with a hearty vote of thanks to the chairman, directors and staff.

JOHANNESBURG CONSOLIDATED INVESTMENT COMPANY, LIMITED**HIGHLY SATISFACTORY YEAR****PROSPERITY OF THE RAND**

The annual general meeting of the Johannesburg Consolidated Investment Company, Limited, was held, on the 24th instant, in Johannesburg.

Mr Walter S. Webber, who presided, in the course of his speech, said:—The report and accounts for the year ended June 30, 1936, will be regarded as highly satisfactory. The strong financial position of the company has been fully maintained. The profit for the year amounted to £1,086,202. Dividend No. 44 of 3s. and bonus of 1s. per share absorbed £790,000; £300,000 was added to the reserve fund, which now stands at the record amount of £2,600,000, and £166,875 was carried forward.

GOLD-MINING PROSPERITY

The cause of the great change for the better in the position and outlook of the goldmining industry since 1932 is well known—namely, the selling price of gold has gradually increased without any appreciable change in the cost of living and operating costs, with the result that the exchange value of gold, in terms of goods and services, has risen locally by approximately 62 per cent.

A somewhat striking phenomenon is that the sterling price of commodities overseas has actually fallen during the same period, but there are now definite signs that commodity prices overseas are on the upgrade. The industry is crushing at a rate 34 per cent. higher than in 1932, and capital expenditure has increased by a higher percentage. If gold to-day had the same exchange value as in 1932, the crushing rate would have fallen by at least 20 per cent., and there would have been very little capital expenditure. These figures will serve to emphasise how fortunate the industry and South Africa have been in recent years.

The prosperity of the Rand is bound up with the exchange value of gold in terms of goods and services. It can be shown that one-tenth of a pennyweight increase in the cost of mining and recovering gold from one ton of ore would reduce the activity rate of the industry by 3.7 per cent. It is therefore poor policy to set in motion forces which increase the cost of operations. The prevention of such a policy is to some extent within the jurisdiction of the Government, of the public, and of the goldmining industry.

UNJUSTIFIED FEARS

Fears have been expressed that with the passing of the old gold standard gold will lose its value as a medium of exchange, but there are no indications of such a state of affairs. On the contrary, Central Banks and Governments hold the metal in greater esteem than ever before. It has also been feared that a rise in the world output of gold following on its higher value would result in a period of immense abundance of gold, with a rise in the general level of prices as expressed in gold. The consensus of expert opinion is, however, that the increased production in gold will not be out of relation to the general rate of progress of the world, and even if marked fluctuations in the value of gold should continue to occur it will always remain a highly valued commodity.

The average recovery of gold from the mines of the Witwatersrand during 1935 shows a reduction of 1½ dwt. per ton as compared with 1932. This has resulted from the policy of the Mining Groups of milling a grade of ore in conformity with the ore reserve value, which is naturally reduced owing to the inclusion of enormous tonnages of marginal ore now payable. It is the inclusion of this class of ore which has brought about the expansion of the industry.

INCREASE IN EMPLOYMENT

The large increase of the numbers employed by the industry is one of the best measures of the expansion. During 1932, 23,051 Europeans and 214,777 natives were employed, and at the end of September, 1936, the figures were 36,077 Europeans and 301,539 natives. Dr. Pirow was not overstating the case when he said in a recent report that if the present expansion continued during the next six or seven years more than 18,000 additional Europeans and approximately 120,000 additional natives would be required to keep the mines at their full labour complement.

The effect on the prosperity of the Union of this increase in employment requires no elaboration. It will not be possible, however, to obtain the increased native labour force from the confines of the Union and Protectorates or indeed even when

supplementing it by the valuable addition from Portuguese territory. Recently important Government officials from Northern countries have been shown a little of the workings of the mines and of the care taken of the natives. It is thought that they will be willing to recommend regulated and limited recruitment in their territories to work on the mines. The Union Government has given permission to increase the number of natives recruited from north of latitude 22 deg. south. It has been shown that the health of these natives does not suffer. Confidence is felt, therefore, that in time the labour force will be brought up to the necessary strength to enable the mines to be worked at maximum capacity with great advantage to the Union of South Africa and to other countries, including those from which in the past recruiting has been prohibited.

Good relations have prevailed between the mines and their employees throughout the year. Important extensions of the benefits of the Witwatersrand Gold Mines Employees' Provident Fund and an increase in the holiday leave allowance were made.

NOTEWORTHY TAX CHANGE

A noteworthy change in the form of the tax on goldmines was enacted in 1936. The form of tax is simpler and is similar to that used in the calculation of the Government share in leased mines and to that advocated by the company when giving evidence before the Mine Taxation Committee in 1936. The rate of tax is, however, very heavy, and results in the collection of a revenue as heavy as that in force in 1935.

The goldmining companies of the group showed the following results from the year ended June 30, 1936:—Tons milled 11,867,000 (1935: 10,844,000), yield—ounces 2,638,057 (1935: 2,608,913), yield per ton—dwt. 4.446 (1935: 4.812), working costs £10,433,408 (1935: £10,047,810), gross profit, including sundry revenue, £8,272,276 (1935: £8,555,205). The group for the year under review and for a great number of years has produced approximately one-quarter of the gold output of the Witwatersrand.

OTHER MINING INTERESTS

The coal trade in South Africa shows a further improvement, and with the increased development in the goldmining industry the prospects for the trade are bright. The new plant at the Natal Cambrian Collieries, Limited, is working efficiently and the monthly output is steadily increasing. The Consolidated Collieries, Limited, and the New Springs Colliery, Limited, declared dividends of 5 per cent. and 10 per cent. respectively, for their last financial years. A new colliery, the Phoenix Colliery, Limited, was started in the Witbank district under the administration of this company; this colliery will begin selling coal early in 1937.

The diamond market was in a much more satisfactory state throughout the year, and sales showed a substantial improvement compared with the previous year. Moreover, there are encouraging signs, and the market is without doubt getting back to normal. The relations between the Diamond Corporation, the Association of Diamond Producers in South Africa, and the producers of the Congo, Angola and West Africa have been most harmonious; the diamond business is always a difficult and intricate one, but it was never so well organised or so sympathetically handled by all interested as it is to-day. The company's diamond interests have naturally improved and confidence is felt for the future.

The outlook for copper improved progressively throughout the year. Consumption increased materially and stocks were reduced to normal. The restriction of output agreement worked satisfactorily and prices increased substantially. Recently there have been signs that the price might reach an unduly high level, which would tend to reduce consumption and encourage high cost producers to enter the field. The best interests of the Northern Rhodesian low-cost producers would be served by a more or less stable price at a fair level with a constantly increasing consumption. The companies in which we are chiefly interested had a successful year, as will have been gathered from the recently published reports.

Throughout most of the year the market for platinum continued to expand, particularly in platinum for industrial purposes. Unfortunately speculators cornered it some few months ago and rushed the price up, with the result that demand for legitimate purposes was reduced to a minimum and now the price is sagging with users buying to satisfy immediate requirements only. It is to be hoped that the price may soon become more or less stabilised again, as, given a reasonable price and steady supply, the market is bound to grow with increasing trade and prosperity.

The report and accounts for the year ended June 30, 1936, were unanimously adopted.

WALL PAPER MANUFACTURERS, LIMITED

COMPETITION INTENSIFIED

IMPORTANT SUBSIDIARY INTERESTS

The thirty-seventh annual general meeting of the Wall Paper Manufacturers, Limited, was held, on the 26th instant, at the Holborn Restaurant, High Holborn, London, W.C.

After commenting upon the accounts the Chairman (Mr Alan V. Sugden, J.P.) said:—

GENERAL CONDITIONS

I referred last year to the problem of over-production of wall-paper and I must again direct attention to it. There has been an increase in the number of our competitors in this country during the year, to which must be added an increase in the number of machines operating in the possession of competitors earlier in the field. The effect of such an increase in productive machinery on a market which has not expanded in the same degree, has been a reduction in price levels and in profit margins, despite the employment of every effort at economy.

Our Company is fortunate in its possession of other sources of income besides those of wallpaper manufacture. These interests by their increased earnings, together with a reduction in the amount by which it has been found necessary to write down properties and investments, have enabled us to emerge from a difficult year of trading (so far as relates to wallpaper manufacture) with a smaller decline in profit than would otherwise have been the case.

THE PRODUCTS

Another great assurance for the future which our Company possesses, is in its artistic and technical staff and in the quality and variety of its productions.

We are very finely "tuned in" to the needs of all our markets and in addition we are continually introducing new styles evolved from the closest study of contemporary taste, and at every price.

PAINT MANUFACTURE

Our Company has in its subsidiary, The Walpamur Company, a paint business which over a period of years has been steadily growing in importance.

Its success is largely due to its determination to produce the finest possible quality in all its ranges and to spare no effort and no expense in research in the chemical, mechanical, and manufacturing spheres, to keep itself right in the forefront of the trade.

DIVERSITY OF INTERESTS

Our Company, through its Sanderson interest, controls a most up-to-date textile print works at Uxbridge. This factory is engaged in printing cretonnes, linens, furnishing fabrics and chintzes by the latest processes. Quite recently an extension has been added so that shadow prints, which are printed on the warp only, can be finished at Uxbridge by the process of weaving. Here, again, the latest automatic looms have been installed.

The factory undertakes its own distribution in this country, and through agents to all parts of the world. I invite stockholders to ask for Sanderson Fabrics for all furnishings at their local draper or furnisher, or at any of the big stores.

PENSIONS

We again recommend the stockholders to authorise an allocation of £10,000 to the various Employees' Pension Funds. Whilst their financial strength is undoubtedly growing, the change in interest rates on money is causing a drop in income from investment sources, a problem familiar to all trustees, and we feel in good times it is as wise as it is equitable to continue our assistance in rendering their position completely unassailable.

Since the various schemes were instituted £86,087 has been paid out in benefit and there are at the present time 387 old employees in receipt of pensions.

ACKNOWLEDGMENTS

The stockholders will wish to be identified with the Board in expressing our joint appreciation of the loyal efforts of all members of the staff at home and overseas and in whatever capacity during the period under review.

It is to the team work prevailing that we owe so much of the success which has attended the Board's own efforts. I would like to identify the leaders of the Federation of Trade Unions in this acknowledgment and to recognise that though we often differ with

them, their co-operation in keeping peace within the industry is of the greatest value.

Finally, and in a personal sense, I must again thank my colleagues on this Board for their unceasing help and loyalty to me in all the many problems through which we have passed and are now passing.

The report and accounts were unanimously adopted.

SUMATRA PARA RUBBER PLANTATIONS, LIMITED

MR H. A. BARRETT'S REMARKS

The twenty-ninth annual ordinary general meeting of this company was held, on the 20th instant, in London.

Mr H. A. Barrett (the chairman) presided, and in moving the adoption of the report and accounts said that their exportable allowance of rubber for the year under review had been 967,122 lb., out of which quantity they had had to surrender 148,879 lb. to the Netherland East Indies authorities in order, in common with other European-owned estates, to adjust over-shipments by native producers. For that quantity of 818,333 lb. a gross average price of 6.8d. per lb. had been secured, as compared with 5.67d. per lb. for a crop of 1,036,140 lb. in the previous year; the net proceeds realised showed a surplus of £7,944, or only some £1,100 less than in 1934-35, which was not unsatisfactory considering the smaller crop handled. The board recommended the payment of a dividend of 4 per cent. for the year, leaving £8,137 to carry forward. Judged on the year's working, that might appear rather a full distribution, but the directors felt that it was justified by the improvement in the outlook and in the general condition of the industry.

With regard to the current financial period, their exportable crop should approximate to 1,100,000 lb., of which had been sold to date a total of 618,533 lb. at a gross average price of 8d. per lb. On the expenditure side they were being helped to some extent by the lower value of the Dutch guilder. How long they would be allowed to retain that benefit was a matter for conjecture, as already there were rumours of some increase in export duty on products advantaged by the exchange position. On the whole, however, the prospects for rubber producers appeared to be more hopeful than for many years past.

The report and accounts were unanimously adopted.

MALAYA GENERAL COMPANY, LIMITED

BRIGHT PROSPECTS

The twenty-eighth ordinary general meeting of this company was held, on the 23rd instant, in London.

Mr Thomas H. Graham (the chairman) said that one item in the accounts which had not appeared before was the cost of export rights, amounting to £12,853.

The purchase of export rights had been forced upon them by the extremely low standard production permitted under the regulation enactment, necessitating the purchase of these rights in order to enable the company to fulfil its obligations. The amount of export rights purchased was approximately 900,000 lb., and had the output of the estate been less by that quantity working costs would have been considerably increased. As it was, they had been enabled to work to the same low production costs as last year, an all-in figure of less than 4d. per pound.

The net profit of approximately £25,000 had been realised with an average selling-price of no more than 7½d., and as to-day's price of rubber was 2½d. per pound more than it was a year ago the prospects for the current year were very bright, as 1d. per pound excess in price was equivalent to over a further 5 per cent. on the company's capital.

In February he paid a visit to the estate in order to make a general survey of the property and the conditions ruling. He went very fully into the question of replanting, and on his return the board decided to take full advantage of the 20 per cent. replanting permitted under the regulation enactment. It must be remembered that the capital value of a rubber estate shrank rapidly and it was as well to commence replacing the older areas.

The European staff, when he paid a visit, was a smaller one than they had ever had, and he would like to compliment the manager, Mr Husband, and his assistants for the able way in which they took upon themselves much larger supervisory tasks than had been previously thought possible to assign to them. Latterly they had sent out two other assistants, who, it was hoped, would eventually come up to the very high standard of the older members of the staff.

The report was unanimously adopted, and a final dividend of 7½ per cent., making 12½ per cent., less tax, for the year, was declared.

S. SMITH AND SONS (MOTOR ACCESSORIES), LIMITED

A RECORD YEAR

The twenty-second ordinary general meeting of S. Smith and Sons (Motor Accessories), Limited, was held, on the 26th instant, at Cricklewood, London.

Mr Walter Henderson-Cleland, M.C. (the chairman) said that the net profit for the year was £175,579, an increase of £38,196 or 28 per cent. The trading profit, which included dividends from subsidiary companies, showed an increase of £54,150, but they had provided an additional £10,478 for depreciation and income tax costs, £6,459 more than in the last accounts. The year under review had been one of considerable progress for the company. There had been an increase in all departments of the company's business, and both as regarded turnover and profit, the year had been a record one in the history of the company. In the motor section their instruments had been fitted to a larger number of motor cars than in any previous year, whilst their lately introduced Jackall or hydraulic jacking system had made progress, and was fitted as standard by a number of motor car manufacturers.

The British Jaeger Instrument Company had also made progress during the year, and their sales were in excess of those of the previous year. The K.L.G. Sparking Plug Company had increased its sales and, as the leading manufacturer of aircraft plugs, had benefited from the present increase in aircraft production. Their aircraft section had extended rapidly during the year.

The clock group had been consolidated in a company entitled S. Smith and Sons (1934), Ltd., with a capital of £300,000. The business of that group of companies had increased during the year, particularly in synchronous electric clocks.

The motor accessory group still remained the most important part of their business. Sales had increased during the year, and the reputation of Smiths' instruments had never stood higher than it did to-day. The company's trading during the first few months of the current year again showed an increase in turnover, and the call of motor car manufacturers for their products was again greater than for the corresponding period last year.

The report was unanimously adopted and a further dividend of 10½ per cent., making 17½ per cent. for the year, was declared on the non-cumulative preferred ordinary shares.

BUSHTICK MINES (1934), LIMITED

TONNAGE MILLED TO BE INCREASED

The ordinary general meeting of Bushtick Mines (1934), Limited, was held, on the 19th instant, at Bulawayo.

The Hon. H. U. Moffat, C.M.G. (the chairman), in the course of his speech, said:—The issued capital of the company has been increased to £500,000 by the issue of 100,000 shares of 10s. each to provide capital for an increase of the milling capacity and treatment plant, which, in the opinion of the consulting engineers, is justified by the mine ore reserves and in the interests of the more economic operation of the mine.

Certain factors have rendered it advisable to recast and re-estimate the ore reserves. This gives a total of 285,859 tons of ore available on June 30th of an average value of 3.5 dwts. Originally the average grade of the mine was calculated at 4.6 dwts., but, while at that time 3.0 dwts. was regarded as about the pay limit, our experience of actual working shows that this pay limit can be reduced to 2.5 dwts., with a consequent increase in the tonnage of ore reserves.

The lowering of the average grade and increasing the tons milled appears to be the proper policy to serve the best interests of the shareholders, and has accordingly been adopted.

It has been decided to make additions to the plant which will raise the capacity to 15,000 tons per month. Careful consideration has been given to the best method of achieving this increase and expert advice obtained on the matter.

I have every hope of being able to commence making some return to the shareholders before the end of the current financial year.

I would here like to refer to the taxation policy of the Government in respect of gold mining. Before the shareholders can receive any return the Government collects "royalty," "gold premium tax" and "income tax." For the six months ended June 30th last royalty amounted to 8d. and gold premium tax to 7.7d. per ton in the case of Bushtick, or a total of 1s. 3.7d. per ton. Then there is, further, income tax of 3s. in the £ on profits. I trust the Government will give sympathetic consideration to the representations which have been made by the representatives of the mining industry on this matter.

The report was carried unanimously.

1936 — OUR CENTENARY YEAR

*"The best pledge of the future
is from the past"*

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AUSTRALIAN, MERCANTILE, LAND AND FINANCE COMPANY, LIMITED

IMPROVED POSITION AND OUTLOOK

The seventy-second annual general meeting of this Company, was held, on the 26th instant, at 20-22 Coleman Street, London.

Mr John Sanderson (the chairman) said that during the company's financial year prices of wool and stock had assisted those of their debtors who had escaped the worst effects of the drought to make progress in reduction of their liabilities, and it was hoped that the present firm wool market would continue and so bring a further much needed relief to the pastoral industry generally. After the recent disastrously low rainfall in many parts of Australia they might also not unreasonably look forward to some better seasons. From the opening sale in Australia in September, 1935, until March, 1936, demand for wool had been strong and prices had shown a moderate tendency to rise, but at the final clearing sales Japanese competition had been withheld and the market had eased.

It was satisfactory to know that since the 1936-37 selling season opened in Australia in September there had been an increasingly active demand on a rising level of values and, with increasing trade activity throughout the world, there appeared no present reason to fear a marked setback during the current selling season. From the companies' stations they expected there would be produced approximately 8,700 bales of wool as compared with 8,190 during 1935. The total proceeds of the 1935 clip were £124,524 and, as wool was selling to-day on a higher level than last year, he hoped that when he addressed them next year he might be able to repeat a realisation of the 1936 clip from the companies' stations at an appreciable advance.

It was gratifying to the directors to be able to recommend a dividend of 4 per cent. per annum, less tax. Provided that the wool market maintained its present strength throughout the current wool-selling season, and provided the season did not become adverse, they might hope that their Australian business would show satisfactory results for the year ending June 30, 1937. Their Argentine business had been satisfactorily maintained and no opportunity was lost of examining methods by which their activities in that wealthy and progressive Republic might be increased.

The report was unanimously adopted.

BEKOH CONSOLIDATED RUBBER ESTATES, LIMITED

The sixteenth ordinary general meeting of this company was held, on the 20th instant, in London.

Mr E. F. Slade, J.P. (the chairman), in the course of his speech, said that the profit for the year was £6,051, as against £4,989 last year.

The company had entered into forward contracts for the whole of next year for 7½ tons per month, viz., 5 tons at 8d. c.i.f. and 2½ tons at 8½d. c.i.f. Reports from the East showed that the property was in good fettle and was being well and economically managed.

The issued capital of the company was £299,300, and as the planted area was 2,672 acres, the cost price per acre was £112. In 1920, when Bekoh Rubber Estates was reorganised, shareholders were then given 2½ new shares of 2s. each in this company for each share they held. At that time rubber properties were

valued at anything from £100 to £200 an acre because of the high price of the commodity and the dividends then being paid. At present the price of rubber estates varied between £40 and £60 per planted acre. The directors felt that the capital should be written down by one-half so as to bring the cost per acre to £56 instead of £112. As the capital was at present constituted it would be impossible for the company to acquire new areas. If the capital were written down as suggested, the directors were confident that the shares would stand at a premium. It was proposed at a very early date to call an extraordinary general meeting for the purpose of reorganising the company on the lines intimated.

The report was unanimously adopted, and a dividend of 2½ per cent., less tax, was declared.

GOVERNMENT RETURNS, &c.

NATIONAL ACCOUNTS

The total ordinary revenue for the week ended November 21, 1936, amounted to £13,601,000, against ordinary expenditure of £9,449,000. After allowing for an increase in Exchequer Balances of £202,354, the operations for the week, as shown below, decreased the gross National Debt by £3,725,000 to approximately £8,003 millions.†

(000's omitted)	
21% Funding Loan, 1932-7	£ 11,100
National Savings Certificates	+ 50
Treasury Bills	£ 12,209
Public Department Advances	— 2,550
Brit. Shipping Assistance	— 116
	+ 11,150
	— 14,875

† 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 September 30, 1936, appeared in the *Economist* of October 3, 1936.

REVENUE	Estimate for the year 1936-37	Total Receipts into the Exchequer from			
		April 1, 1935, to Nov. 23, 1935	April 1, 1936, to Nov. 21, 1936	Week ended Nov. 23, 1935	Week ended Nov. 21, 1936
ORDINARY REVENUE					
Inland Revenue—					
Income Tax	259,000,000	72,456,000	69,754,000	1,699,000	1,272,000
Sur-tax	56,500,000	7,320,000	7,090,000	250,000	230,000
Estate, etc., Duties	89,000,000	57,130,000	53,220,000	1,500,000	1,650,000
Stamps	27,000,000	12,140,000	14,180,000	130,000	330,000
Excess Profits Duty and Corporation Profits Tax	750,000	...	...	...	...
Land Tax and Mineral Rights Duty	750,000	150,000	130,000	10,000	...
Total Inland Revenue	433,000,000	149,196,000	144,374,000	3,589,000	3,482,000
Customs and Excise—					
Customs	207,525,000	129,455,000	136,372,000	3,888,000	3,882,000
Excise	110,000,000	71,900,000	72,500,000	5,500,000	5,900,000
Total Customs and Excise	317,525,000	201,355,000	208,872,000	9,388,000	9,782,000
Motor Vehicle Duties (Ex- chequer Share)	5,000,000	2,088,000	1,941,000	Dr. 150,000	Dr. 470,000
Post Office (Net Receipt) ...	11,256,000	11,950,000	11,850,000	Dr. 200,000	700,000
Crown Lands	1,350,000	890,000	910,000	...	...
Receipts from Sundry Loans	5,000,000	3,245,004	3,147,856	...	...
Miscellaneous Receipts	25,250,000	15,905,827	14,022,047	70,633	107,351
Total Ordinary Revenue ...	798,381,000	384,629,831	384,916,903	12,697,633	13,601,351
SELF-BALANCING REVENUE					
Post Office	69,344,000	38,800,000	41,500,000	1,700,000	1,000,000
Motor Vehicle Duties appor- tioned to Road Fund	26,500,000	8,352,000	9,130,000	150,000	470,000
Total Self-balancing Revenue	95,844,000	47,152,000	50,630,000	1,850,000	1,470,000
Total	...	431,781,831	435,546,903	14,547,633	15,071,351

EXPENDITURE	Estimate for the year 1936-37	Total Issues out of the Exchequer to meet Payments from			
		April 1, 1935, to Nov. 23, 1935	April 1, 1936, to Nov. 21, 1936	Week ended Nov. 23, 1935	Week ended Nov. 21, 1936
ORDINARY EXPENDITURE	£	£	£	£	£
Interest and Management of National Debt	224,000,000	143,523,898	143,259,986	321,001	364,927
Payments to Northern Ireland Exchequer	7,500,000	3,225,500	3,926,853	...	84,000
Other Consolidated Fund Services	3,200,000	2,022,750	1,452,721	...	...
Post Office Fund	600,000	1,126,817	420,529	...	...
Total	235,300,000	149,898,965	149,060,089	321,001	448,927
Total Supply Services (excluding Post Office) ...	570,980,000	308,447,599	333,334,179	6,500,000	9,000,000
Total Ordinary Expenditure†	806,280,000	458,346,564	482,394,268	6,821,001	9,448,927
SELF-BALANCING EXPENDITURE					
Post Office	69,344,000	38,800,000	41,500,000	1,700,000	1,000,000
Road Fund	26,500,000	8,352,000	9,130,000	150,000	470,000
Total Self-Balancing Expenditure	95,844,000	47,152,000	50,630,000	1,850,000	1,470,000
Total	...	505,498,564	533,024,268	8,671,001	10,918,927

† 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 November 21, 1936, is shown below:—

(000's omitted)	
Expenditure	482,394
Revenue	384,917
Decrease in balances	204
Gross borrowing	£103,057
Less:—	
New Sinking Fund*	5,784
Net borrowing	97,273
	482,394

* 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:	Nov. 23, '35	Mar. 31, '36	Nov. 21, '36	Nov. 21, '36
Advances by Bank of England	£	£	£	£
Advances by Public Departments	29,440,000	19,055,000	27,000,000	2,550,000
Treasury Bills outstanding	900,950,000	763,115,000	825,690,000	—12,210,000
Total Floating Debt	930,390,000	782,170,000	852,690,000	—14,760,000

* 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 November 20, 1936. The amount applied for was £69,130,000. Tenders were accepted for Treasury bills at three months dated Monday to Friday, at £99 17s. 3d., about 66 per cent. and above in full; Saturday at £99 17s. 4d. and above in full. The average rate per cent. was 10s. 9.74d. The amount allotted was £50,000,000.

Date	Amount Offered	Total Applications	Amount Allotted	Average Rate %
January 5, 1934	35,000,000	78,260,000	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	49,580,000	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 2.73
July 3, 1936	50,000,000	72,750,000	50,000,000	0 12 1.27
October 2, 1936	50,000,000	77,980,000	50,000,000	0 10 6.07
November 13, 1936	45,000,000	67,420,000	45,000,000	0 10 6.24
November 20, 1936	50,000,000	89,130,000	50,000,000	0 10 9.74

NATIONAL SAVINGS CERTIFICATES

Total Sales of Savings Certificates	No. of Certificates	Value
Week ended October 31, 1936	652,259	£ 489,194
Week ended November 7, 1936	705,788	£ 529,341
February, 1916, to November 7, 1936	1,275,677,114	£ 1,009,195,674

At the end of September, 1936, the amount remaining to the credit of investors in Savings Certificates, excluding interest, was £390,321,686.

THE BANKERS' GAZETTE

BANK OF ENGLAND

Return for Week ended Wednesday, November 25, 1936

ISSUE DEPARTMENT

Notes Issued:—		Amount of Fiduciary Issue	
In Circulation	445,566,964	Government Debt	11,015,100
In Banking Department	63,093,382	Other Government Securities	247,148,124
		Other Securities	1,829,904
		Silver Coin	8,872
		Amount of Fiduciary Issue	280,000,000
		Gold Coin and Bullion	248,680,346
			508,680,346

BANKING DEPARTMENT

Proprietors' Capital		Government Securities	
Rest	14,553,000	Government Securities	78,160,024
Public Deposits*	3,263,864	Other Securities—	
Other Deposits:—	12,055,477	Discounts and Advances	6,803,132
Bankers' Accounts	£97,604,111	Securities	£20,407,869
Other Accounts	£41,694,132		
		Notes	27,211,001
		Gold and Silver Coin	63,085,382
			706,197
			169,170,604
			169,170,604

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

Both Departments	Amount Nov. 25, 1936	Inc. or Dec. on Last Week	Inc. or Dec. on Last Year
Note circulation	445,566,964	+ 661,993	+ 44,221,497
Public deposits	12,055,477	— 2,060,151	— 7,651,630
Bankers' deposits	97,604,111	+ 1,521,592	+ 6,716,696
Other deposits	41,694,132	— 2,981,340	+ 5,158,353
Total outside liabilities	596,920,704	— 2,857,906	+ 48,445,120
Capital and rest	17,816,864	+ 36,807	— 11,793
Government debt and securities	336,321,248	— 810,251	— 6,539,259
Discounts and advances	6,803,132	— 591,905	— 2,696,605
Other securities	22,237,773	— 1,280,902	+ 8,275,317
Silver coin in issue department	8,872	—	—
Coin and bullion (bank's reserves)	249,366,543	+ 138,253	+ 50,927,358
Reserves of notes and coin in banking department	63,799,579	— 800,246	+ 6,705,861
Proportion of reserve to outside liabilities—			
(a) Banking Department only ("proportion")	42.1%	+ 0.4%	+ 3.3%
(b) Gold stocks to deposits and notes ("reserve ratio")	41.8%	+ 0.2%	+ 5.6%

Issue Department		Banking Department			Gold in or out of Bank	Bank Rate
Date	Notes Issued	Circulation	Public Deposits	Bankers' Deposits	Other Deposits	
1936						
Nov. 4	508,660	447,112	27,202	85,340	41,809	Nil
" 11	508,660	446,622	14,916	88,041	41,587	Nil
" 18	508,660	444,905	14,116	86,083	44,675	Nil
" 25	508,660	445,567	12,055	97,604	41,694	2

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	Discounts & Advances	Other Securities	
1936							
Nov. 4	257,580	2,419	249,604	81,963	7,655	19,969	62,493
" 11	258,119	1,825	249,574	80,433	8,628	20,286	62,551
" 18	258,153	1,833	249,505	78,973	7,395	21,683	61,600
" 25	258,161	1,830	249,367	78,160	6,803	20,408	63,800

BANKERS' CLEARING RETURNS

LONDON (000's omitted)				
	Town	Metropolitan	Country	Total
1936				
January 1 to November 11 ...	29,731,682	1,754,304	3,047,550	34,533,536
Week ended November 18.....	675,457	38,526	70,512	784,495
Week ended November 25.....	755,127	40,485	65,238	860,850
Total to date, 1936	31,162,266	1,833,315	3,183,300	36,178,881
Total to date, 1935	29,236,573	1,707,333	2,926,133	33,870,039
Increase or decrease in 1936	+ 1,925,693	+ 125,982	+ 257,167	+ 2,308,842
	= 6.6%	= 7.4%	= 8.8%	= 6.8%
Total for year 1935	32,443,575	1,887,112	3,229,064	37,559,751
Total for year 1936	30,741,117	1,759,528	2,984,512	35,485,157
Increase or decrease in 1935	+ 1,702,458	+ 127,584	+ 244,552	+ 2,075,594
	= 5.5%	= 7.2%	= 8.1%	= 5.8%

PROVINCIAL (000's omitted)

Week ended November 21		Month of October			Aggregate Totals January 1 to November 21	
1935	1936	1935	1936	Inc. or Dec.	1935	1936

No. of working days:	27	27	%	£	£
BIRMINGHAM	1,988	2,907	9,736	12,314	+ 26.4
BRADFORD	931	818	4,331	4,644	+ 7.2
BRISTOL	1,117	1,352	5,742	6,096	+ 6.1
DUBLIN	5,627	5,544	...	...	...
HULL	858	780	3,558	3,928	+ 10.3
LEEDS	1,549	1,005	3,845	4,429	+ 15.1
LIVERPOOL	568	703	3,191	3,419	+ 7.1
MANCHESTER	5,762	7,390	25,146	30,480	+ 21.2
NEWCASTLE	8,556	10,175	44,093	50,207	+ 13.8
NOTTINGHAM	1,242	1,549	5,202	6,311	+ 21.3
SHEFFIELD	432	478	2,181	2,388	+ 9.4
	867	922	3,899	4,720	+ 2

OTARD'S

ESTABD 1795

THE BRANDY WITH A PEDIGREE

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

Assets	Nov. 23, 1935	Nov. 7, 1936	Nov. 14, 1936	Nov. 23, 1936
Gold	88,117	64,210	65,468	65,807
Of which deposited abroad	21,034	28,093	28,168	28,272
Reserve in foreign currencies	5,436	5,014	5,297	5,238
Bills of exchange and cheques	3,686,507	4,640,869	4,535,892	4,354,242
Silver and other coin	230,614	144,671	162,446	206,670
Advances	30,679	29,540	28,672	33,364
Investments	660,805	523,864	523,770	521,715
Other assets	701,415	573,888	610,011	675,635
LIABILITIES				
Reserves	471,184	473,561	473,561	473,561
Notes in circulation	3,797,864	4,471,501	4,411,291	4,247,680
Other daily maturing obligations	717,635	617,751	622,308	712,556
Other liabilities	281,243	269,243	274,191	278,692
Cover of note circulation	2.44%	1.55%	1.60%	1.67%

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

Assets	Nov. 21, 1935	Oct. 22, 1935	Oct. 29, 1935	Nov. 5, 1936	Nov. 12, 1936	Nov. 19, 1936
Gold	3,447,492	3,679,697	3,684,974	3,679,396	3,699,171	3,704,519
Silver and other coin	63,758	54,792	55,482	53,651	53,006	56,288
Securities	1,348,967	1,350,165	1,345,346	1,348,901	1,380,489	1,388,334
Advances	111,154	70,188	69,722	70,889	70,936	68,600
LIABILITIES						
Notes in circulation	4,137,435	4,460,384	4,466,117	4,489,018	4,479,238	4,448,839
Deposits: Govt.	43,946	31,113	29,123	24,348	10,391	38,267
Other	984,379	852,323	829,225	828,375	882,936	889,523

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

Assets	Nov. 25, 1935	Oct. 26, 1935	Nov. 2, 1936	Nov. 9, 1936	Nov. 16, 1936	Nov. 23, 1936
Gold	628,000	569,895	569,895	569,895	569,895	569,895
Silver	20,632	20,887	20,285	19,682	19,725	19,932
Home bills discounted	40,965	22,667	22,556	22,467	22,556	22,171
Loans and advances	136,886	249,711	288,129	289,293	292,387	285,148
LIABILITIES						
Notes in circulation	787,109	761,342	805,696	783,568	774,544	773,980
Deposits and bills payable	74,481	123,284	118,099	139,015	151,389	154,614

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

Assets	Nov. 23, 1935	Oct. 24, 1935	Oct. 31, 1935	Nov. 7, 1936	Nov. 14, 1936	Nov. 21, 1936
Gold and silver	102,470	108,270	108,140	108,070	106,620	106,580
Discounts, advances and other investments	72,710	75,030	73,220	73,050	74,700	72,910
Foreign bills	3,000	2,230	2,170	2,770	2,880	2,800
Other assets	10,240	10,850	11,210	15,590	13,900	14,580
LIABILITIES						
Notes in circulation	157,790	156,850	158,230	163,440	162,670	158,550
Deposits and bills payable	18,650	27,350	24,270	24,130	23,070	25,610

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

Assets	Nov. 23, 1935	Oct. 23, 1935	Oct. 31, 1935	Nov. 7, 1936	Nov. 14, 1936	Nov. 23, 1936
Gold	1,391,936	2,075,945	2,408,370	2,452,337	2,485,337	2,533,655
Of which held abroad	223,957	186,961	405,130	433,185	453,359	466,595
Discounts	68,491	92,636	96,787	48,252	27,829	22,864
Bills of the Confederation	69,985	15,800	13,800	11,500	8,000	7,500
Advances	53,621	46,010	45,320	44,498	40,704	37,574
Securities	53,613	39,424	39,410	39,410	39,389	39,389
LIABILITIES						
Notes in circulation	1,267,824	1,360,488	1,412,534	1,382,524	1,358,332	1,344,839
Deposits	356,983	1,016,523	1,231,759	1,205,290	1,245,216	1,297,628

† Gold revalued, by increase of 85.03% from October 7, 1936.

BANK OF SWEDEN.—In kronor (000's omitted).

Assets	Nov. 15, 1935	Oct. 23, 1935	Oct. 31, 1935	Nov. 7, 1936	Nov. 14, 1936
Gold reserve	388,870	436,384	436,557	436,927	437,009
Government securities:					
Swedish	78,639	28,596	28,678	28,678	28,678
Foreign	69,806	70,163	70,163	70,456	70,456
Gold abroad not included in the gold reserve		89,886	89,860	89,905	89,893
Bills payable in Sweden	11,864	11,994	12,193	12,474	12,807
Bills payable abroad	372,709	237,746	246,699	264,872	273,787
Balance abroad	187,573	278,302	287,280	279,168	281,898
Advances	28,936	29,108	29,962	29,160	28,558
LIABILITIES					
Notes in circulation	699,242	763,280	839,187	812,610	786,704
Government deposits	169,654	136,880	117,401	121,504	189,433
Private deposits	301,301	415,909	382,868	406,168	384,229

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

Assets	Nov. 15, 1935	Oct. 31, 1935	Nov. 7, 1936	Nov. 14, 1936	Nov. 23, 1936
Coin and bullion (gold reserve)	118,838	118,859	118,859	118,859	118,859
Balance abroad and foreign bills	32,964	74,718	75,331	75,331	75,384
Funds provisionally placed in gold, not included in the gold reserve	66,288	96,211	96,211	96,211	96,211
Non-foreign and foreign government securities	37,591	42,244	42,977	42,977	44,028
Discounts and loans	205,251	218,870	212,986	212,986	215,029
LIABILITIES					
Notes in circulation	321,629	409,034	399,651	399,651	397,322
Deposits at sight	87,425	93,207	100,281	100,281	104,516

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

Assets	Oct. 31, 1935	Aug. 31, 1936	Sept. 15, 1936	Sept. 30, 1936	Oct. 15, 1936	Oct. 31, 1936
Gold at home and foreign exchange	142	126	133	131	133	145
Non-interest bearing Government Bonds	119	119	119	119	119	119
Treasury Bonds	207	399	399	399	399	399
LIABILITIES						
Notes	939	991	997	1,004	1,013	1,015
Bankers' deposits	199	198	209	219	173	174
Certificates against Treasury Bonds	216	369	346	319	370	373
Ratio of gold and foreign exchange to note and sight liabilities	83.8%	86.2%	87.1%	87.5%	87.0%	87.3%

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

Assets	Oct. 30, 1935	Sept. 30, 1936	Oct. 7, 1936	Oct. 14, 1936	Oct. 21, 1936	Oct. 28, 1936
Gold	993,407	910,453	910,453	910,453	910,453	910,453
Balance abroad	471,929	539,184	529,492	522,859	517,213	522,144
Discounts	341,293	324,482	327,746	322,048	318,372	319,780
Securities	70,275	121,379	121,288	118,883	118,883	118,887
Government loans	1,046,823	1,044,860	1,044,860	1,044,860	1,044,860	1,044,860
LIABILITIES						
Notes in circulation	2,070,453	2,156,089	2,131,662	2,107,963	2,098,276	2,117,980
Government deposits	564,540	529,556	535,619	518,077	529,068	474,376
Bankers' deposits	297,796	385,276	394,795	386,858	384,228	389,363
Other deposits	38,170	59,455	56,392	44,631	37,480	70,484
Foreign commitments	21,845	37,303	37,660	37,322	37,539	37,467

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

Assets	Nov. 15, 1935	Oct. 23, 1935	Oct. 31, 1935	Nov. 7, 1936	Nov. 14, 1936	Nov. 23, 1936
Cash reserve	242,454	242,748	242,759	242,761	242,766	242,766
Gold coin and bullion	129,169	113,974	111,877	111,129	105,015	105,015
Other foreign exchange	228,502	209,954	210,022	208,784	209,275	209,275
LIABILITIES						
Notes in circulation	893,358	852,484	831,992	863,289	860,830	860,830
Deposits	316,053	315,201	324,885	305,159	300,229	300,229

† In accordance with Art. 53 of the Statutes.

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

Assets	Nov. 15, 1935	Oct. 23, 1935	Oct. 31, 1935	Nov. 7, 1936	Nov. 14, 1936	Nov. 23, 1936
Metal reserve	78,936	78,936	78,936	78,936	78,936	78,936
Gold coin and bullion	78,936	78,936	78,936	78,936	78,936	78,936
Foreign Exchange	8,557	6,698	5,183	5,508	5,508	5,508
Token money	520,583	476,565	507,735	482,723	489,078	489,078
Inland bills, warrants and securities	72,136	94,159	94,159	93,925	96,924	96,924
Advances to Treasury	354,573	363,883	427,406	385,333	367,780	367,780
LIABILITIES						
Notes in circulation	126,659	185,752	158,905	174,497	181,174	181,174
Current accounts, deposits, etc.	104,298	92,901	92,901	92,901	92,901	92,901
Cash certificates	172,820	185,457	167,153	169,526	169,526	169,526
Other liabilities						

NATIONAL BANK OF CZECHOSLOVAKIA.—In Cz. K. * (000's omitted).

Assets	Nov. 15, 1935	Oct. 23, 1935	Oct. 31, 1935	Nov. 7, 1936	Nov. 14, 1936	Nov. 23, 1936
Gold	2,691,204	2,591,653	2,591,518	2,590,393	2,591,166	2,591,166
Balance abroad and foreign currency	96,141	446,143	464,276	484,188	490,662	490,662
Discounts and advances	1,305,277	1,652,289	1,619,613	1,887,464	1,806,516	1,806,516
State notes debt balance	2,051,983	2,029,602	2,029,602	2,029,113	2,028,851	2,028,851
LIABILITIES						
Bank notes in circulation	5,615,110	5,419,872	5,651,715	5,807,344	5,720,169	5,720,169
Check account balances	577,037	723,878	503,526	740,253	755,859	755,859

* First Return showing effects of devaluation, October 15, 1936.

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

Assets	Nov. 15, 1935	Oct. 23, 1935	Oct. 31, 1935	Nov. 7, 1936	Nov. 14, 1936	Nov. 23, 1936
Cash reserve	1,413,325	1,591,569	1,595,736	1,595,940	1,595,940	1,595,940
Gold at home and abroad	269,500	269,500	269,500	269,500	269,500	269,500
Foreign exchange	1,811,912	1,725,132	1,728,010	1,728,010	1,717,456	1,717,456
Other foreign exchange	1,680,037	1,662,290	1,662,290	1,662,290	1,662,290	1,662,290
LIABILITIES						
Notes in circulation	4,823,838	5,311,400	5,230,665	5,197,461	5,197,461	5,197,461
Sight deposits	1,411,897	1,507,712	1,611,064	1,611,064	1,611,064	1,611,064
Time deposits	182,600	50,000	50,000	50,000	50,000	50,000

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

	Nov. 7, 1935	Oct. 23, 1936	Oct. 23, 1937	Oct. 31, 1938	Nov. 7, 1939
Assets					
Gold and silver holdings	1,582,875	1,615,855	1,615,855	1,618,134	1,618,134
Balances abroad and foreign currencies	312,187	513,269	557,401	545,466	632,272
Discounts and advances	1,369,259	1,820,912	1,754,392	1,752,478	1,733,661
Advances to the Treasury	2,671,279	2,671,279	2,671,279	2,671,279	2,671,279
LIABILITIES					
Reserves	1,253,609	1,241,940	1,241,935	1,241,914	1,242,405
Bank notes in circulation	2,400,420	2,679,805	2,625,516	2,663,130	2,660,136
Sight liabilities	1,933,274	2,122,583	2,122,583	2,242,952	2,374,677
Deposits	128,622	120,583	120,583	120,583	120,583

Rate of Exchange, New York on—	Par Level	Nov. 27, 1935	Nov. 10, 1936	Nov. 18, 1936	Nov. 25, 1936
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					

CENTRAL AND SOUTH AMERICAN EXCHANGE RATES

We are informed that the quotations for the centres shown below are as follows:—

Bolivia.—Official commercial rate was 50.00 bolivianos per £ sterling on October 16th.

Nicaragua.—Official selling rate was 110 cordobas per 100 United States dollars on November 5th. Open market rate for 70 per cent. of exchange accruing from exports was 175 cordobas per 100 United States dollars, at same date.

Salvador.—Sight rate on November 11th was 2.50 colones per United States dollar.

Other Central and South American Exchange Rates, together with those of South Africa and Australasia, were given in the issue of November 7th on pages 286 and 287.

The Swiss bank rate was reduced on November 25 from 2 to 1½ per cent. The Danish bank rate has been increased to 4 per cent., and the Bank of Latvia now applies the following rates: (a) for credit institutions, 5 per cent.; (b) for private persons and firms, 5½ per cent. Other overseas bank rates were also given in the above mentioned issue.

GOLD AND SILVER

The following statistics of imports and exports of gold and silver for the week ended November 26, 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	150,915	£	Straits Settlements	£	14,605
British S. Africa	1,206,795	£	Denmark	£	230
Tanganyika	10,926	£	Germany	£	16,937
Kenya	4,564	£	France	£	6,000
Uganda	5,918	£	Switzerland	£	2,710
British India	349,767	£	Saudi Arabia	£	1,312
British Malaya	3,825	£	U.S.A.	£	5,000
Australia	407,711	£	Other Countries	£	213
New Zealand	17,126	£			
Newfoundland	...	£			
Trinidad and Tobago	6,547	£			
British Guiana	10,823	£			
Poland	...	£			
Netherlands	127,677	£			
Belgium	23,982	£			
France	10,202,852	£			
Switzerland	456	£			
Roumania	4,480	£			
Iraq	5,769	£			
Siam	5,300	£			
Venezuela	42,799	£			
Other countries	5,439	£			
Totals	12,593,651	£	Totals	584,683	£

IMPORTS AND EXPORTS OF SILVER

Imports			Exports		
From	Bullion*	Coin†	To	Bullion*	Coin†
British India	113	£	Southern Rhodesia	£	41,293
British Malaya	4,083	£	British India	£	32,831
Netherlands	2,242	£	Straits Settlements	£	9,050
Belgium	10,045	£	Sweden	£	2,750
France	33,227	£	Denmark	£	2,150
Japan	255	£	Germany	£	50
Other countries	...	£	Switzerland	£	4,520
			Other Countries	£	524
Totals	49,985	£	Totals	54,914	£

* 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
Nov. 20	Nil	Nov. 20	Nil
" 21	Nil	" 21	Nil
" 22	Nil	" 22	Nil
" 23	Nil	" 23	Nil
" 24	Nil	" 24	Nil
" 25	Nil	" 25	Nil
" 26	Nil	" 26	Nil
Total	Nil	Total	Nil
Movement Nov. 20, 1936, to Nov. 26, 1936 (inclusive)			
Movement during 1936 (January 1 to Nov. 26, 1936, inclusive)			
Movement April 29, 1925, to Nov. 26, 1936 (inclusive)			
Movement September 21, 1931 (gold standard suspended) to Nov. 26, 1936 (inclusive)			

GOLD MARKET

Messrs Samuel Montagu and Company write on November 25, 1936:—The Bank of England gold reserve against notes amounted to £248,660,346 on November 18th, showing no change as compared with November 11th. In the open market about £2,150,000 of bar gold was disposed of at the daily fixing. Offerings were taken mainly for New York, prices continuing to be fixed at about dollar parity. It was announced on November 24th by the Secretary to the United States Treasury that the right of private individuals to export gold, which had been previously permitted under licence to countries on an effective gold standard, was now abolished. In future, gold exports will be made only through the Stabilisation Fund to countries adhering to the Monetary Agreement concluded on October 13th last, which provided for an official reciprocal exchange of gold against currencies between parties to the agreement. The new decree only regularises a condition which in fact already existed, and in no way affects the right of private institutions to import gold into the United States for sale to the Treasury.

The amount of gold shipped last week from Bombay was about £326,000 per s.s. "Strathmore."

SILVER MARKET

Prices have continued to fluctuate, but movements during the past week have been smaller. The market has been quiet and the tone indefinite, as the Indian Bazaars and speculators have both bought and sold. A slightly easier tendency developed towards the end of the week, the level of prices not attracting fresh buying in any volume, although there were some bear covering purchases at the lower rates. There have been China sales, but offerings have continued on rather a meagre scale. The immediate outlook is uncertain, as the market is sensitive and would respond easily to pressure either way.

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	
Nov. 19	142 2½	11 11-37	21	21	Nov. 18 45½
" 20	142 2	11 11-42	21	21	" 19 45½
" 21	142 2	11 11-42	21	21	" 20 45½
" 22	142 2	11 11-42	21	21	" 21 45½
" 23	142 2	11 11-42	21	21	" 22 45½
" 24	141 10½	11 11-71	20½	20½	" 23 45½
" 25	142 1	11 11-50	21½	21½	" 24 45½
Average	142 1-33	11 11-47	21-052	21-052	
Nov. 26	141 11½	11 11-63	21	21	

The highest rate of exchange on New York recorded during the period from November 19th to November 25th was \$4.90½ and the lowest \$4.88½.

COMPANY NEWS

WEEKLY TRAFFIC RETURNS
RAILWAYS OF GREAT BRITAIN AND IRELAND

(b) Week ended Nov. 20, 1936, (c) Week ended Nov. 21, 1936.	Miles Open	Gross Receipts, week ended Nov. 22, 1936 (£'000)					Aggregate Gross Receipts 1936 compared with 1935 (£'000)				
		Passen- ger, etc.	Merchan- dise, etc.	Coal and Coke	Total Goods	Total Receipts	Passen- ger, etc.	Merchan- dise, etc.	Coal and Coke	Total Goods	Total Receipts
Great Western	1936 3,748	165	205	110	315	480	9,879	8,994	4,717	13,711	23,590
(c) L. & N.	1936 3,748	157	194	119	313	470	9,682	8,626	4,682	13,308	22,990
Eastern	1936 3,342	264	359	244	603	867	15,347	15,334	10,901	26,235	41,482
L. M. & S.	1936 6,042	394	520	264	784	1,178	23,429	22,539	11,249	35,328	40,254
Scottish	1936 6,023	380	492	287	779	1,159	22,841	21,284	10,899	32,153	34,894
Southern	1936 2,153	252	61	32	93	345	14,496	2,956	1,442	4,398	16,894
	1935 4,171	236	61	38	99	335	14,201	2,907	1,404	4,311	16,512
Total	1936 19,148	1,075	1,145	650	1,795	2,870	63,051	49,817	28,309	78,126	141,177
	1935 17,771	1,035	1,106	707	1,813	2,848	61,852	47,647	27,451	75,089	136,750
(b) Belfast	1936 80	1-7	...	0-6	2-3	120-7	...	...	...	25-2	145-9
& Co. Down	1935 80	1-7	...	0-5	2-2	119-6	...	...	...	24-0	143-6
(b) Great	1936 543	8-0	...	10-5	18-5	505-2	...	...	...	448-4	850-6
Northern	1935 543	7-8	...	10-4	18-2	484-3	...	...	...	443-0	827-3
(b) Great	1936 4,076	26-3	...	59-3	85-8	1675-8	...	...	...	1983-2	3659-0
Southern	1935 2,124	25-4	...	56-5	81-9	1623-0	...	...	...	1856-9	3479-6

COMPARISONS WITH CORRESPONDING PERIODS, 1934 and 1935
(Miles 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	+	+	+	+
First half-year 1936, compared with first half-year, 1935:—				
Gross increase or decrease	+	+	+	+
Second half-year 1936, compared with second half-year, 1935:—				
21 weeks to November 22, 1936	+	+	+	+
Weekly average second half 1936 Latest week 1936 compared with 1935	+	+	+	+

LONDON TRANSPORT

	1936	1935	1934
Week ending November 21, 1936	£11,779,300	£11,779,300	£11,779,300
Aggregate 21 weeks to November 21, 1936	£356,500	£356,500	£356,500

OVERSEAS RAILWAY RECEIPTS

Name	Weeks	Ending	Present Mileage	Gross Receipts for Week		Gross Aggregate Receipts	
				1936	+ or -	1936	+ or -
INDIAN							
Assam Bengal	31	Oct. 31	1,330	Rs. 15,65,000	- 27,334	Rs. 98,09,364	+ 3,50,200
Barsi L. Ry.	31	Oct. 31	292	127,700	- 9,100	87,91,000	+ 1,84,900
Bengal & N. Western	6	Nov. 10	2,112	10,14,142	+ 78,191	38,76,063	+ 3,97,794
Bengal-Nagpur	31	Oct. 31	3,268	122,64,000	- 3,26,077	4,63,55,814	- 29,49,222
Bombay, Bar. & C. I.	34	Nov. 20	3,072	127,63,000	- 4,65,000	6,83,00,000	+ 18,00,000
Madras & S. Mahr.	31	Oct. 31	3,229	119,06,000	- 24,703	4,15,21,883	- 23,092
Robilch'd & Kumsan	6	Nov. 10	546	11,51,429	- 10,026	6,26,716	+ 18,281
South Indian	31	Oct. 31	2,532	116,13,055	+ 196,264	3,17,24,207	+ 2,39,048
				₹ 10,53,253	₹ 11,15,555		

CANADIAN

		1936	\$	\$	\$	\$
Canadian National.	47	Nov. 21 23613	3,887,608	+ 408,195	164,753,193	+ 111,272,224
Canadian Pacific ...	47	21 17220	2,735,000	+ 30,000	122,756,000	+ 8,305,000

SOUTH AMERICAN

		1936		£	£	£	£
		Nov. 22	834	17,390 +	3,600	648,590	63,010
Antofagasta (Chili and Bolivia).....	47			161,500 +	24,000	3,352,500	406,300
Argentine N.E.	21	21	753	* 9,500 +	1,421	196,849	23,781
B.A. and Pacific ...	21	21	2,860	* 134,300 +	104,000	26,880,300	567,300
B.A. Central	19	7		* 79,059 +	6,204	1,578,341	32,588
B.A. Gt. Southern	18	7		* 165,900 +	47,300	2,686,700	316,800
B.A. Western	21	21	5,084	* 12,075,000 +	68,000	39,765,000	2,673,000
Central Argentine.	21	21	1,930	* 122,059 +	4,139	2,334,902	158,062
Central Argentine.	21	21	3,700	* 12,882 +	1,009	844,996	18,700
Central Uruguay	20	14	273	* 12,191,100 +	359,100	49,012,690	7,082,790
C. U. (East Ext.)	20	14	311	* 128,888 +	21,250	2,878,017	414,862
C. U. (N. Ext.)	20	14	185	* 12,766 +	1,711	227,165	42,298
C. U. (W. Ext.)	20	14	211	* 2,662 +	216	36,336	7,045
Cordoba Central.....	21	21	1,218	* 1,177 +	200	27,102	4,550
Entre Rios	21	21	810	* 1,084 +	172	19,492	4,395
G. West. of Brazil	47	21	1,082	* 152,000 +	24,000	11,500,000	470,000
Leopoldina	47	21	1,918	* 123,800 +	64,100	4,516,400	369,900
Leopoldina Termal.....	46	21	397	* 113,812 +	3,783	265,202	21,626
Nitrate	46	21	274	* 12,100 +	500	368,100	7,000
Paraguay Central	21	21	100	* 128,000 +	21,000	79,609,000	8,125,000
Salvador.....	21	21	1,918	* 22,020 +	1,749	922,004	81,388
San Paulo	46	21	1534	* 34,000 +	26,000	15,758,000	1,688,000
United of Havana	21	21	3,553	* 174,018 +	7,145	107,905	22,200
				* 123,800 +	64,100	4,516,400	369,900
				* 113,812 +	3,783	265,202	21,626
				* 12,100 +	500	368,100	7,000
				* 128,000 +	21,000	79,609,000	8,125,000
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				* 12,100 +	500	368,100	7,000
				* 128,000 +	21,000	79,609,000	8,125,000
				* 22,020 +	1,749	922,004	81,388
				* 34,000 +	26,000	15,758,000	1,688,000
				* 174,018 +	7,145	107,905	22,200
				* 123,800 +	64,100	4,516,400	369,900
				* 113,812 +	3,783	265,202	21,626
				* 12,100 +	500	368,100	7,000
				* 128,000 +	21,000	79,609,000	8,125,000

BRITISH INDIA STEAM.—Dividend on ordinary shares 2½ per cent. against nil for the four preceding years.

HARRODS (BUENOS AIRES), LTD.—Harrods (Buenos Aires), Ltd., announces a profit for the past year of £161,152, against £156,388 for the previous year. In addition to the interest on the funding certificates, a 4 per cent. dividend is to be paid on the 8 per cent. cumulative preference shares for the half-year to August 31st. Arrears up to the end of February last were cancelled under the capital scheme. The net profits of South American Stores (Guth and Chaves) amounted to £10,782, against £14,797.

PENINSULAR AND ORIENTAL STEAM NAVIGATION.—4 per cent. per annum, less tax, is to be paid on December 17th on the deferred stock. Nothing has been paid on the deferred since 1930-31.

SHELL UNION OIL CORPORATION.—All arrears on the 5½ per cent. cumulative convertible preferred \$100 shares are cleared off and payments brought up to date with a distribution of \$28.12½ per share. In addition, a dividend of 25 cents per share has been

declared on the no-par common stock. Both dividends are payable on December 15th to stockholders of record on December 4th.

E.A. PACIFIC RAILWAY SECOND DEBENTURES.—The Buenos Ayres and Pacific Railway Company is to pay the six months' interest to December 31st next, less tax, on its 4½ per cent. second debenture stock. The Argentine Great Western is to receive a sufficient sum to pay the interest on its 4 per cent. second debenture stock.

H. AND G. SIMONDS.—Final dividend of 14 per cent. on ordinary stock, making 18 per cent., is being paid only on old 540,240 ordinary shares (now stock). Recently increased ordinary stock (180,080 shares) ranks *pari passu* with old ordinary as from October 1, 1936.

THE FINE COTTON SPINNERS' AND DOUBLERS' ASSOCIATION, LTD.—Owing to the difficult trading conditions which have continued during the half-year, the directors find they are unable to recommend the payment of any dividend on the preference, preferred ordinary, or ordinary stocks for the half-year ended September 30, 1936.

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
					Prefce.	Ordinary	Rate			
					Amount	Amount	Rate			Dividend
Banks										
Commercial Bank of Scotland	Oct. 13	£ 62,122	£ 399,733	£ 461,855	...	£ 213,500	16A	£ 145,000	£ 65,230	£ 396,950
Breweries										
Benskin's Watford Brewery	Sept. 30	152,814	258,693	411,507	19,500	182,400	20	54,829	154,778	243,515
Brickwood and Company	Sept. 30	60,474	170,392	230,866	21,000	86,981	14	54,745	68,140	157,784
Butler (W.) and Company	Sept. 30	56,759	139,205	195,964	23,000	85,000	17½	30,000	57,964	131,709
Campbell (A.), Hope & King	Sept. 30	8,882	21,525	30,407	10,000	7,500	12½	10,000	9,057	19,947
Hull Brewery	Sept. 30	55,481	99,392	154,873	9,100	49,000	17½	40,000	56,773	97,128
Mann, Crossman and Paulin	Sept. 30	152,217	369,553	521,770	62,500	200,000	20	86,128	173,142	370,555
Morgans Brewery	Sept. 30	44,494	56,475	100,969	13,800	32,452	15	10,000	44,717	55,501
Starkey, Knight and Ford	Sept. 30	33,781	57,879	91,660	4,575	36,000	18½	15,000	36,085	57,335
Tetlev (Joshua) and Son	Sept. 30	91,868	233,099	324,967	40,000	96,000	12	95,000	93,967	203,213
P. Walker (Warrington and Burton)	Sept. 30	219,885	459,871	679,756	125,000	270,000	18	63,000	221,756	419,777
Financial, Land, etc.										
Bowmaker, Ltd.	Oct. 31	8,138	70,635	78,773	21,731	24,067	10	22,668	10,307	48,480
Charterhouse Investment	Nov. 11	30,991	146,002	176,993	...	76,250	10	72,496	28,247	94,137
Investors' Mortgage Security	Sept. 30	27,003	111,902	138,905	41,972	53,165	9½	20,000	23,768	118,514
Properties Selection, etc.	Sept. 30	722	7,337	8,059	...	4,795	5½	2,550	714	6,858
Tobacco Securities Trust	Oct. 31	136,902	537,832	674,734	...	501,250	15	25,000	148,484	527,104
Town Investments	Sept. 29	30,086	74,450	104,536	14,000	39,500	14	...	51,036	70,002
Hotels, Restaurants, etc.										
Slaters and Bodega	Sept. 30	5,108	50,103	55,211	9,531	25,735	5	8,371	11,574	46,159
Strand Hotel	Sept. 30	21,996	123,000	144,996	39,000	32,200	14(d)	30,000	11,596	120,000
Iron, Coal and Steel										
Cargo Fleet Iron	Sept. 30	93,901	190,612	284,513	...	40,000	4	150,000	94,513	111,921
South Durham Steel & Iron	Sept. 30	118,455	200,267	318,722	18,000	42,000	12	104,440	119,013	147,725
Stewarts & Lloyds of South										
Africa	June 30	19,590	146,944	166,534	35,500	20,500	10	85,715	24,819	123,257
Tinsley Park Colliery	Sept. 30	18,768	26,498	45,266	...	19,727	7½	5,000	20,539	10,535
Tube Investments	Oct. 31	107,276	620,730	728,006	44,220	421,117	17½	150,000	112,669	493,863
Yarrow and Company	June 30	24,685	36,329	61,014	...	22,500	15	15,000	23,514	30,680
Motor Cycle and Aviation										
Armstrong Siddeley Develop-ment	July 31	158,073	(h) 399,620	557,693	47,081	344,458	107½	...	166,154	175,857
Dennis Brothers	Sept. 30	115,815	134,187	249,002	...	125,206	166½	1,000	123,796	119,882
Elswick-Hopper Cycle	Aug. 1	10,943	25,766	36,709	2,014	15,939	15	7,340	11,416	(a)
Rubber										
Asahan	July 31	6,217	7,376	13,593	...	6,500	5	...	7,093	5,072
Beau Sejour	June 30	4,137	2,070	6,207	483	...	...	...	5,724	3,319
Gan Kee	June 30	1,986	1,775	3,761	1,400	...	...	1,145	1,216	2,037
Ratanui	June 30	1,343	3,193	4,536	...	2,400	4	1,000	1,136	4,047
Trusts										
Cleveland Trust	Sept. 30	1,455	3,780	5,235	...	2,800	7	1,000	1,435	3,919
Third Edinburgh Investment	Nov. 5	62,387	7,607	89,994	17,484	7,750	4	...	64,760	22,201
Trans-Oceanic Trust	Oct. 31	17,045	34,003	51,048	23,094	4,950	1½	6,000	17,004	28,719
Other Companies										
Associated Sound Film	Dec. 31	Dr. 68,403	5,929	Dr. 62,474	...	...	...	...	Dr. 62,474	Dr. 7,452
Associated Talking Pictures	June 30	Dr. 112,158	Dr. 13,547	Dr. 125,705	...	...	...	...	Dr. 125,705	8,678
Bowater's Mersey Paper	Sept. 30	8,368	134,471	142,839	27,500	24,781	5	55,460	35,098	87,550(s)
Bowater's Paper Mills	Sept. 30	38,833	155,528	194,361	55,000	36,812	9	60,000	42,549	131,768
Bowater (W. V.) and Sons	Sept. 30	42,484	50,373	92,857	20,000	28,593	12½	10,000	34,264	48,570
British Talking Pictures	Mar. 31	Dr. 219,900	2,635	Dr. 217,265	...	...	...	...	Dr. 217,265	2,752
Bruce (Henry) and Sons	Sept. 30	11,898	8,614	20,512	...	...	...	...	20,512	7,760
Caldwell's Paper Mill	Sept. 30	15,585	39,992	55,577	12,789	13,630	5½	10,000	19,158	32,563
Carr and Company	Sept. 30	14,374	35,253	49,627	19,500	7,500	2½	10,000	12,627	59,322
Carrongrove Paper	Sept. 30	2,931	47,249	50,180	25,162	...	...	20,000	5,018	23,079
Delaney (John)	July 31	2,075	5,276	7,351	...	3,964	4	1,000	2,387	8,493
Hay's Wharf	June 30	93,114	244,823	337,937	89,400	100,000	10	40,000	108,537	235,598
Irish Times	Sept. 30	1,780	17,900	19,680	17,011	...	...	...	857	18,985
Lloyd's Packing Warehouses	Sept. 30	40,853	44,778	85,631	11,980	26,348	5	...	47,303	39,138
Madame Tussaud's	Oct. 31	7,901	38,476	46,377	13,200	15,600	20	...	14,567	33,228
Moss Gear	Aug. 31	...	42,515	42,515	6,541	20,000	10	6,000	9,974	(a)
Sage (Frederick)	Sept. 30	1,533	26,471	28,004	8,373	16,200	6	...	3,431	18,003
Tate and Lyle	Sept. 30	56,234	1,226,840	1,283,074	71,500	868,700	18	284,000	56,874	1,264,793
Timber Fireproofing	Mar. 31	1,420	2,835	4,255	...	1,594	5	1,000	1,661	4,069
Turner and Newall	Sept. 30	94,548	1,163,308	1,257,856	101,098	847,689	17½	210,000	99,069	780,625
Walmsleys (Bury)	Sept. 30	48,000	68,861	116,861	13,000	33,000	11	10,000	60,861	67,314

(d) Preferred ordinary shares. (e) Deferred ordinary shares. (s) Nine months. (t) Absorbed £27,250.
 (f) Free of income tax. (a) No comparable figure. (b) Absorbed £31,550.
 (p) Also a dividend of 50 per cent. out of surplus realisation account. (h) Ten months. (g) Equal to 18.2857 per cent. on the increased capital.

TRANSVAAL GOLD OUTPUT STATISTICS FOR OCTOBER 1936

(Revenue calculated on basis of £7 1s. 6d. per fine ounce)

Name of Mine and Group	Tons Milled	Output Fine ozs.	Net Estimated Value	Working Costs	Profit	Working Costs Per Ton
Anglo-American Corporation						
Brakpan Mines	140,000	...	£ 249,040	£ 136,744	£ 112,296	s. d.
Daggafontein Mines	131,000	...	275,278	138,974	136,304	...
Springs Mines	147,000	...	309,663	139,412	170,251	...
West Springs	101,600	...	110,294	74,137	36,157	...
Central Mining—Rand Mines						
City Deep	110,000	20,842	£ 147,595	...	£ 22,205	22 9-6
Cons. Main Reef	184,000	30,773	217,432	...	51,578	20 2-7
Crown Mines	364,000	87,821	621,999	...	280,048	18 9-5
Durban Road	88,000	18,108	128,077	...	24,003	23 7-8
East Rand Prop.	213,000	48,009	340,013	...	107,206	21 10-3
Geldenhuis Deep	65,800	11,149	78,984	...	17,250	18 9-2
Modderfontein B	91,000	15,490	109,705	...	46,217	13 11-4
Modderfontein East	200,000	41,002	290,701	...	145,396	14 6-3
New Modderfontein	84,000	16,928	119,693	...	25,200	22 6-0
Rosse Mines	72,000	12,857	91,079	...	15,103	21 1-3
General Mining						
Van Ryn Gold	83,000	...	£ 59,641	...	£ 8,034	16 6-0
West Rand Cons.	169,000	...	233,258	...	94,608	17 0
Goldfields						
Simmer and Jack	110,000	22,888	£ 161,791	...	£ 52,450	19 11
Robinson Deep	113,000	27,364	193,603	...	83,293	19 6½
Sub-Nigel	59,000	42,314	299,478	...	202,129	33 0
Luipaards Vlei	47,500	10,090	71,389	...	21,533	21 3-9
Johnnies Group						
East Champ D'Or	11,900	...	£ 14,925	...	£ 2,789	s. d.
Government Areas	222,000	...	477,474	...	286,166	20 5
Langlaate Estate	95,000	...	108,432	...	28,207	17 6
New State Areas	127,000	...	272,413	...	159,031	18 3
Transvaal Estates	402,000	...	483,864	...	157,122	16 5
Van Ryn Deep	109,000	...	143,119	...	48,610	17 6
Witwatersrand	90,000	...	97,482	...	13,235	19 1
Johnnies Group Total	1,056,900	...	1,597,709	...	694,160	17 4
Union Corporation						
East Geduld	123,000	35,673	£ 252,281	107,091	£ 145,190	...
Geduld Prop.	110,000	27,774	187,470	76,709	120,761	...
Modder Deep	52,000	8,584	60,891	40,563	20,328	...</

COAL

SHEFFIELD.—On the export market signs of improvement are noticeable, especially in shipments to France. Prospects for 1937 are now better than expected. Home demand for industrial fuel continues good and consumption of household coal is increasing. Industrial steams are moving freely and best hards are firm. Furnace and foundry coke remain in strong request. Central heating requirements are increasing and there is an active demand for blast furnace coke.

WORKINGTON.—The coal trade is already very brisk and an acute shortage seems certain before the end of December. House coal is in sharp request by local and Irish users. Industrial fuel is readily marketed. One colliery is crushing round coal for its coking plant and, in addition, is buying small coal from South Wales. Coke is a lively market. Prices are firm. Best round coal stands at 23s. 6d. per ton; washed doubles at 22s.; washed singles at 21s.; all f.o.b. smalls cost 15s. 6d. Best house coal is quoted at 35s. 8d.; house nuts at 34s. at station. The price of gas coal is 27s., and that of local coke from 15s. 6d. to 16s. 6d.

NEWCASTLE-ON-TYNE.—Demand for every class of coal in this area is as keen as ever and most collieries are fully stemmed for this year. Forward sales continue to be made and there are now a number of collieries who have a full book for the next twelve months. Northumberland steam collieries enjoy a steady trade with Scandinavia, and coastwise trade is particularly active by reason of the seasonal increase in consumption. All classes of Durham bunkers are difficult to obtain for shipment this year, whilst coking coal is unobtainable.

GLASGOW.—Demand is active in the home market; industrial and public utility needs are on a heavy scale. Household requirements show some expansion, but the advance in prices has concentrated demand mainly on medium-class fuel, prime qualities being no more than steady. For export the collieries are well booked for some time ahead, but continue to find difficulty in the prompt movement of coal owing to the lack of tonnage. Weather conditions have undoubtedly been a factor of late in the tonnage supply, but a contributory cause appears to be the fact that at current fuel prices exporters have to work on small margins to secure business and are therefore not in a position to meet the higher freight rates now ruling.

CARDIFF.—Business on the Cardiff coal market is a little more active. Last week's shipments in the foreign and coastwise trades, at 431,200 tons, were the highest since the week ended January 19th last and they compare with 387,392 tons in the corresponding week in 1935. The increased shipments were due partly to the arrival of shipping tonnage which had been delayed by the recent gales, and it may not be maintained this week. There is better news from Italy which, it is now reported, is making arrangements for the supply of about 85,000 tons per month, of which 45 per cent. is to be anthracite coals. An important development is the purchase of this coal by the Italian Government coal import monopoly and the supply of it through the South Wales Coal Control Board instead of through independent colliery and exporting firms. The only change in price during the week has been an advance of 6d. per ton in washed dry duff. The bulk of the coal is still being sold at the old minimum schedule prices. Coke is very firm up to 25s. per ton for furnace classes, while patent fuel is unchanged at 22s. f.o.b. and Portuguese pitwood at from 22s. to 23s. ex ship.

IRON AND STEEL

LONDON.—The weekly report of the London Iron and Steel Exchange indicates that business remains active, and that producers are hard pressed to meet the demand, notwithstanding the record production of steel. The system of rationing which has been adopted extensively by manufacturers has only partially relieved the situation, and in some departments consumers complain of the difficulty of placing orders for completion by the dates required.

Although additional plant has been put into operation in the pig iron section, there is still a scarcity of foundry and hematite iron. The situation as regards basic iron is more comfortable than for some time past, as producers have concentrated upon maintaining the output of this description of iron.

Business in semi-finished steel is only limited by the inability of the manufacturers to accept fresh orders, and most of the works are booked up well into 1937.

Demand for all kinds of finished steel materials is of record dimensions. Although efforts are being made to distribute output equally among consumers, there are reports of engineering jobs having been held up owing to the lack of steel. Owing to the strong pressure of home demand, makers are not anxious to accept orders for overseas delivery for the time being.

MIDDLESBROUGH.—Demand for iron and steel tends to increase, and manufacturers who have orders on their books for all classes of material for some months ahead are doing their utmost to keep their regular customers supplied. At present there are 31 blast furnaces in operation in the North-East Coast area, of these, 2 are producing foundry pig iron, 12 hematite pig iron, 16 basic iron, and 1 ferro-manganese. Inquiries from abroad are more numerous than for some time, but, after fulfilling the requirements of both foundry and hematite iron of their own steelworks and those of regular home users, there is practically no surplus for shipment to foreign destinations. The re-starting of a furnace on hematite this week at Messrs. Dorman, Long's South Bank works will increase production by approximately 1,000 tons per week, but more could be disposed of.

The official minimum prices of foundry and hematite pig iron are unchanged, although it is anticipated that owing to rising costs of production there will be increases early in the New Year.

Producers of semi-manufactured steel are having difficulty in keeping pace with home demand, and, although imports of this class of material have increased, there is not sufficient to meet all requirements. The manufactured steel departments, whilst turning out record outputs, are meeting with insistent demands for earlier deliveries. An order for a 9,500 ton cargo vessel has been placed with shipbuilders at Sunderland, and one or two big shipbuilding contracts are expected to be placed on the Tyne very shortly. Blast furnace coke is meeting with a ready market at 24s. 6d. per ton, delivered at the furnaces. Foreign ore continues to arrive steadily. The scrap market continues strong, heavy steel melting material changing hands at 60s. per ton, delivered works.

WORKINGTON.—A furnace with a weekly yield of 3,000 tons has been put out of blast to be re-lined, and there is not now enough West Coast hematite pig iron to go round. There is little movement in the North-West Coast hematite pig iron trade. Sales concern only small lots, none of them above 20 tons or 30 tons, to users in urgent need. Forward

business cannot be entertained. Long ago producers had sold their output to the end of February, and business of any importance will not be resumed before 1937. Local steelmakers use the greater part of the output of the six furnaces remaining in blast between Workington and Barrow. What is left is apportioned among users in the Midlands, South Wales, and Scotland. Prices are unchanged. Nominally, Bessemer mixed numbers stand at £4 5s. 6d. per ton at Glasgow; £4 11s. at Sheffield; £4 13s. 6d. at Manchester; and £4 17s. at Birmingham, with from 2s. 6d. to 8s. per ton extra for low-phosphorus iron. Malleable iron is firm at £6 15s. delivered at Birmingham, and ferro-manganese at £11 5s., home. The position in the steel trade is thus that the orders booked will keep the rolling mills at Workington and Barrow working for another twelve months. Native ore, at 16s. to 17s. 6d. per ton, is in big demand. Production is not adequate for needs and there are heavy imports of hematite ores.

SHEFFIELD.—The iron and steel market is as active as ever, and the difficulty of obtaining all the required supplies is causing consumers some anxiety. Any odd parcels of foundry or forge iron are instantly taken up. Lincolnshire makers are still off the market here, production being required at a distance. This puts an increased strain on Derbyshire producers and a still further increase in output could be absorbed. In the circumstanced makers are not adding substantially to their present commitments. In both East and West Coast hematite demand still exceeds supply and deliveries under contract are in arrears. There is a premium of 10s. per ton on transactions. In finished iron, common and marked bars are in strong request and crown bars are now showing a steady improvement.

Despite increased output, requirements of basic steel billets cannot be met. Although demand for acid billets is good, there is not the same stringency as in basic iron. Requirements of strip, bar and wire rods are as keen as ever, and stainless steel in all forms is in active demand. Prices are firm throughout the market, but are unchanged. The heavy machinery and engineering trades in this district are fully employed. Rolling mills and forges have as much work in hand as they can carry out.

CARDIFF.—Blastfurnaces and steelworks are working at capacity, and there has been a stronger tendency in the tinplate market. Factories are busy with export and inland business, and, although the scheduled prices are unchanged at 18s. 9d. f.o.b. for export and at 18s. 4½d. f.o.t. for home consumption, manufacturers are realising from 6d. to 9d. per box more. Shipments last week registered the highest total for the current year and, at 110,411 boxes, they compare with 63,797 boxes the previous week, and with 48,721 boxes a year ago. Stocks dropped by nearly 30,000 boxes to 88,886 boxes, against 76,153 boxes held in the corresponding week of 1935.

GLASGOW.—Difficulty in securing adequate supplies is now causing a little anxiety to users of steel. Plants are working at capacity, but it is impossible to maintain stocks at the level considered necessary to ensure easy and comfortable working conditions. Steelmakers are being pressed for deliveries, but it is impossible at present for them to increase output. Specifications for all classes of material are plentiful, the demand of the shipbuilding, structural and other sections all tending to increase. Tube-makers here are exceptionally busy, and they, too, are absorbing heavy tonnages. Plate and sheetmakers are active and rolling mills are fully employed. In every branch of the industry in Glasgow and district there is much work on hand and a large amount of new business coming forward.

OTHER METALS

COPPER.—Active trading in the early part of the period under review carried prices upwards, but a reaction subsequently occurred and the standard cash quotation closed on Wednesday 13s. 9d. below the week's best, showing a net loss of 8s. 3d. compared with the previous Wednesday's close. Consumers are now showing reserve and a certain quietude is to be looked for in the immediate future. In the absence of substantial liquidation by "bull" operators, however, the period of seasonal slackness between now and the new year may pass off without a major reaction in quotations.

Sales on the London Metal Exchange: 650 tons on Monday, against 1,800 tons last week; 1,275 tons on Tuesday, against 1,800 tons last week; 900 tons on Wednesday, against 3,200 tons last week. Domestic spot was quoted at 10.45 cents per lb. in New York on Wednesday, against 10.42½ cents a week ago and 9.97½ cents a month ago. Wednesday's official closing price for standard cash in London was £43 16s. 3d. to £43 18s. 9d., compared with £44 2s. 6d. to £44 3s. 9d. a week ago. Stocks of refined copper in British official warehouses at the end of last week, at 45,309 tons, show a decrease of 324 tons, while stocks of rough copper, at 958 tons, remain unchanged.

LEAD AND SELLTER.—Although the market closed on Wednesday below the week's best, both lead and spelter are dearer. Substantial quantities of lead were purchased by consumers and speculators and also, it is believed, by producing interests. No great importance should be attached to the latter's purchases, for producers in general are satisfied with present prices and have no desire to force them up by artificial means. After the difference between lead and spelter prices had widened to almost £7 per ton, spelter rose in price and the margin was accordingly reduced.

At the meeting of the Imperial Smelting Corporation, Sir Robert Horne made a vigorous plea for a greater measure of protection against foreign competition for the domestic spelter industry, stating that his company had had to close certain works in the depressed areas owing to lack of Government support. The argument, however, appears to lack justification, for imports of foreign spelter have actually been smaller this year than last, the increase in total entries being due to shipments from the Dominions—which it is not desired to exclude from the British market.

Sales of lead on the London Metal Exchange: 4,350 tons on Monday, against 500 tons last week; 3,000 tons on Tuesday, against 1,500 tons last week; 1,900 tons on Wednesday, against 2,600 tons last week. The New York quotation on Wednesday was 5.20 cents per lb., against 5.20 cents a week ago and 4.70 cents a month ago. The official closing quotation in London for soft foreign for shipment during the current month was £23 3s. 9d. per ton, compared with £21 17s. 6d. a week ago.

Sales of spelter on the London Metal Exchange: 2,750 tons on Monday, against 550 tons last week; 2,600 tons on Tuesday, against 900 tons last week; 4,200 tons on Wednesday, against 4,200 tons last week. Wednesday's quotation in East St. Louis was 5.05 cents per lb., against 5.05 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 £16 17s. 6d. per ton, against £16 2s. 6d. last week.

TIN.—After considerable fluctuations, the market closed on Wednesday only slightly below the previous week's level. In consequence of the interruption of shipments to the United States, Liverpool warehouse

stocks rose by 103 tons to 985 tons last week, bringing total stocks in this country on November 21st up to 1,263 tons. As a result of the increase in home stocks, the backwardation (the amount by which the cash price exceeds the three-months' quotation) has narrowed further, and amounted to only 5s. per ton on Wednesday. It is considered possible that in the period of seasonal slackness during the next few weeks the cash price may even fall below the future quotation.

Sale of tin on the London Metal Exchange: 275 tons on Monday, against 150 tons last week; 190 tons on Tuesday, against 185 tons last week; 375 tons on Wednesday, against 550 tons last week. The New York quotation on Wednesday was 52.50 cents per lb., against 51.25 cents a week ago and 45.57½ cents a month ago. Wednesday's official closing quotation in London for standard cash was £233 5s. to £233 10s. per ton, compared with £234 5s. to £234 10s. a week ago. Stocks of tin in London and Liverpool at the end of last week totalled 1,263 tons, an increase of 42 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 £14 5s. per flask of 76 lbs., the same as last week. Chinese antimony was quoted at £56 per ton ex warehouse, the same as last week. Chinese wolfram for "November-December" shipment was again quoted at 29s. 6d. to 30s. 6d. per unit, c.i.f. Refined platinum at £9 15s. per ounce remains unchanged.

TEXTILES

COTTON.—Manchester.—A rather quieter tone has continued to prevail in the market. The recent advance in prices has checked operations, but in some quarters encouraging orders have been secured. There has been no material change in prices of American cotton. The futures market in Liverpool has been less active, and trade calling has been on a smaller scale than earlier in the month. The latest spinning report indicates that the crop of the United States will be about equal to the last Government estimate of 12,400,000 bales. There have been wide fluctuations in Egyptian Sakel futures. A stiff advance has occurred since the beginning of this week in the November position owing to the rejection of tenders.

American yarn quotations have been firmly held, and some spinners have advanced their prices slightly. Business has been somewhat patchy. In the Egyptian section it has been difficult for spinners to obtain full prices, but now and again these have been paid by buyers who required early delivery.

There has again been a persistent inquiry for cloth for foreign outlets. Actual buying, however, has been somewhat irregular. Most of the contracts arranged have been due to manufacturers giving their customers the advantage of cheap yarn bought several weeks ago. The offtake for India still leaves much to be desired. Transactions for China have been quite exceptional, but further buying has taken place in dyed bancies for Java. A feature of some importance has been the way in which buyers in South America have raised their offers, and an encouraging turnover has been reported in printing and finishing styles. A steady demand has again been experienced in shirtings and coloured goods for West Africa. Standard cloths have moved off fairly well for Germany and Scandinavia, and rather more business has been done in muslins and embroidery fabrics for Switzerland. Drills and sheetings have been booked for the Dominions, and the offtake for the home trade in a variety of cloths has been encouraging.

COTTON PRICES

	1936				Corresponding Date	
	Nov. 4	Nov. 11	Nov. 18	Nov. 25	1934	1935
Raw Cotton—Mid. American..... per lb.	6.80	6.79	6.80	6.73	7.07	6.73
Sakellaridis Fully Good Fair.....						
Egyptian..... per lb.	11 37	11 64	11 15	11 85	10 44	10 44
Yarns—32's twist..... per lb.	11 11	11 11	11 11	11 11	10 11	10 11
40's twist..... per lb.	11 11	11 11	11 11	11 11	10 11	10 11
60's twist (Egyptian)..... per lb.	17	17	17	17	16	17
32-in. Printers, 116 yds., 16 by 16, 32's and 50's.....	s. d. 18 7½	s. d. 18 9	s. d. 19 0	s. d. 19 0	s. d. 8 8	s. d. 18 1½
36-in. Shirtings, 75 yds., 19 by 19, 32's and 40's.....	26 0	26 3	26 6	26 6	4 0	25 1½
38-in. ditto, 38 yds., 18 by 18, 10 lb.....	10 4½	10 5½	10 6½	10 6½	10 10	10 6
39-in. ditto, 37½ yds., 16 by 15, 8½ lb.....	9 4½	9 5½	9 6½	9 6½	9 9	9 6

EGYPTIAN SAKEL COTTON.—This week the spot quotation for Egyptian Sakel cotton in the Liverpool market has been over 1s. per lb., this being the highest price for six years. There has been an advance of 2d. per lb. since the beginning of September. The upward movement has been due to the tight position of current month futures. In the middle of last summer there was some anxiety concerning the supply and quality of Sakel cotton. A few leading operators in the Liverpool market decided to buy speculatively and so far this move has been decidedly successful. During the last week or two heavy tenders of actual material have been made against the future contracts and, as anticipated in some quarters, many of these tenders have been rejected owing to the quality not being up to standard. This development has led to a sharp rise in November futures. Spinners of Egyptian yarns have been harassed by the stiff rise in prices, but it is not believed that any big users have been caught really short. At the present time the situation is being controlled by a small group of traders in Liverpool. The Sakel contract in Liverpool will go out of existence next September and its place will be taken by the new contract known as Giza 7.

WOOL.—Bradford.—The past fortnight has confirmed the improvement in the raw wool situation, prices at the final series of Colonial sales in Coleman Street establishing significant rises. After a successful year in the wool textile industry, the final auctions gave evidence of the strength of the raw wool supply-demand position, merino combing wools being generally 12½ to 15 per cent. above the close of last series, while crossbreds are anywhere from 20 to 25 per cent. higher. The rise in the price of crossbreds is benefiting New Zealand pastoralists, for prices during the new selling season which begins at Auckland to-day (Saturday) will be higher than at any time since 1933. The London auctions have been somewhat interfered with by fog, but apart from that have gone remarkably well, all sections participating in the bidding. Demand has been as keen for merinos as for crossbreds, and the year is ending with prices at the highest point.

Activity in consuming centres continues at a high level, with mills running full and over-time. It is many years since the industry was as

busy as now, and the demand for tops, yarns and piece-goods could hardly be better. So long as the raw material is going forward through the different processes of manufacture, current raw wool prices can be maintained. The new clip is being rapidly sold both in Australia and South Africa, while the prices now realised are increasing the income from the wool clip in Argentina and other producing countries.

GRAIN MARKETS

WHEAT.—After a quiet and uneventful week, prices are practically unchanged. Meanwhile, favourable reports of Argentina's crop are now being received in London and one American authority estimates the probable yield as high as 32½ million quarters. While it is as yet too early to be certain of the out-turn, the crop is officially reported to be in generally good condition.

On Wednesday last, "December" futures were quoted in Chicago at 117½ cents per bushel, against 117½ cents the week before and 115½ cents a month ago. Quotations in London, Wednesday: No. 1 Northern Manitoba, ex ship, 43s. 3d. per 496 lbs., against 43s. a week ago; No. 2 Northern Manitoba, ex ship, 43s., against 42s. 9d. a week ago. According to the *Corn Trade News*, total shipments of wheat and flour last week totalled 1,124,000 quarters, against 1,623,000 in the previous week and 1,186,000 quarters in the corresponding week a year ago.

FLOUR.—Demand has shown no improvement, but prices are unaltered. Wednesday's London quotations (excluding quota payments) were: Straight run, delivered Home Counties, 36s. per 280 lbs., against 36s. a week ago; delivered inner London, 35s. 6d., as compared with 35s. 6d. a week ago. Manitoba patents, ex store, 33s. to 34s. 6d., against 33s. 3d. to 34s. 9d. a week ago. Australian, ex store, 31s. 6d. to 32s., against 32s. 3d. to 32s. 6d. a week ago.

BARLEY.—Sellers have shown reserve and prices are accordingly a shade higher on the week. "December" futures were quoted at 62½ cents per bushel in Winnipeg on Wednesday, against 61½ cents a week ago. Quotations per 448 lbs. in London on Wednesday were: "English feed" (new), at farm, 28s. to 29s., as against 28s. to 29s. a week ago; "English malting" (new), at farm, 34s. to 50s., against 34s. to 50s. last week; Californian (new), ex ship, 47s. to 58s., against 47s. to 58s. last week; Chilean, brewing, ex ship, 36s. 6d. to 42s., against 36s. 6d. to 42s. a week ago.

OATS.—On Wednesday, "December" futures were quoted at 45½ cents a bushel in Chicago, against 45 cents a week ago and 41½ cents last month. Quotations in London, Wednesday: "English Black" (new), at farm, 20s. to 21s. per 336 lbs., against 21s. to 22s. a week ago; "English White" (new), at farm, 20s. to 21s., against 21s. to 22s. a week earlier; mixed Canadian feed (Vancouver), landed, 21s. 6d. per 320 lbs., compared with 20s. 3d. last week.

MAIZE.—Trading has been rather quiet, but prices have been well maintained. "December" futures were quoted on Wednesday at 105½ cents per bushel in Chicago, against 105½ cents a week ago and 95½ cents last month. Quotations in London, Wednesday: "Plate," landed, 22s. 6d. per 480 lbs., compared with 22s. 9d. a week ago; "Plate," ex ship, 21s. 6d., as against 21s. 9d. a week ago; "Plate," "November," 21s. 9d., as against 22s. 3d. a week ago; yellow maize meal, ex wharf, was quoted at £6 2s. 6d. to £6 7s. 6d. per ton, as against £6 2s. 6d. to £6 7s. 6d. last week.

AMERICAN WHEAT MARKETS.—The following table shows wheat quotations for selected weeks in 1934-36:—

NEAREST FUTURES	Jan. 3, 1934	Jan. 2, 1935	Nov. 27, 1935	Dec. 31, 1935	Nov. 18, 1936	Nov. 25, 1936
Winnipeg (No. 1, Manitoba) —Cents per 60 lb.	65½	82½	86½	84½	106½	105½
Chicago (No. 2 Winter) —Cents per 60 lb.	84½	98½	97½	75½	117½	117½

The visible supply of wheat in Canada amounts to 79,611,000 bushels, against 82,039,000 bushels last week, and 142,164,000 bushels in the corresponding week last year.

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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 November 21	257,789	307,279	381,557	293,522
12 weeks to November 21	4,260,029	5,521,976	5,459,172	3,879,191
Average price of English wheat per cwt.	s. d. 4 7	s. d. 4 11	s. d. 5 9	s. d. 8 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
November 19, 1932...	Cwts. 313,073	Cwts. 408,724	Cwts. 57,531	s. d. 5 5	s. d. 7 3	s. d. 5 11
November 17, 1933...	257,789	450,315	45,960	4 7	9 4	5 5
November 24, 1934...	307,279	367,641	49,953	4 11	8 8	6 8
November 23, 1935...	381,557	394,130	63,106	5 9	8 5	6 0
November 14, 1936...	321,348	457,081	62,098	8 8	9 11	6 10
November 21, 1936...	293,522	456,238	61,821	8 6	9 8	6 10

OTHER FOODS

BACON.—English and Irish have been a rather irregular market this week, but other kinds have been 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, 88s. to 90s.; Canadian, 80s.; Danish, 90s.; as against 88s. to 90s., 80s. and 90s. last week. Arrivals in London last week included Danish, 12,085 bales; Canadian, 7,408; Dutch, 2,232; Lithuanian, 1,350; and Polish, 2,277; as against 12,147, 6,839, 1,998, 1,494 and 2,728 bales, respectively, in the previous week.

BUTTER.—Quiet conditions have prevailed and the easier tendency of quotations noted a week ago has continued. Quotations (per cwt.) on the London Provision Exchange on Wednesday were: New Zealand, finest salted, 107s.; Australian, choicest salted, 106s.; Danish, 118s. to 120s., compared with 108s. to 109s., 107s. to 108s., and 122s., respectively, a week ago.

CHEESE.—Apart from New Zealand, which was easier this week, the tone of the market has been steady. Quotations (per cwt.) on the London Provision Exchange on Wednesday were as follows: English, finest farmers, 82s. to 88s.; Canadian, finest coloured, 72s. to 73s.; and New Zealand, finest coloured, 70s., against 82s. to 88s., 71s. to 72s., and 71s. to 72s., respectively, a week ago.

COCOA.—The steep upward movement of quotations has continued this week. The spot quotation in New York on Wednesday was 10½ cents per lb., as against 9½ cents per lb. last week. In London, on Wednesday last, good fermented new crop, "November-January," was quoted 45s. per 250 kilos, c.i.f. Continent, against 41s. 3d. a week ago. Last week's movements of cocoa in London were as follows: Landed, 1,410 bags; delivered, for home consumption, 4,508 bags; exported, 561 bags; stocks, 111,250 bags, against 122,607 bags a year ago.

COFFEE.—The New York market has been steady to firm, with prices showing a rise. In London quiet conditions prevailed. On Wednesday, Rio No. 7 (cash) was quoted at 8½ cents per lb. in New York, as compared with 8½ cents per lb. last week and 8½ cents per lb. a month ago. Movements of coffee in London last week were as follows: Brazilian, landed, 206 cwt.; delivered, for home consumption, 56 cwt.; exports, nil; stocks, 9,462 cwt., against 12,531 a year ago. Central and South American, landed, 1,169 cwt.; delivered, for home consumption, 1,629 cwt.; exported, 1,121 cwt.; stocks, 55,225 cwt., against 78,095 last year. Other kinds: landed, 2,112 cwt.; delivered, for home consumption, 3,975 cwt.; exported, 2,580 cwt.; stocks, 87,028 cwt., against 107,400 last year.

EGGS.—The market has been rather slow, with prices irregular. At Smithfield, on Wednesday, English (ordinary packing, Grade I, about 15-15½ lb.) realised 18s. 6d. to 19s. 6d. per 120, as against 18s. 6d. to 19s. 6d. last week, while Danish (15½ lb.) made 15s. 3d. to 15s. 6d., as against 15s. 9d. to 16s. last week.

FRUIT.—At Covent Garden market, according to *The Fruitgrower's* report, business has been generally quiet, though still rather above normal for the time of year. The demand for apples remains steady and the best grades are gradually hardening in price. Pears also continue to sell well. Hothouse grapes are now in shorter supply and prices of English are firmer. English cabbages remain at 5s. 6d. to 6s. per dozen lbs., but English walnuts have finished. Italian and French chestnuts are now a prominent item. Oranges are an active trade, but grapefruit are slow. Lemons remain at a low figure, but are expected to recover in price shortly.

MEAT.—Demand for beef at Smithfield has been fairly good this week, but mutton has been a slow item. On Wednesday last, Argentine chilled hindquarters were quoted at 3s. 10d. to 4s. 4d. per 8 lbs., as compared with 3s. 8d. to 4s. 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 1,781 tons, an increase of 93 tons on the corresponding week last year. Beef and veal accounted for 5,098 tons, mutton and lamb 2,515 tons, and pork and bacon 1,159 tons, as compared with 4,878, 2,719 and 1,213 tons, respectively, in the same week of 1935.

PEPPER.—Wednesday's spot price for black Lampung (in bond) was 1d. per lb., against 2½d. a week ago. Movements of pepper in London

during the past week were as follows: Black, landed, nil tons; delivered 12 tons; stocks, 1,781 tons, against 1,450 tons a year ago. White, landed, 18 tons; delivered, 53 tons; stocks, 11,785 tons, against 14,454 tons a year ago.

RICE.—The spot price of Burma No. 2, cleaned, was 9s. per cwt., ex warehouse, on Wednesday, as compared with 9s. per cwt. a week ago. "January-February" in singles to Continent and U.K. was quoted at 8s. 3d. per cwt., against 8s. 1½d. last week. Movements in London during the past week were as follows: Landed, 54 tons; delivered, 116 tons; stocks, 1,953 tons, against 6,490 tons a year ago.

SUGAR.—The tone of the London market has been quiet this week, with quotations rather easier. The New York spot market has been steady at unchanged rates. The spot price in New York on Tuesday was 3-65 cents per lb., as compared with 3-65 cents per lb. last week and 3-39 cents per lb. a month ago. Wednesday's sales of raw sugar in London included December delivery at from 4s. 8½d., against 4s. 10d. to 4s. 10½d. a week ago. The movements of raw sugar at public warehouses in London and Liverpool last week were as follows: Imports, 22,047 tons, against 32,284 tons last week, and 31,493 tons in the same week of last year; deliveries 15,837 tons, against 15,442 tons last week and 14,796 tons last year; stocks, 139,876 tons, against 133,666 tons last week and 202,533 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 ended	Northern India	Southern India	Ceylon	Java	Sumatra	Africa	Total
Nov. 21, 1935.....	d. 12-98	d. 12-21	d. 13-88	d. 12-91	d. 10-49	d. 11-59	d. 13-01
Oct. 15, 1936.....	13-18	12-00	13-87	11-06	10-11	11-30	13-12
Oct. 22, ".....	13-24	12-08	13-96	11-32	10-07	11-59	13-22
Oct. 29, ".....	12-99	12-12	14-61	11-61	10-03	11-62	13-24
Nov. 5, ".....	13-03	12-51	14-95	11-53	10-12	11-97	13-40
Nov. 12, ".....	12-80	12-21	14-92	11-79	9-75	12-07	13-30
Nov. 19, ".....	12-69	12-27	14-72	11-58	10-24	12-07	13-12

The quantities catalogued for the public auctions in Mincing Lane this week comprised 52,130 packages of Indian and 19,741 packages of Ceylon tea. Indian grades met an active demand and quotations were firm. Despite a certain irregularity at Tuesday's Ceylon sales, prices were a shade higher in some instances.

VEGETABLES.—A few English and Guernsey tomatoes are still arriving at Covent Garden market, says *The Fruitgrower*, while Canary Island are showing better form. Cucumbers are limited and dear. House-grown beans are selling at higher rates; but cabbage and savoy are in abundant supply and are consequently cheap. Sprouts are also plentiful, while cauliflowers are selling better. Onions are cheap, and parsnips, carrots and turnips are all at a moderate level. Meanwhile, potato prices at London markets are showing a hardening tendency, and at the Borough on Tuesday, best siltland King Edward realised from 9s. to 9s. 6d. per cwt., against 8s. 6d. to 9s. 6d. last week. Hence the Potato Marketing Board have decided that the riddle of one and five-eighths inches hitherto in use for white varieties shall be lowered to one and a-half inches. This means that until the Board otherwise determine the minimum riddle in operation will be one and a-half inches for all varieties. The "seconds" scheme as previously announced will continue in operation.

MISCELLANEOUS COMMODITIES

VEGETABLE OILS AND OILSEEDS.—The market in oilseeds has been steady but quiet. Linseed has become scarce on spot and in near positions and is at a premium over forward delivery. Crushers, however, appear to have covered immediate requirements and are already interested in the new Plate crop, though trade is hampered by the uncertainty concerning the intentions of the Argentine Government in regard to the minimum price guaranteed to growers. Crop reports from Argentina remain favourable. In the northern districts harvesting has begun. Given a or over seem likely to be realised. Meanwhile, shipments of old crop are proceeding and the surplus available for export has been reduced to below 100,000 tons which, with 25,000 tons expected to be available from India, constitutes world supplies until the new Plate seed comes on the market. Prices remain firm for old crop. For new Plate seed January-February loading £10 17s. 6d. is indicated.

Cottonseed continues to rise in price and black Egyptian, December and January-February to Hull, has changed hands at £4-17 18s. 9d. and unchanged on the week at £25 per ton, naked, ex Hull mill crude is held for £27 and refined for £29 10s., prompt ex Hull. Demand for oilcakes continues to improve and prices are firmer.

FURS.—The number of silver foxes on Norwegian farms, according to the Norwegian Central Statistical Bureau, was 301,500 in 1935, against 214,063 in 1934, and only 29,857 in 1929. This increase establishes Norway as the premier silver fox breeding country in the world. Exports from that country last year totalled 138,707 skins, but offerings this year have shown a substantial rise, and Norwegian exports may aggregate from 250,000 to 275,000 skins in 1936. In Canada, the only other breeding country for which statistics are available, the number of silver foxes (according to the Dominion Bureau of Statistics) rose from 97,190 in 1929 to 125,577 at the end of 1934; figures for 1935 are not available. For many years past, exports from Canada have exceeded those of Norway, for the latter country has been steadily increasing its breeding and stock. Since silver fox furs have recently suffered a loss of popularity, this rapid expansion of production in Norway may have a depressing effect upon the market before long.

TIMBER.—Larger quantities of European building and joinery woods than usual came forward in October, and it seems that arrivals this month will also be very heavy. London dock deliveries in October did not show any corresponding active movement, but private yards and wharves were well filled, and orders must have kept up from these sources. Spot prices have been rising, but not up to North of Europe shippers' rates for their modest unsold balances. Within the past week or so, however, the extra weight of wood on the U.K. market has created some nervousness on the part of importers, for the worst of weather is still in front of the building trade, and there is much purchased wood to come forward from Northern Europe before ice sets in, from mid-Europe, unaffected by ice, and from Canada—especially British Columbia, open to navigation the year round.

Comparatively large quantities of Finnish and Swedish woods for f.o.w. 1937 shipment have been sold to the U.K., but the recent heavy arrivals, much of which has gone into stock, have made U.K. importers shy, at least for a time, of too much further business. Teak, rosewood, mahogany of best qualities and sizes are in good demand at firm rates. So, too, is sawn

oak, American, mid-European and Japanese. Canadian woods are being well called for, but arrivals have not been so heavy this year. Generally all woods are firm in price, especially the better qualities. Plywood imports in October were heavy, and for the ten months exceptionally high, amounting to some 11.8 million cubic feet.

POTASH.—According to private advices from Spain, the three leading Spanish potash concerns have just resumed production. It will be recalled that the Spanish quota has been produced by other members of the cartel since the beginning of the Spanish civil war. The resumption of activity in Spain is therefore unlikely to affect the world market in potash since French and German output will be reduced *pari passu*. Meanwhile, it is interesting to note that the Spanish mines are at present under the control of workers' committees, on the basis of the recent Catalan law regarding socialisation of industrial enterprises. It is improbable, however,

that this state of affairs will continue, even if Catalonia should be established as an independent State, for the three largest potash concerns in Spain are controlled by foreign capital.

RUBBER.—Mainly owing to the uncertainties of the international political situation, the market in rubber has been rather dull this week. Prices show little alteration. The spot price in New York on Wednesday was 18½ cents per lb. compared with 18½ 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 8½d. per lb., as against 8½d. on the corresponding day last week. In forward positions, business has been done at 8½d. to 8½d. for "January-March" shipment, as against 8½d. a week ago. Stocks in London and Liverpool at the end of last week totalled 91,568 tons, against 93,188 tons a week earlier. A year ago stocks amounted to 166,492 tons.

WHOLESALE COMMODITY PRICES

UNITED KINGDOM

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

LONDON, November 25th				a. d. s. d.			
CEREALS AND MEAT				POTATOES—			
GRAIN, Etc.—				English King Edward			
Wheat—				per cwt.			
No. 2, N. Man.	496 lb.	43	0	9	0	9	6
Eng. Gaz. av.	per cwt.	8	6				
Barley, Eng. Gaz. av.	...	8	6				
Oats, 480 lb.	...	6	10				
Maize, La Plata, landed	...						
480 lb.	...	22	6				
Flour, Lon. stan. ex mill,	280 lb.	34	3				
Rice, No. 2 Burma, per cwt.	...	8	3				
MEAT—				SPICES—			
Beef, per 8 lbs.	...			Pepper, per lb.	...		
English long sides	3 6 4 6			Black Lampong	0 2½		
Argentine chilled hinds	3 10 4 4			White Muntok	0 2½		
Mutton, per 8 lbs.	5 4 6 4			Cinnamon—1st sort, per lb.	0 8½		
English wethers	5 4 6 4			Cloves—Zanzibar per lb.	0 8½		
N.Z. frozen	3 0 3 8			Ginger—per cwt.	62 6		
Lamb, per 8 lbs.	4 8 5 6			African	62 6		
N.Z. frozen	4 8 5 6			Jamaica, ord. to good	57 6		
Pork, English, per 8 lbs.	6 4 6 10			Mace—85's per lb.	2 0		
OTHER FOODS				Nutmeg, 85's			
BACON—				SUGAR—			
English—per cwt.	88 0 90 0			(Duty, 11/8 per cwt.)			
Irish	86 0 91 0			Centrifugals, 96% prpt.			
Danish	90 0			shdm., c.i.f. U.K./Cont.			
Dutch	86 0			B.W.I., crystallised			
HAMS—				Java, white, c. & f. India			
Canadian	90 0 92 0			Oct-Dec			
United States	92 0 95 0			Refined—London—			
BUTTER—				Yellow Crystals			
Australian	106 0			Cubes			
New Zealand	107 0			Crushed			
Danish	118 0 120 0			Granulated			
Dutch	72 0 73 0			Home Grown			
CHEESE—				TEA—			
Canadian	70 0			Indian—per lb.—			
New Zealand	82 0 88 0			Pekoe			
English Cheddars	49 0 54 0			Broken Pekoe			
Dutch	72 0 73 0			Orange Pekoe			
COCOA—				Broken Orange Pekoe			
(Duty, British grown,	11/8; foreign, 14/- cwt.)			Ceylon—per lb.—			
Accra, f.f.	45 6 46 0			Pekoe			
Trinidad	58 0 64 0			Broken Pekoe			
Grenada	59 0 64 0			Orange Pekoe			
COFFEE—				Broken Orange Pekoe			
(Duty, British grown	4/8; foreign, 14/- cwt.)			TOBACCO—			
Santos sup. c. & f. cwt.	44 0			(Duty, 9/8-10/8½ per lb.)			
Colombian, good	52 0 62 0			Empire growth, 7/5½			
Costa Rica, med. to good	60 0 78 0			8/3½ per lb.)			
East Indian	50 0 68 0			Virginia leaf—			
Kenya, medium	54 0 66 0			Common to fine			
EGGS—				Rhodesian leaf			
English—per 120	18 6 19 6			Nyasaland leaf			
Danish	15 3 15 6			" strips			
FRUIT—Oranges—				East Indian leaf			
South African	10 0 15 0			" strips			
Brazilian	14 0 18 0			COTTON—			
Lemons, Malaga	10 0 12 0			d.			
Sicilian	10 0 16 0			Mid-American ... per lb.			
Apples: Amer. (var.) boxes	22 0 27 0			Sakelardie, f.g.f.			
(var.) boxes	9 0 12 0			Yarns, 32's twist			
Australian	...			60's twist			
ONIONS—				FLAX—			
Valencia, case	9 0 11 0			Livonian ZK			
Egyptian, bag	10 0 27 0			Pernau HD			
Grappa, Almeria, barrels	8 0 12 6			Sisal of Medium 1st sort			
Grapefruit, Jaffa	...			HEMP—			
Amer.	...			Italian P.C.			
LARD—				Manilla, Nov.-Jan. '72			
Irish bladders	68 0 76 0			Sisal African			
U.S.	64 6 67 0			JUTE—			
				Native 1st mks. ... per ton			
				c.i.f. H.A.R.B.			
				Dec.-Jan.			
				Daisee 2/3 c.i.f. Dundee			
				Dec.-Jan.			
				SILK—			
				Canton			
				Tussah			
				Japan			
				Italian—raw, fr. Milan			
				Wool—			
				English Southdown, greasy, per lb.			
				" Lincoln hog, washed			
				Queensland, sod. super cmbg.			
				N.S.W. greasy, super cmbg.			
				N.Z., gray, half-bred 50-56			
				Tops—Crossbred 40-44			
				Merinos 70's Average			
				" 64's			
				Crossbred 48's			
				48's			
MINERALS				IRON AND STEEL—			
COAL—				Pig, Cleveland No. 3, d/d.			
Welsh, best Ad'ty ... ton	19 6			Bars, M'brough			
Durham, best gas, f.o.b.	17 0			Steel rails, heavy			
Tyne	15 3 15 6			Tin plates			
Sheffield, best house, at pits	23 0 25 0			METALS—			
IRON AND STEEL—				Copper, electrolytic, ton			
Pig, Cleveland No. 3, d/d.	ton 7/5 0			Sheets (strong)			
Standard	43/16/0			Standard			
Lead, Eng. pig ... per ton	25/0/0			Soft foreign			
Spelter G.O.B.	16/7/8			Tin—English ingots			
Tin—English ingots	233/15/0			Standard cash			
Standard cash	233/5/0			233/10/0			
MISCELLANEOUS				CHEMICALS—			
Acid, citric, per lb., less 5%	1 0 1 0½			Nitric			
Oralic, net	0 2½ 0 3½			Tartaric, English, less 5%			
Alcohol, Plain Ethyl	12 0			Alum, lump			
Ammonia, carb.	ton 27 0			Sulphate			
Sulphate	per ton 35 0			Arenic, lump			
Bleaching powder, per ton	8 15 9 0			Borax, gran.			
Borax, gran.	per cwt. 13 0			Do, powder			
Nitrate of soda	per cwt. 7 9			Potash—Chlorate, net			
Potash—Chlorate, net	0 4 0 4½			Sulphate			
Sulphate	per cwt. 9 10 0			Soda Bicarb.			
Soda Bicarb.	per cwt. 10 0 11 0			Crystals			
Crystals	per cwt. 5 0 8 0			Sulphate of Copper, per ton			
Sulphate of Copper, per ton	17 0 18 0			CEMENT, best Eng. Portland, d.d. site,			
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-returnable)			4-ton loads and upwards 39/- per ton			
4-ton loads and upwards 39/- per ton				1 and up to 4-ton loads 41/- per ton			
1 and up to 4-ton loads 41/- per ton				COPRA—			
COPRA—				S.D. Straits c.i.f., per ton			
S.D. Straits c.i.f., per ton	19/15/0			DRUGS—			
DRUGS—				Camphor			
Camphor				Japan, refined per lb.			
Japan, refined per lb.	2 3			Ipecacuanha			
Ipecacuanha	per lb. 7 0			HIDES—			
HIDES—				Wet salted—Australian			
Wet salted—Australian	per lb. 0 5½ 0 5½			West Indian			
West Indian	0 3½ 0 4						

REPORT BY THE COURT OF DIRECTORS OF

The ROYAL BANK of SCOTLAND

To the ANNUAL GENERAL COURT OF PROPRIETORS, on Wednesday, 25th November, 1936

The Directors now submit to the Proprietors the annexed Abstract Statement of the Affairs of the Bank at the Second Saturday of October, 1936, with relative Profit and Loss Account, certified by the Auditors.

The net profits of the year, after providing for Income Tax and all bad and doubtful debts, amounted to

Dividend for half-year paid at Midsummer at the rate of 17 per cent. per annum, required ... £321,316 6 5 ... £632,035 4 3

Less Income Tax ... 76,312 12 6 ... £245,003 13 11

It is now proposed to pay a Dividend at Christmas for the second half-year at the rate of 17 per cent. per annum, which will require ... £321,316 6 5

Less Income Tax ... 76,312 12 6 ... £245,003 13 11

There has been written off expenditure on Bank Buildings and Heritable Property ... £245,003 13 11

Carried to Pension Reserve Fund ... £25,000 0 0

And added to Rest, the Balance of ... 30,000 0 0

87,027 16 5 ... £632,035 4 3

All the Bank's Investments are valued in the annexed State of Affairs at or under the prices ruling at the date of the Balance.

The Governor, the Deputy-Governor, the Extraordinary Directors, and the Senior Ordinary Director (Mr Herbert William Haldane) all retire at this time, and are eligible for re-election.

Auditors also fall to be appointed for the ensuing year, and Mr J. Maxtone Graham, C.A., and Mr George James Gregor, C.A., offer themselves for re-election.

By Order of the Court of Directors,

WILLIAM WHYTE,
Clerk and General Manager.

ABSTRACT STATE OF AFFAIRS, at 10th October, 1936.**LIABILITIES.**

1. Deposits with accrued Interest and other Credit Balances	£66,800,985 1 1
2. Notes in circulation	2,929,938 0 0
3. Drafts Outstanding	606,456 6 8
4. Acceptances and Indorsements of Foreign Bills and other Obligations	3,533,849 18 4
5. Capital	£3,780,192 0 8
6. Rest	3,944,171 10 9
7. Proposed Half-year's Dividend payable at Christmas (less Income Tax)	245,003 13 11
Total Liabilities	£81,840,596 10 4

ASSETS.

1. Gold and Silver Coin, Bank of England Notes, Notes of other Banks, and Cash with Bank of England and other London Bankers	£7,258,312 8 8
2. Money in London at Call and short notice, and Cheques, etc., payable on demand, in hand, and <i>in transitu</i>	7,719,504 4 10
3. British Government Securities and Securities guaranteed by British Government	28,975,312 12 11
4. Indian and Colonial Government Securities, Bank of England Stock and Corporation Stocks	2,284,477 19 1
5. Other Securities	398,227 4 0
6. Bankers' Industrial Development Company Ltd., One "A" Ordinary Share of £100,000 (£100 paid)	£100 0 0
7. Williams Deacon's Bank Ltd. Shares—1,562,500 "A" Shares of £5 each, £1 paid, and 312,500 "B" Shares of £1 each fully paid	3,093,750 0 0
8. Bills discounted (of which £2,035,000 British Government Treasury Bills)	4,114,747 7 11
9. Advances on Cash Credit and Current Accounts	22,411,506 12 2
10. Loans on Stocks and Securities	921,568 19 8
11. Banking Correspondents and other Customers for Acceptances and Indorsements and other Obligations, <i>per contra</i>	3,533,849 18 4
12. Bank Buildings (partly yielding rent)	403,160 18 0
13. Property yielding rent	181,178 4 11
14. Freehold Properties in London (partly occupied by Bank and partly yielding rent)	585,000 0 0
Total Assets	£81,840,596 10 4

PROFIT AND LOSS ACCOUNT.

To Expenditure on Bank Buildings and Property written off	£25,000 0 0	By Rest at 12th October, 1935	£3,857,143 14 4
" Pension Reserve Fund	30,000 0 0	" Net Profits after deducting expenses of Management at Head Office and 254 Branch Establishments, allowing for rebate on Bills Current and providing for Income Tax and all bad and doubtful debts	632,035 4 3
" Dividend for half-year, paid at Midsummer, less Income Tax	245,003 13 11		
" Dividend for second half-year, to be paid at Christmas, less Income Tax	245,003 13 11		
" Balance, being free Rest or undivided Profits, carried forward	3,944,171 10 9		
	£4,489,178 18 7		

D. SPEED, Chief Accountant.

AUDITORS' REPORT

As Auditors appointed by the Proprietors of THE ROYAL BANK OF SCOTLAND, we have checked the Cash on hand at Head Office, Glasgow and London (City Office), verified the cash with London Bankers, the Securities for money at call and short notice, the Government Securities and other Investments, and examined the details of the other Assets and of the Liabilities set forth in the foregoing Abstract State of Affairs; and we now certify that in our opinion said Abstract State is a full and fair Balance Sheet, properly drawn up, and exhibits a true and correct view of the state of the Bank's Affairs, as shown by the books, at 10th October, 1936.

EDINBURGH, 13th November, 1936.

J. MAXTONE GRAHAM, C.A., Auditor.
GEO. JAMES GREGOR, C.A., Auditor.

THE ECONOMIST

Vol. CXXV

SATURDAY, DECEMBER 5, 1936

No. 4867

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(With this Issue appears an Anglo-Argentine Trade Agreement Supplement)

THE KING

A CONSTITUTIONAL dispute has arisen between the King and his Ministers. That this should have happened so soon after his accession to the throne, must be deplored, not only in this country but also in the Dominions and throughout the Empire. It is particularly to be regretted that it should have arisen over a matter relating to the King's personal life. The crisis has even been accompanied by talk of the resignation of the entire Cabinet on the one hand, or of the King's abdication on the other. The state of affairs in this country and the world is not such as to enable Englishmen to view with equanimity an acute domestic crisis—above all, one that touches the institution which is the supreme symbol of Imperial unity.

The point at issue is the King's right to choose his wife. For months past the American and Continental newspapers have been associating the King's name with that of Mrs Simpson, a lady of American birth, and more recently they openly suggested that the King intended to marry her. This lady has been twice married; and her second marriage was recently dissolved *nisi* at the Ipswich Assizes.

It is, we think, the general opinion of the British people that kings, like other men, should marry whom they wish. We do not imagine that many British people would cavil at a King of England marrying an American citizen. But there are many who would consider it seriously out of keeping with the traditions of the monarchy as established by King George that a lady who had been twice in the divorce court—even though she was petitioner in both cases—should be exalted to the rank of Queen of England.

The King of England has the constitutional right to choose his own wife, provided only that she is not a Roman Catholic. He is not restricted, as are many of the remaining monarchs in the world, to the choice of a partner with blood royal in her veins. But the British Constitution also contains a principle of the highest importance—namely, that if advice is tendered to the Sovereign by a Ministry which has the confidence of the House of Commons, that

advice must be followed. This principle is the very foundation of British democracy. It is the ultimate safeguard of the British people against personal rule. Furthermore, it applies even to matters which the Sovereign may consider to be of private concern only to himself.

The immediate task before King, Cabinet, Parliament and people is to find some way of reconciling these two Constitutional principles—the King's right to marry whom he will, and his duty to follow advice tendered to him by the Cabinet. Whether a constitutionally practicable solution can be found; whether, when found, it would be acceptable to the King or to the public; whether it would be in accordance with the interests of the Kingdom and the Empire, we do not know. Indeed, we doubt whether anybody, from the highest to the lowest in the land, can make up his mind on these grave issues in all the stress and heat of this sudden crisis.

There are, of course, disadvantages in delay, and it is perhaps necessary to utter the warning that a domestic anxiety of this nature should not be taken by any foreign adventurer as the signal for a fresh disturbance of the peace. Any attempt by any foreign Power to take advantage of the British public's constitutional preoccupations would unite Britain as nothing else could do. The Constitutional issue would be forgotten overnight, just as the Irish crisis vanished in a flash in 1914.

The possible advantages of a pause for reflection, however, vastly outweigh the disadvantages. Only when every possibility of a solution which would avoid damage both to the King's legitimate desires, and also to his position on the throne, has been thoroughly explored and rejected will the time have come to face the King with the blunt alternative of abandoning either his project of marriage or his throne. We hope profoundly that that time will never come. If it does, we cannot think that the King will act in any way that is repugnant either to the high office he has been called to fill, or to the manifest desires of his people and their representatives.

CONTROLLING THE BOOM

If there is any truth in the notorious popular tradition that economic experts never agree, the symposium on British monetary policy contributed to our columns in recent weeks must be accounted remarkable. Although our contributors represented such widely different viewpoints as those of the City, the universities, and the Civil Service, their conception of the kind of monetary and economic policy which this country ought now to pursue was in most fundamental respects similar. There were, of course, divergences of detail and emphasis. But on almost all the main issues the views expressed were in accord; and they were also broadly in accord with the suggestions we ourselves put forward after the devaluation of the gold *bloc* two months ago.

The greatest measure of agreement among our contributors was on the interpretation of the existing situation, and on the proper attitude towards interest rates, tariffs and prices, and public works. On the Budget there was rather less agreement and on exchange policy a fairly wide disagreement. At the present moment, it was generally felt, the British economy is on the verge of, rather than actually in, a "boom." The rise in prices, that is to say, has so far been only sufficient to cure the previously existing cyclical unemployment; and has not yet become inflationary. But it was agreed that building activity is likely to slacken from now onwards, and that the maintenance of employment will thus become dangerously dependent on re-armament. There was perhaps a tendency among all our contributors to ignore the existence of the depressed areas (i.e. the areas with considerably more than normal unemployment), or to assume that if the unemployed in those areas are to be re-employed at all, they must be re-employed in the export trades. Though this is doubtless true in the short run of most of those unemployed it must be remembered that unemployed are being transferred out of the Special Areas in England and Wales alone at the rate of about 40,000 a year, and probably out of the depressed areas as a whole at a rate of about 100,000 a year. This surplus of labour must be taken into account in framing policy for the whole country, even if a quick cure is only possible through a revival of exports.

On interest rates our contributors were unanimous in thinking that no change of policy was necessary at present. A rise in interest rates, Mr H. D. Henderson pointed out, would not retard re-armament; it would merely accelerate the decline of building activity, and this would benefit nobody. On tariffs and prices, again, there was complete agreement that for two cogent reasons this country ought forthwith to take the lead in promoting a general low-tariff agreement. The first reason is that food prices and costs are rising and so threatening a possible inflationary "spiral"; and the second, that the unemployed are now almost wholly concentrated in the export trades. Sir Arthur Salter suggested that the first tariffs and quotas to be eased should be those affecting British industrial costs and those necessary to promote low-tariff agreements. Similarly on public works it was agreed that the need is not so much for further expansion now as for the preparation of a reserve of schemes for adoption if and when a recession is threatened a few years hence.

On the delicate question of balancing the Budget, Sir Arthur Salter, Mr Henderson, Professor Robbins and Professor Gregory all declared that taxation rather than loans should finance re-armament; though they did not specify whether the whole Budget should be balanced by taxation. Sir Henry Strakosch was willing to cover at least a part of the cost of re-armament by loans. There was a greater divergence of opinion about exchange policy. Mr Henderson stated categorically that we should not "allow policy in regard to interest rates to be affected by considerations of the foreign exchanges"; Professor Gregory, equally categorically, that we ought to "announce our determination to defend the existing parities, and not to alter them without the consent of the signatories of the Tripartite Agreement." A middle view was taken by the other contributors on this point.

Perhaps the most interesting feature of the symposium has been the general acceptance of two contentions which

we do not think would have won such general acceptance in the last prosperity period of 1927-29. These contentions are: First, that this country is now in a period of cyclical prosperity which is unlikely to last, or at least unlikely to last of its own accord; secondly, that so far from spending, borrowing and expanding now on the ground that we can "afford" it, and "economising" later on the ground that we cannot, we ought to tax ourselves and reduce debt now, and so prepare for freer public spending and investment later, when and if private spending begins to fall. The acceptance of this thesis is a significant and hopeful fact; and we trust that it may permeate opinion, both official and unofficial, more and more thoroughly. One important inference from it is that the non-recurrent volume of re-armament is no justification whatever for a loan Budget at the present time. There are, of course, two extremist schools of thought, one of which holds that the trade cycle has been exorcised by the abandonment of gold, and the other that depressions descend periodically from heaven and cannot be influenced by any act of man. We would beg the advocates of the first of these theories to reflect on the undeniable probability of considerable unemployment in the building and constructional trades two years hence, and the advocates of the second to consider whether something might not then be done to absorb this labour in useful public works.

Several practical morals seem thus to emerge from the points on which our contributors are agreed. First, bank rate should for the moment be left where it is; and no action be taken to expand or contract the volume of credit by open-market operations. Secondly, there should be an increase in direct taxation sufficient, or nearly sufficient, to cover the prospective deficit. To raise further money by indirect taxation would be undesirable, both because of the increasingly regressive character of our tax system in the last few years, and because of the urgent necessity to lower tariffs and prevent a further rise in costs. A rise in income tax, surtax and death duties is thus plainly indicated; and Sir Arthur Salter suggests that this should be supplemented by a scheme for additional excess profits taxation. There is a very strong case, both on economic and social grounds, for a special tax in the next two years on profits abnormally swollen as a result of exceptional Government expenditure.

Another plain practical need is an examination of the administrative possibility of preparing in some form or another a reserve of public investment schemes. How far do administrative difficulties, the relations of central and local authorities, and so forth, forbid such a plan? Already it has been suggested that a second instalment of building to remedy overcrowding is suitable for such preparation in advance; other projects, such as the Severn Bridge and Charing Cross Bridge schemes, are known to be in various stages of gestation; road development is always susceptible to a certain degree of acceleration or restraint; and main line railway electrification has long been on the verge of profitability. Those with administrative experience might well be asked to consider, in the present breathing space, whether there is the material here for developing a public works strategy to supplement ordinary monetary policy. And in this connection there might well be preliminary study of the best practical machinery for using the Bank's gold profit as a reflationary weapon at a later date.

The more immediate problem of tariffs, quotas and exchange policy remain. All our contributors agree that there should be some easing of tariffs and quotas; and those which should go first are plainly those which affect the price of food or industrial costs. There is thus an overwhelming case for the suppression of the beef and bacon quotas, and the reduction of the steel tariff. Such a policy would restrain the rise in British costs, and provide us at the same time with a bargaining weapon for securing an increase in exports.

Tariff policy and exchange policy are inevitably interdependent; and in return for a far-reaching, multilateral low-tariff agreement, this country might well be prepared to accept a measure of provisional exchange stabilisation within reasonably wide limits. Until such an agreement is realised, however, it seems hardly worth committing ourselves to a greater curtailment of freedom than that

involved in the present Tripartite Agreement. To preserve, at any rate during the next year, the existing short-term stability and the existing reasonably natural exchange rates seems at the moment the wisest policy. For no great strain on the present sterling-dollar rate seems probable in the immediate future. The sterling area's balance of payments is probably less adverse than has been supposed. And American costs seem likely to rise certainly as rapidly as British costs in the coming months; for the rise in American money wages has only recently become rapid and substantial.

Much future trouble might, however, be avoided if the authorities in all the countries signatory to the Tripartite Agreement were to "exchange information" not only on day-to-day policy, but on the general movement of prices expected and designed by each. Divergences of price movements within the *bloc* may require further exchange adjustments. And these could be made more harmoniously if the policy of each were clearly understood by all.

THE FASCIST OFFENSIVE

THE consequences of the democratic Powers' abdication from their once-commanding position in the world are now descending upon us thick and fast. How incredulous we should have been in 1919 if we had been told then what the situation was to be to-day. The respective positions of those actors on the international stage are now completely reversed. The two then prostrate giants, Germany and Russia, have now risen to their feet and girt themselves to contend with one another for the mastery of the world. Italy and Japan, who in 1919 were semi-democratic camp-followers in the train of the Western Big Three, are now hand in glove with Germany as her confederates in a new Fascist Triple Alliance. And the three democracies are drawing in their skirts and standing on tip-toe in the hope that this uncomfortable and undignified attitude may save them from being swept away by the gathering flood. The United States, with a broad ocean on either side of her, is taking counsel with her fellow American States to make a common sanctuary of the New World. The United Kingdom, Belgium and France, with no natural barrier to insulate them from a Fascist-Communist conflict, are clinging desperately to one another in the hope that some miracle may come as a heaven-sent reward for their renunciation of any active attempt to salvage themselves.

This was the meaning of the speeches exchanged between Mr Eden and M. van Zeeland in London on Friday of last week; of M. Blum's speech about the military strength of France; and of M. Delbos's announcement that France intended to reciprocate Great Britain's pledge of armed support in the case of her neighbour being made the victim of an act of unprovoked aggression. England supports Belgium and France against an aggressor; and they her. The words—Mr Eden's and M. Blum's in particular—were brave enough; but a close reading of them suggests that the two democratic statesmen took some care to limit their promises about acting as mighty men of valour to just those hypothetical cases which are the least likely to arise. For if the West European democracies are conquered, it will not be by a direct attack on their national territories. They will be conquered in Spain and Czechoslovakia and the Ukraine and the East Indies, and they will not be called upon to stand and deliver their great possessions until the Fascist Powers have acquired an irresistibly superior strength through the conquest of those third parties whom the English and French are now throwing to the wolves. The only circumstances in which France and Great Britain can hope to arrest the Fascist offensive before it is too late are those in which they have already practically given notice that they actually intend to do nothing. If we are to stop the Fascist Powers, we must prevent their preliminary acts of aggression against our weaker neighbours.

The extraordinary thing about recent diplomatic manoeuvres is that the aggressors harvesting these spectacular successes are inwardly almost, if not quite, as uncertain of themselves as their adversaries, who are giving ground before them with all the outward manifestations of



7, CHANCERY LANE, LONDON

abject terror. Day by day, it becomes more apparent that the Fascist Powers, for all their stirring parade, have no stomach at all for a war with other Powers of their own calibre. This first became apparent in the case of Japan, when, having culled her cheap victory over China, she hung back from attacking Russia and thereby gave the Russians time to make themselves immensely more formidable to an aggressor in the Far East than they would have been in 1932. In this context, it is noteworthy that the new Japanese-German anti-Communist Pact has evoked in Japan a wave of criticism which must have taken the Japanese militarists by surprise. The civilians have not made such a stand as this against the fighting services at any time since the Japanese Army ran amok in the autumn of 1931; and the spur that is stimulating them to beard their own militarists over this issue is the dread of a really big war. What the Fascist Powers want is a perpetual supply of "little wars" with weak countries on whose behalf the other great Powers of the world will be unwilling to fight. Such birds are rare. Manchuria and Abyssinia were perhaps the solitary representatives of the species, and there is not one single sparrow whom Germany can make sure of being able to devour with impunity, since any German attack upon the Czechoslovakias and Lithuanias might bring more powerful neighbours into action.

The situation seems to be that the small supply of easy wars has been used up, and that the large choice of arduous wars which lies open to the Fascist Powers is not an option that appeals to them. But if this is so, why is it that the Fascist Powers are forcing the pace instead of slowing down to a halt? When they are fast approaching a stage in their pursuit of the democratic Powers at which the latter may be driven, in sheer desperation, to stand at bay, would not the pursuers be better advised to slacken the pace? The answer to this question—and it is a gloomy one—was given by President Roosevelt on Tuesday to his Pan-American audience at Buenos Aires.

"We know," he said, "that vast armaments are rising on every side, and that the work of creating them employs men and women by millions. It is natural, however, for us to conclude that such employment is false employment, that it builds no permanent structures and creates no consumers' goods for the maintenance of lasting prosperity. We know that nations guilty of these follies inevitably face the day either when their weapons of destruction must be used against their neighbours or when an unsound economy, like a house of cards, will fall apart."

The truth is that the dictators have wantonly placed themselves, their own peoples, and the rest of us in a dilemma from which the dictators themselves can now find no way out. In their ever more frantic efforts to prevent the house of cards from collapsing, they are being pushed ever nearer to an abyss from which they shrink as fearfully as we. The landing of some thousands of German "volunteers" in Spain this week is another long step in this terrible progress. It looks as though Hitler cannot be sure of carrying his own people through another winter without an internal catastrophe, unless he succeeds in keeping his

series of external triumphs unbroken by a defeat of Fascism in the Spanish arena. In order to keep up this indispensable illusion of invincibility he has to strike one blow after another at a structure of peace which, with half his heart, he wishes to preserve.

How far the Fascist Powers can go without provoking the democracies into making a stand it is still impossible to say. But they have also to deal with the Soviet Union; and there are increasing signs that Russia may lose patience sooner than this country or France. Russia may be a match for the members of the new Triple Alliance. It is a totalitarian state which can mobilise its people, if it chooses, for an "ideological crusade." The Russians are not spoiling for a fight because, for one thing, they are not under the pressure to which the Fascist dictators have subjected themselves. It is manifest that Stalin would greatly prefer to be let alone in order to cultivate his own enormous garden, which can provide him with quite enough "stunts" for any dictator's purpose. At the same time, the Russians have long believed the Soviet Union to be the target of a Fascist conspiracy; and in his speech of the 29th of last month, M. Litvinov directly accused the Germans and Japanese of having supplemented their Anti-Communist Pact with a secret military agreement directed against Russia. Europe is concentrating its energies on one increasing purpose—the sowing of dragon's teeth. The Far East has now been brought into the European picture. We have seen what use the dictatorships have made of their initiative. It is for those whom President Roosevelt has called "the peace-loving ninety per cent." of the world's people to make the next move.

FILMS AND FANS

Nobody seriously expected that the Special Committee appointed last March by the Board of Trade to investigate the present position of British films, whose report was issued last week-end, would do otherwise than recommend that the main provisions of the Act of 1927 should be continued for a further term. Even the most hostile critics of that measure do not deny that, despite its defects, it substantially achieved the purpose for which it was put on the Statute Book. The dying embers of an industry which had become almost extinct in 1926 were fanned into flame by the application of a strong blast of protection, and the value of the present output—estimated at near £5,000,000 last year—is probably nearly twenty times as large as ten years ago. In 1926 the depressing story was repeatedly shouted from the house-tops that scarcely more than 2 per cent. of the films shown on British screens were British made. In the last quota year this proportion exceeded 25 per cent.

The credit for this achievement is materially enhanced by the difficulties, altogether unexpected when the Act was passed, with which the industry was confronted at the end of the 'twenties. It has now successfully overcome them. Most important of these difficulties was the advent of "sound films," which, coming with the suddenness of the proverbial thief in the night, threatened the British trade with a catastrophe. At first the mewling and puking noises which accompanied the screening of the "all-talking" pictures were not recognised as the mere ululations of a new-born infant, but were mistaken for the strident cacophony of a full-grown man. The belief was widespread that the talking-picture would have only a nine-days-wonder value and that the trade would surely revert to the standard of silent pictures. Meanwhile, the hesitation induced by these first impressions led to a period of chaos, and valuable time was lost in re-equipping and adapting studios and cinemas for the "new dimension." Many enterprises went under in the struggle against these overwhelming forces; and only those which were strong financially and controlled with great courage emerged successfully from the ordeal. From then onwards the progress in every branch of the industry has been continuous. The British film industry is now second only to that of Hollywood.

Hopes were entertained in some quarters that when the existing Act came to an end in 1938, further protection

might be unnecessary. Such hopes found no place, however, in any important section of the trade itself; and the conclusion reached by the Committee is that there still exists an "absolute necessity for legislative action to maintain and establish the industry." The Committee add the opinion "that continued protection is required even if the industry is to be maintained merely in the position it has now reached" and "that a steadily increasing protection is . . . a *sine qua non*." Following on this positive conclusion they propose that, subject to certain amendments and modifications of its provisions, the present Act should be continued for a further ten years.

We are unable to follow the Committee in all the ratio-cinative processes by which they have achieved the most important of these recommendations. Beginning the new period with a "British film quota" of 20 per cent. for distributors and 15 per cent. for exhibitors, the hope is expressed that both percentages should ultimately reach as high a figure as 50. Unless the Committee are fully satisfied that their hope can be realised, more harm than good can only result from setting up an unattainable goal. To achieve equality in screen time between foreign and British films—for that is what a 50 per cent. British film quota means—implies an industry of an importance at least as great as, and possibly greater than, that of America, both in number of pictures and in entertainment quality. To believe in this possibility would be to encourage new enterprises and new investment, of which too many company promoters would be ready to take advantage; with results that would be as unfortunate for the public as those of 1928 and 1929. It is hard to believe that in so short a space as ten years—in the face of such competition as the American industry never had to meet—the size of our own production industry could be increased more than ten-fold, and the British producers' average earnings from individual pictures about four-fold. Yet this is what, according to the evidence, equality means.

Undoubtedly, the primary objective of the Board of Trade in appointing the Committee was the complete extirpation of the "quota quickie." This is the name given to the class of subject, made principally to the order of the American distributing companies operating here, which, while complying with the technical requirements of the Act, evoked only derision and contempt for the British industry. The many excellent pictures which British companies have produced in recent years, comparable in technical excellence and in entertainment value with the best from Hollywood, are completely ignored in this connection; and the public here and abroad are inclined to estimate British pictures by the "quickie" standard. A solution to this problem had to be found; but we are far from convinced that the method recommended by the Committee is not more likely to create new and worse difficulties than those which it will overcome. The Committee considered and rejected a suggestion, which had considerable support from many trade authorities, to require a minimum of expenditure on every picture before it could qualify for "quota." Admittedly, cost is no criterion of value; and bad pictures can be produced with "tons of money." Nevertheless, the standard was a definite and practical one, and under it the number of really bad pictures must have been considerably reduced. Instead the Committee recommend the appointment of a kind of tribunal who, after any picture has been completed, would view it and decide whether its entertainment quality justified its registration as a British quota picture. There is, we feel, ground for the apprehension felt in the trade that under such a regime pictures will not be submitted because they will not be made. Given the hazards already associated with picture production, finance is bound to fight shy of the additional hazard of satisfying the varying tastes of a body of men and women—in these days we presume the members would not be all of one sex—which would be united only in their dissimilarity to those of the "fans" of Wigan, Oswaldtwistle and Llanfairfechan. A censorship of quality—for that is what such an institution must become—is the most objectionable of all types of censorship, and Parliament is likely to give short shrift to any such proposal.

Particular interest attaches to the Committee's unexpected recommendation in favour of creating a Film

Commission to control, guide and direct the activities of the film industry. The trade has received the suggestion frigidly, and it is doubtful if, should it reach the draft legislative stage, Parliament would regard it with any greater cordiality. Nevertheless, the proposal may, in the present circumstances of the film trade, deserve serious consideration. It might help to remove the quarrels which are so frequent among the different sections of the trade, and unite them in the common purpose which they profess to be anxious to serve. The most violent quarrels in recent months have arisen in connection with the alleged over-building of new cinemas; the action of the renters in combining to withhold a supply of films to any combine of theatres not tied by a substantial cash nexus; the soaring prices which exhibitors are compelled to pay for their film programmes. In some of these cases exhibitors have sought relief by asking the Board of Trade to intervene, and it may prove that the independent body which the Committee now recommend can be shaped to remove these and many other similar difficulties. Perhaps the Committee have not realised, however, how difficult would be the task of selecting the members of such a Commission. The industry is, perhaps, more complex and more intricate than any known to our economic life. Unless the members appointed have considerable experience of the trade and its multitudinous problems, the Commission will not inspire that confidence in the trade and the public which is essential if it is to realise the good intentions of its sponsors.

CAN BRITAIN FEED HERSELF?

THE appointment of Mr H. L. French as director of a new Food (Defence Plans) Department forcibly directs national attention to the problem of food supplies in time of war. One of the acknowledged objectives of the Government's agricultural policy has been to lessen Britain's dependence upon imported foodstuffs. What progress has been made since 1931?

For a brief and convenient epitome of available facts we would direct our readers to the accompanying table. In it we show, side by side, the total imports of various foodstuffs and estimates of home production, based, in many instances, on the invaluable publications of the Imperial Economic Committee.

UNITED KINGDOM—FOOD SUPPLIES
(000's omitted)

	1931	1932	1933	1934	1935
Wheat—Home production	Cwts. 20,280	Cwts. 23,360	Cwts. 33,440	Cwts. 37,380	Cwts. 34,890
Imports	119,419	105,637	112,375	102,625	101,226
Maize—Retained imports	51,000	50,115	49,604	59,344	57,638
Beef and veal—Home production	12,161	11,713	12,210	13,474	14,434
Imports	13,136	12,175	12,212	12,812	12,692
Mutton and lamb—Home production	5,058	5,731	6,214	5,776	5,452
Imports	7,132	6,934	6,696	6,491	6,752
Pigmeat—Home production	6,510	7,454	7,692	8,004	9,187
Imports	13,291	13,237	11,117	10,032	9,064
Butter—Home production	950	950	950	950	950
Imports	8,060	8,364	8,832	9,695	9,609
Cheese—Home production	1,000	1,000	1,000	1,002	1,142
Imports	2,866	3,003	3,040	2,989	2,713
Fish—British taking	19,847	19,554	18,745	18,657	19,884
Sugar—Home production	5,035	6,606	9,261	12,296	9,746
Retained imports	34,519	41,474	34,002	32,271	32,759
Tea—Retained imports	Lbs. 445,425	Lbs. 487,722	Lbs. 422,983	Lbs. 442,530	Lbs. 403,638
Eggs—Home production	Gt. Hds. 34,500	Gt. Hds. 37,500	Gt. Hds. 39,500	Gt. Hds. 39,500	Gt. Hds. 38,500
Imports	25,925	19,995	18,373	18,734	19,779

The Wheat Act of 1932 has brought about a substantial increase in wheat production, partly at the expense of other grains. Domestic output is now sufficient to satisfy about one-quarter of the demand, against only 15 per cent. in 1931. Moreover, as we showed in a leading article on November 7th last, there is no reason to suppose that home

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production has reached its limit. For the present, however, imports to the value of about £30 millions are made annually, of which over one-half comes from the Empire. Canada, Argentina and Australia are the principal sources (in that order), and together account for the bulk of our imports. Among other cereals, maize is an important feeding-stuff of livestock and poultry, and here we are entirely dependent upon overseas supplies. Imports are valued at about £12 millions annually, with Argentina's contribution far and away the most important.

Consumption of meat in the United Kingdom is heavy, and our dependence upon overseas sources is still considerable. Home production of beef, however, has been encouraged by the fat cattle subsidy, and foreign imports have been restricted under the Ottawa Agreements. British production, consequently, is now sufficient to meet over one-half of the demand, the remainder being supplied mainly by Argentina. Last year Argentine shipments were valued at £14,480,000 out of a total of £21,760,000. Home production of mutton and lamb, which has not been subject to Government intervention, has declined slightly in recent years and is insufficient to satisfy even one-half of total domestic consumption. The United Kingdom takes practically the whole of the mutton and lamb entering into international trade, imports being worth about £18 millions annually. Over 50 per cent. of our imports come from New Zealand, with Australia a lagging second.

The supply position of pigmeat (pork and bacon) has been greatly modified by the Pigs and Bacon Marketing Schemes. As our table shows, home production has considerably expanded since 1931, while imports have been cut down by quotas. Home production provided only 33 per cent. of total supplies in 1931, but is now sufficient to satisfy about 50 per cent. of our needs. Denmark is still by far the most important source of overseas supplies, but shipments from Canada have shown an extraordinary increase in consequence of very favourable treatment under the Ottawa Agreements. There is no doubt that British production of meat could be still further extended if necessary—but only at the expense of importing increasing quantities of fodder. And the shipping space occupied by a ton of meat is substantially less than that occupied by the feeding-stuffs necessary to produce the same quantity of meat on British soil.

When we turn to dairy produce, we find a still greater dependence upon imports. British production of butter is estimated by the Imperial Economic Committee to have remained stationary in recent years at around 950,000 cwts. Imports, which are ten times as great as home production, have tended to expand and are now worth about £40 millions annually. Among overseas sources of supply, New Zealand, Australia and Denmark are roughly of equal importance, and together supply about 70 per cent. of our total imports. In cheese we are more nearly self-sufficient, our home supplies having risen from about one-fourth to one-third of the total demand. Imports come principally from New Zealand and total about £7

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millions a year. The Milk Marketing Schemes have caused a change-over from farm to factory production of butter and cheese, but have had little effect upon total production. It is most unlikely that Great Britain could ever make herself self-sufficient in these essential items of food. On the other hand, it is possible to envisage self-sufficiency in eggs at no very distant date if foreign supplies are entirely shut out. Imports of eggs from Denmark and other countries have already been restricted by "gentlemen's agreement." Home production has been on a steadily expanding scale since the war, and now satisfies about two-thirds of the total demand.

Fish is one important item of food which can be provided entirely from British sources. British takings are actually in excess of home demand, and a balance is available for export. In time of peace, Britain's fishing industry could no doubt expand its output still further, but in war time it would probably be exceedingly difficult to maintain the present level of production.

Sugar and tea cannot be strictly described as essential foodstuffs, but they rank high on the list of conventional necessities. Even the most ardent advocate of self-sufficiency is hardly likely to suggest the planting of tea gardens in temperate latitudes. Willy-nilly we must continue to rely upon imported supplies, which come principally from Empire countries—mainly India and Ceylon—and are valued at about £26 millions annually. Our need of sugar was until recently satisfied from foreign sources, but the supply position of this commodity has been modified by the Government's policy. From very small beginnings in the immediate post-war years, British production has been fostered by means of the subsidy, and is now able to meet about one-quarter of total demand. Imports to the value of about £13 millions annually come from a considerable number of countries, of which Cuba is the most important.

Mention may be made, finally, of fruit and vegetables—a group of foodstuffs whose importance has been widely recognised in recent years. Imports, which fluctuate from year to year with the variations in the home crop, may be valued at some £40 millions a year. The United Kingdom is the world's largest importer of fresh fruit, about three-quarters of total supplies coming from sources overseas. The principal imported vegetables in value terms are tomatoes, potatoes and onions. But imports of potatoes are very small compared with domestic production, while entries of other vegetables have been drastically reduced since 1931 by British tariff policy.

The conclusion suggested by these figures is that in response to Government intervention British agriculture has undoubtedly furnished increasing supplies of foodstuffs in recent years. This result has, however, been achieved at a cost which must become progressively more heavy with every advance towards self-sufficiency. For a high proportion of the foodstuffs necessary for our well-being we are still dependent upon imported supplies, and it is inconceivable that we shall be able to dispense with them by any foreseeable future date. Moreover, although the Ottawa Agreements have been followed by a proportionate increase in our purchases in Empire markets, such foreign countries as Argentina and Denmark are still indispensable

to us. In time of war, their greater proximity to the British market would render the latter—to say nothing of the Irish Free State—more accessible as warehouses and granaries than Australia and New Zealand. The grudging attitude of His Majesty's Government towards trade with these countries is calculated to impair rather than to enhance the security of the nation's food supplies in time of war.

ORGANISING THE MILK MARKET

In the last three years, almost unbeknown to the man in the street, a vast experiment in the control of a complicated and individualistic market has been in progress. Over 160,000 dairy farmers have been marketing their milk through the agency of four Milk Marketing Boards, one for England and Wales, one for the greater part of Scotland, one for the Aberdeen district, and one for the North of Scotland. These Boards are easily the most important that have been set up under the authority of the Agricultural Marketing Acts—the most important either to the farmer or to the community—and the policy embodied in those Acts must stand or fall, in large measure, by the success or failure of the milk schemes.

Moreover, there has been another important development since 1933. Three years ago, the blessed word nutrition was barely heard outside specialist circles. To-day, the whole nation has been awakened to the twin facts that proper (and not merely sufficient) food is of vital importance to the health of the people, and that the food consumed by a very large section of the population is neither adequate nor appropriate for the maintenance of health. No food is more necessary, especially for children, than milk; and no food is more woefully deficient in our national dietary.

The Reorganisation Commission, which was appointed last year to examine the progress of the Milk Marketing schemes and has just reported*, was therefore asked to determine not merely whether the schemes have fulfilled the hopes of their original sponsors, but also whether they meet the somewhat wider requirements for a system of organising the milk market which would correspond to the awakened public conscience on the vital necessity of proper nutrition.

The Commission's Report (which was briefly noticed in last week's *Economist*) is a long and illuminating document which deserves the attention of many who are not directly concerned with any phase of milk production or distribution. The first two sections of the Report are a review of the history and effects of the marketing schemes. Those schemes are founded upon three main principles. In the first place, a rigid distinction is drawn between the market for milk for liquid consumption and the market for milk to be manufactured into butter, cheese or other products. It is the same milk which goes into the two markets, but in one it fetches a price more than three times as high as in the other. But, secondly, the receipts from these two markets are pooled within each of the eleven regions (in England and Wales) and each producer receives a share in the pool irrespective of whether his milk has gone to the liquid or the manufacturing market. And, thirdly, the scheme is administered by a Board which is elected by, and therefore representative of, the producers of milk alone. In spite of this narrow basis of representation, the Board has very considerable powers of prescribing prices not merely for the first sale of milk but also for its re-sale to consumers.

This organisation has worked as might have been expected. The producers have gained, thanks to a steady market and to receipts higher than they were before the scheme and considerably higher than they would have been without the scheme. Distributors have gained through assurance of supplies and legal enforcement of favourable margins. Manufacturers have gained through an increase of turnover and prices calculated to secure remunerative working. The best test of the success of the scheme from this point of view is the enormous increase in the volume of milk handled. It increased from 939 million

* "Milk: Report of Reorganisation Commission for Great Britain." Ministry of Agriculture and Fisheries, Economic Series No. 44. H.M. Stationery Office. 1s. net.

gallons in the first year to 1,107 million gallons in the second year, and there has been a further increase in the third year. Contrary to the general belief, there has been very little increase in the production of milk. But less of the total production is now being used on the farm and more sent for sale. There has been no corresponding increase in the liquid consumption of milk, and the extra offering have gone to swell the surplus in the manufacturing market. The pool price received by the farmer being a weighted average of the liquid and manufacturing prices, the effect of a growing surplus has been to widen the margin between the liquid price and the pool price. The Milk Marketing Board has reacted to this situation as any producers' organisation always will react; that is, rather than suffer a diminution of the pool price received by its constituents, it has pushed up the price of liquid milk. And to secure the consent of the distributors to this, it has agreed to increase, and to enforce with its legal powers, a higher margin for them. The consumer, caught on both sides, has paid for all the benefits extracted from the scheme by the other parties.

Now, this is clearly an intolerable position—that the one interest to be damaged should be the one which public opinion and public policy alike rank highest. It is to the credit of the Reorganisation Commission that they recognise this. With the other aspects of the scheme they have relatively little fault to find. They approve the continuance of the present rigid separation of markets with differential prices. They approve in effect the pooling of receipts and their distribution among producers in accordance with their production, irrespective of use. They recommend, however, that the producer should not in future receive a share in a *post facto* distribution of realised proceeds, but that he should be guaranteed a price, fixed annually, region by region, "at a level estimated to call forth the quantity of milk required."

Their major proposals are intended to protect the consumer. In the first place they recommend that prices shall be fixed, not by a producers' Board, but by an appointed Milk Commission of five members from whose decisions there would be no appeal. Secondly, they propose that it shall no longer be permissible to prescribe *minimum* retail prices or distributors' margins, so that competition shall be free to resume its influence on the cost of distribution. Thirdly, they propose that the wholesale price of liquid milk shall no longer bear the cost of subsidising the sales of manufacturing milk at unremunerative prices. The liquid milk market can fairly be asked to bear the loss caused by the disposal of the reserve necessary to ensure adequate supplies at all times (which is defined as equal to 20 per cent. of the liquid consumption). But the loss on the remainder of the surplus must be borne by the Government, since the alternative policy of reducing production to the requirements of the liquid market is adjudged to be politically impracticable. Finally, the Government is asked to provide further sums to subsidise experiments in the supply of milk at "assisted" prices

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to those who, through age or poverty, are unable to buy adequate supplies. There is an ominous hint that the cost of these subsidies approximately equals the yield that could be expected from a "moderate levy" on imports of butter and cheese.

There are many points in this Report with which fault can easily be found. One may, for example, doubt the practicability, while welcoming the theory, of prices calculated twelve months in advance to produce a given effect. One may regret the acceptance by the Commission of the necessity for continuing to subsidise the production of milk which can only be sold at a loss. One might wish for a very great deal more emphasis upon the urgent need for rapid improvement in the cleanliness of milk. One might have looked for an exposure of the inefficiencies of the system of distributing milk. But against these defects must be set the great gain that at last an official Commission has placed the interests of public health and nutrition above those of any particular sectional body, and has framed a set of proposals for the deliberate protection of the consumer. There has been a howl of almost insolent rage from the National Farmers' Union at the suggestion that the monopolistic powers of the producers' Board in fixing prices, or those of the N.F.U. itself in filling the Board, should be abridged. But we are confident that public opinion will agree with the Commission when they say that "the necessity for ensuring to the consuming public an ample supply of clean, safe milk at a reasonable price must be the overriding consideration." From this point of view the history of the last three years has been one of retrogression rather than progress. The Report is to be welcomed as a first attempt to reverse the trend and change the objective of milk marketing.

NOTES OF THE WEEK

English Ships and Spain.—The House of Commons had a lively debate on Tuesday, when the Government's hurried expedient to stop carriage of arms to Spain in British bottoms—the Merchant Shipping (Carriage of Munitions to Spain) Bill—was passed through all its stages at one sitting. Mr Runciman, President of the Board of Trade, gave it a poor introduction; he seemed unwilling to admit that the Dominion Governments had not been consulted; but finally confessed that the Navy would not have the right to stop and search Dominion vessels, as they would be able to stop British ships. Mr Noel Baker, on behalf of Labour, said the Bill was unprecedented; it did not apply to carriage of arms to the ports of countries bordering on Spain; and it left to the Fascist countries a free opportunity to assist General Franco in imposing a blockade of the ports open to the Spanish Government. Sir Archibald Sinclair, for the Liberal Opposition, wanted

the Government to make entry of the Act into force dependent on other Powers stopping their supplies to General Franco. He thought the Government's step

was merely a reply to the piratical threats of General Franco to interfere with foreign shipping. . . . If General Franco wanted to run the risk of bringing Great Britain into the war and thought he had something to gain, there was nothing in the Bill to stop him.

Mr Eden, in reply, observed that, in answer to General Franco's threat of a blockade, the Bill would allow the British Navy, and not General Franco, to see that no British ship carried arms to Spain. The Bill was necessary because the Government would not recognise the rebels' belligerent rights. Dominion ships could count on the British Navy to defend them. Mr Eden called the Bill "a necessary part, though a small part" of the Government's work in preventing the Spanish conflict from

spreading. The Leader of the Opposition refused to consider it as a measure to stop a gap in the law; for, he pointed out, the gap had been made by General Franco's threats; and if we succumbed to them, the Fascist countries would have free play. A Conservative Member, Wing-Commander James, fresh from his visit to Spain in company with other Members, made a most impressive speech, in which he warned the Cabinet that "extremely brave decisions would have to be taken, and the sooner the better." As the Bill only prohibits carriage of arms and munitions deftired in a long list, it is to be feared that incidents which it is concerned to avoid may none the less be aroused—if General Franco and his friends desire it.

* * *

A European Arena.—It is becoming ominously clear that Spain is cast for the role of an international arena; a bull-ring without a bull, in which Europe's matadors, picadors, and toreros will be at each other's throats in what has aptly been termed "a war of ideologies." Last week-end it was announced that 2,000 German volunteers had disembarked at Cadiz and gone to Seville. On Thursday it was reported that this number had been swollen by many thousands. These men are not, presumably, sent by the German State; but, as has been pointed out in the British Press, totalitarian States dispose of the lives of all their citizens—as we learned once more this week, from a new German decree on which we comment below. They are Party-States under Party-dictatorships. Accordingly, though Germany, Italy, Russia and Portugal are all members of the Non-Intervention Committee in London, they can dissociate themselves from acts by their citizens who go to Spain as "volunteers" on one side or the other. The Committee have this week agreed to propose international supervision of Spanish frontiers to both sides in Spain. But the Portuguese representative has declared that Portugal will abstain from any joint action by the States-members to supervise the Spanish frontiers and to prevent supplies of men and material to either side. This would leave Portugal's frontiers open to abuse; for, even if both sides in Spain agreed to the proposal—and General Franco certainly would evade it, since he urgently needs external assistance—the rebels have control of the Spanish side of the Portuguese frontier. Indeed, this week's news from Spain shows clearly that General Franco is hard pressed. The Government forces have taken the offensive in the north; Saragossa is threatened; so is Burgos, the headquarters of the rebel Junta; and on the Talavera sector the Government have pressed the rear of General Franco's attacking force outside Madrid. The rebel communications are endangered in many places. It becomes increasingly clear that Germany's and Italy's recognition of the rebel Junta as the Government of Spain were dictated by General Franco's critical position, as emphasised by his brother, Ramon Franco, in Rome.

* * *

A Spanish Appeal to the League.—On Friday of last week, the Spanish Government made a formal request for a meeting of the League Council to examine, under Article XI of the Covenant, acts of intervention on behalf of the Spanish insurgents, with which Italy and Germany are charged. The Council has been duly convened for next Thursday. No one could deny that Italo-German intervention is "a circumstance affecting international relations which threatens to disturb international peace or the good understanding on which peace depends." Nor can the Spanish Government be found technically out of order. It is undoubtedly the legitimate Government of Spain; and in that capacity it is free to make its appeal and present its case at the Council meeting without being called upon to produce credentials. It is only natural that the Spanish Government should have made this move. It is an opportunity, which cannot be denied to it, of launching a powerful indictment of Germany and Italy with the utmost publicity. Nor can the Germans and Italians, even if they wish, very easily use the same platform for hurling a *tu quoque* at the Russians. For the League, unlike the Non-Intervention Committee, will have to proceed strictly according to international law; and in international law Italy and Germany would be committing acts of war against the lawful Spanish Government on Spanish

territory, whereas Russia is exercising its undoubted right to give a friendly Power assistance in asserting its authority against a gang of rebels. In law, the Soviet Government is acting no less correctly to-day *vis-à-vis* Spain than the Imperial Russian Government acted in 1849, when the Czar Nicholas I sent his troops into Hungary to help his neighbour the Emperor Francis Joseph to stamp out the insurrection of the Magyars. The fact that the Russians, as well as the Germans and Italians, are breaking an *ad hoc* Non-Intervention Agreement does not constitute a violation of the Covenant and is therefore not a fact of which the League Council can officially take cognisance. But in the present circumstances it is to be feared that the Spanish appeal may merely rub in the League's virtual impotence without opening the way to any effective action for good in the Spanish field. It is noteworthy that the Russian Government, as well as the French and British Governments, has made it clear that it has no relish for this meeting at Geneva.

* * *

The Argentine Trade Agreement.—We reported in last week's *Economist* that a new Trade Agreement had been signed between the British and Argentine Governments to replace the Roca-Runciman Agreement of 1933, which, after two prolongations, expired on November 20th. This week we publish in a special Supplement the full text of the Agreement, as issued in London on Wednesday. As is inevitable with an Agreement of this nature, the text is lengthy and complicated. But the results of the long and, it is rumoured, difficult negotiations can be very briefly indicated. In 1933, Argentina gave substantial concessions to British trade and finance and acquiesced in a large measure of restriction of her exports to the British market, in return for continued assured possession of the remainder of her market in this country, which is vital to her national economy. This year the process has been carried a little further. Argentina has made further concessions, both in enlarging the Argentine market for British goods and in assenting to a contraction of the British market for Argentine products, in return for another three years' security for the rest of her market. As we ventured to predict last week, Mr Runciman has driven an even harder bargain in 1936 than in 1933. It is true that the concessions on either side are far smaller this time than last, and that the Argentine Government is disposed to make the best of the bargain it has struck. But we are moved to inquire whether, at every three-year period, another ounce of flesh is to be exacted from Argentina. As is demonstrated in the Introduction to our Supplement, every penny by which Argentina's sales are reduced is a penny less for some British exporter or investor. But even if this were not so directly and arithmetically exact, is it really wise to drive an ever harder bargain with a country than whom we have no better customer anywhere in the world? It will be seen from these comments that we are not enamoured of the new Agreement. But it is vastly better than it might have been. The agrarian party in Parliament and the Press have long been taking the attitude that the only thing to do with Anglo-Argentine trade is to suppress it. In these circumstances, it is no small mercy to have an Agreement which limits the duties which can be imposed on beef and wheat, sets bounds to quantitative restriction of all kinds of meat, prohibits quantitative restriction of wheat and maize, and places maize on the free list. The Agreement is probably the best that the New Economics can devise. As such it will be accepted.

* * *

Holidays With Pay.—The recent legislation in France and Belgium providing for compulsory holidays with pay has made this country appear rather behindhand in this aspect of social reform. It is not surprising, therefore, that a private Member's Bill should have been introduced into Parliament seeking to make it obligatory on employers to give every employed person an annual holiday of eight days with pay. Mr Rowson (Labour), in moving the second reading last Friday, argued that the charge on industry would be infinitesimal. He also pointed out that 75 per cent. of the working population of this country are still without paid holidays. The rejection of the Bill was moved and seconded by two Conservative Members, who

objected to the introduction of compulsion; but it was supported by Mr Geoffrey Mander (Liberal) and Miss Cazalet (Conservative). Another Conservative (Mr Robinson, of Blackpool) said that the Bill was "not Socialism but enlightened and sensible capitalism." Lieut.-Colonel Muirhead, replying for the Government, expressed doubt of the necessity for the Bill. The second reading was carried, none the less, and the debate left little doubt that a Bill embodying the principle of paid holidays would meet with general support if the Government's opposition were modified. Whether the hardest-pressed British industries can afford paid holidays at this time, is a moot question. But the popularity of the movement, and the amount which can be done by voluntary effort, was illustrated by Lord Nuffield's benefaction to his staff announced two days after the debate in the Commons. Lord Nuffield is handing over £2,125,000 in Morris ordinary shares to trustees to be used as a fund for the benefit of his employees. Out of this fund will be paid holiday wages, as well as actual dividends. The project is much more attractive and generous than most profit-sharing schemes; for it starts with a huge fund, and will apparently guarantee the payment of holiday wages. This further splendid benefaction of Lord Nuffield's, embodying as it does the idea of paid holidays for employees, will probably catch the public's imagination even more than his recent gift of £2,000,000 to Oxford University.

* * *

The Crystal Palace.—Fire broke out mysteriously at the Crystal Palace on Monday evening; and by dawn next day little was left of the uncouth but familiar landmark that had dominated South London for over 80 years. The spectacle of the Palace's collapse seems to have attracted a larger crowd of sightseers than it had ever attracted in its lifetime. Indeed, the heights surrounding London were covered by crowds rather similar to those which watched the burning Zeppelins crashing during the War. How many of these crowds, one may wonder, reflected on the origin of the Palace, and the politico-economic ideas which it represented nearly a century ago? For the success of the Great Exhibition which it housed in Hyde Park in 1851—after much bitter controversy in which the Prince Consort was involved—was taken as a symbol of the coming triumph of those ideals of free trade, democracy and peace for which Liberal England stood. The sponsors of the Exhibition spoke of that "noble competition" in trade which would benefit all men in all countries; and Tennyson celebrated the opening of a venture—

"Where science, art and labour have outpoured
Their myriad horns of plenty at our feet."

In the end, the Crystal Palace outlived the Poet Laureate, outlived the Queen, and outlived the system of absolute free trade that had triumphed just before its birth. Now it lies in ruins, a financial if not an aesthetic loss to the nation; and some will doubtless see in these ruins the symbol of the final collapse of the ideas of 1851. They may be right. Or it may be that the fears of to-day will prove as false as the hopes of prince and poet 80 years ago.

* * *

By-Election Lessons.—Both the week's by-elections results belied the best-informed expectations. At Preston the Government won where they expected to lose; and at Greenock they lost where they equally expected to win. The Government's majority at Preston was 1,605 (on a total vote of over 60,000), compared with a 5,000 majority at the General Election; and the Labour majority at Greenock was 2,604, compared with a Government majority of 3,354 at the General Election. Both by-elections were complicated by personal considerations. At Preston an independent woman candidate, standing on the sole issue of pensions for spinsters, secured 3,000 votes; and it was generally believed that more of these came from potential Labour than potential Government supporters. At Greenock the personal influence of Sir Godfrey Collins, the late member, had long been great; so that it was natural that a less eminent Government candidate should poll a smaller vote. If one allows for these disturbing elements, the Preston and Greenock results seem to indicate a general passivity of public opinion. The Government's record does

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not inspire enthusiasm, but the dissensions within the Labour Party are apparently preventing any swing of unattached opinion in its direction. The regularly attached voters, however, are not swerving from their traditional allegiance, or even abstaining from voting. The Labour and Conservative votes, and the total votes polled, remain remarkably steady. If the electorate is perplexed by current events, its rooted opinions appear to be as yet unshaken.

* * *

Roosevelt at Buenos Aires.—President Roosevelt goes, deservedly, from strength to strength. His recent triumph in his own country has now been capped by the ovation he received at Buenos Aires on Tuesday at the opening of the Pan-American Conference. It looks as though during his second term of office at Washington he may come to occupy a position of leadership in all the Americas which has never before been attained by any President of the United States. The change in the relations between the United States and the Latin-American republics during the last few years is as remarkable as it is satisfactory. A few years ago the natural gulf produced by a marked diversity of culture and incompatibility of temperament was being unnecessarily deepened by a widespread fear in Latin-American minds that the United States might misuse her superiority of strength over her American neighbours for imperialistic ends. This fear originated in the spectacle of "dollar diplomacy" being practised by the United States Government, on behalf of its own nationals, in Mexico, Central America and the Antilles. The fear was reinforced by an *amour-propre* which is characteristic of adolescents—whether nations or individuals. The result was a misunderstanding between the United States and Latin-America in which Argentina stood forth as the self-constituted champion of the Latin cause. It is the more significant that the present festival of Pan-American reconciliation should have been held in the capital of the Argentine Republic. The immense change for the better in inter-American relations can be traced back to several causes. There was a conscious change of orientation at Washington which had set in before Mr Roosevelt's first accession to office and which had already found a brilliant exponent in the late United States Ambassador in Mexico, Mr Dwight Morrow. Another factor is the personality of President Roosevelt himself. A third and still more potent factor is the present situation in the Old World; for this situation, as seen through any American eyes, is so fraught with menace as to compel all Americans—Latins and Anglo-Saxons, Democrats and Fascists—to come together in some kind of defensive union. This was the theme of President Roosevelt's speech at Buenos Aires on Tuesday. He reverted once again to his indictment of the dictatorships that seek to dictate to all peoples of the world, and expressed his belief that the New World could help the Old to avert a catastrophe. But the bulk of the American leader's speech was devoted to the discussion of ways and means for keeping the Americas at peace within themselves, shielded from the Old World's impending fate.

* * *

Tension in Germany.—The world is becoming almost habituated to the issue of decree-laws in Germany which shock the public opinion of countries where freedom still prevails. By comparison with some such decrees, the recent decree forbidding all criticism of works of art or

letters seems mild, if incomprehensible, as an Act of State. What useful State purpose can be served by ordering all critics to desert their posts and to indulge in "analysis or description"? Far more drastic, however, and far more repugnant to good sense abroad, is the decree last week-end, which makes it an offence punishable by death for a German to move property away from Germany, or even to move property existing outside Germany to another place without declaring its whereabouts. It is hard to resist the conclusion that the rulers of Germany are in dire straits, both economically and also in domestic social matters. That the former is the case we well know; for General Goering has been haranguing the peasants, urging them not to withhold supplies from the State food organisation; and his colleague, Dr. Goebbels, Minister of Propaganda, as well as banning art criticism, has been haranguing the workers, telling them that the coming hard winter will necessitate new sacrifices on behalf of German self-sufficiency under the new Four-Year Plan, of which General Goering is supreme chief. Meanwhile, Dr. Schacht's system of exchange and trade controls is encountering new obstacles; which may make Dr. Schacht thankful that General Goering has been placed over him, both for the control of the exchanges and for the execution of the Four-Year Plan. This week the German authorities have announced to Roumania that they are compelled to default on their current commitments, and that they can only liquidate their current trade debt to Roumania, caused by heavy German imports, by offering armaments in exchange. This kind of commercial procedure, as we have recently observed, is becoming too painfully familiar to Germany's smaller clients; and the announcement this week of the award of a £3,000,000 contract for a new State iron and steel works by the Turkish Government to an English concern, in the teeth of keen competition from Krupps, may be more than a mere straw in the wind. Evidently the economic tension in Germany has reached a point where the pressure of sacrifices is making Germany's rulers apprehensive. Consequently the hand of the Nazi State is convulsively stiffening over the German people. After the developments of the last three and a half years in Germany it is not surprising. But it is alarming, none the less. For a desperate diversion becomes therewith more attractive to the Nazi authorities. The question we must all ask is: Will the diversion be inside or outside Germany?

Poland and European Security.—The visit to Warsaw last week-end of M. Antonescu, Roumanian Foreign Minister, carries a stage further the improvement of relations between Roumania and Poland. Both States have little desire to become sleeping partners in any German-Russian conflict; and naturally their Governments are taking steps to concert measures for armed neutrality. While this renders a German diplomatic success in Warsaw or Bucharest less likely, it raises anew the question of Poland's foreign policy. There appears to be sound reason for the claim that the Polish Foreign Minister's, Colonel Beck's, visit to London a fortnight ago was a success. Our Warsaw correspondent emphasises the inclusion in the Polish Foreign Office statement of November 11 of the words: "Means would require to be found to respect Poland's legitimate interests in the matter of the proposed Western Treaty." This recognition is made doubly important by the recent Russo-German conflict of vituperation and by the intimations conveyed to the Polish Press by Berlin correspondents that the German Government is disposed to accept Poland's "legitimate interests" in the contemplated security system for Western Europe—but without modifying Germany's refusal to accept Soviet Russia in the proposed system. If Germany, to meet British or French insistence, had either to accept the French alliance with Poland or the Franco-Soviet Pact in order to connect security in the East with security in the West, she would naturally accept the Franco-Polish alliance—the more so as Germany has already nominally guaranteed Polish security for ten years through the pact of non-aggression of January, 1934. Inclusion in a Western security system, however, would not be a success for Poland—at least, not for the policy of the late Marshal Pilsudski—if she were then

manœuvred into "taking a position" against Soviet Russia and the Franco-Soviet Pact. The question is now being asked in Warsaw whether the understanding reached between Mr Eden and Colonel Beck in London—that "nothing would be more fatal to the hopes of European appeasement than the division, apparent or real, of Europe into opposing blocs"—does not, in fact, mean that Great Britain and Poland are gravitating towards an anti-Soviet bloc. The visit to Poland of M. Antonescu may go a long way towards answering it. While official attention is concentrated on maintaining a balance between Russia and Germany, Polish interest in Czechoslovakia can scarcely exceed that of Great Britain and France. Poland can hardly go to the assistance of Czechoslovakia, in case of unprovoked or concealed aggression on her by Germany, unless Great Britain and France do so. Public opinion in Poland would recoil from accepting territorial gains for Poland if Czechoslovakia were dismembered. But while Polish opinion understands quite well that the dismemberment of Czechoslovakia would be followed in due course by the dismemberment of Poland (and other countries as well), it would no doubt be forced to recognise the futility of Poland's trying to oppose German expansion through Central Europe and the Balkans, if France and Great Britain simply treat it as another case for a meaningless non-intervention formula.

Two Steps Forward in India.—At a time when the international horizon is so heavily overcast, it is comforting to notice and record rare gleams of light. This week we can report two steps forward in the progress of India toward the goal of full Dominion status within the British Commonwealth. One of these steps is the appointment of a distinguished English barrister, Sir Maurice Gwyer, to be the first Chief Justice of India as from October 1, 1937, the date approved by the Parliament at Westminster for the constitution of the Indian Federal Court. The other step is the despatch on circuit through the Indian States of emissaries of the Viceroy who are to consult each of the rulers about his individual problems on the question of federation. Constitutionally, the Indian States are their own masters in deciding whether they shall exchange their existing treaty-relationship with the British Crown for the status of membership in an Indian Federation. Practically, their policy is likely to be determined by factors which they cannot eliminate and which they can only ignore at their peril. The first of these pertinent considerations is that a policy of holding aloof would entail automatic and grave penalties. The Federation will be there as a widely ramifying body politic in which even the largest of the States will be mere enclaves; and in renouncing all voice in the control of the Federal Government a local prince would in effect be condemning himself to have no say in the settlement of All-Indian economic and fiscal and social questions which are bound to be of capital importance for his own principality. An even more pressing consideration is the possibility that a prince's desire to retain his own local sovereignty might be opposed and overborne by his subjects' will to merge themselves in an All-Indian body politic. The artificial and accidental boundaries between the States and the Provinces may have divided two sharply different political regimes, but they have never partitioned India into water-tight mental compartments. Again, this week we know that Pandit Nehru is now assured of the leadership of the Indian Congress Party. On this showing, the part of wisdom for the princes lies in moving voluntarily with the tide that is now flowing towards the consummation of an All-Indian nationhood, rather than in digging their toes into the sand until the current sweeps them away.

France and British Coal.—The doubling of France's December import quota for British coal, announced last week-end, is an event of great importance. It is at once one of the fruits of devaluation, a sign of economic recovery in France, and a proof that the adjustment of false exchange parities may be the surest means to freer trade. On the other hand, coupled with the resumption of British coal

exports to Italy, the doubling of the French quota should bring appreciable alleviation to our hardest pressed export industry—particularly in South Wales, which supplies 60 per cent. of the French demand. In the deflationary period of 1932-36 France was forced by falling internal demand to make successive cuts in British coal imports in order to prevent the complete ruin of her own industry. As a result the volume of British coal exports to France has been as follows in recent years:—

1929	1933	First Nine Months of			1936
		1934	1935	(thousand tons)	
9,334	6,426	5,770	5,255	5,143	

It will be seen from these figures that if the doubling of the quota is continued in the coming months, and if it results in the doubling of the 1936 figure, it would raise our coal exports to France slightly above the pre-depression level. Moreover, both in 1929 and 1936, our coal exports to France were about 20 per cent. of our total coal exports; so that the doubling of France's annual purchases would mean an increase in our total coal exports of 20 per cent. It is thus apparent that the French Government, aided by their new economic policy, have already made a substantial contribution to the ideal of economic co-operation among the democratic nations. What, one may ask, is Great Britain going to do in return?

Cotton Trade Wages.—At the end of last week there was some surprise in cotton trade circles when an unexpected quick decision was reached on the demand of the operative weavers for an advance in wages. The original application (our cotton correspondent writes) was for a rise of 15 per cent. with a minimum wage of 7½d. per hour. At the close of the second day's meeting of the Conciliation Committee it was announced that a settlement had been reached by agreement between the two sides. The employers had offered, and the trade union had accepted, an advance of 7.3 per cent., with further increases for the weavers of certain kinds of cloth. The new wage rates are somewhat complicated, but the settlement means that the operatives will receive advances varying from 1s. 6d. to 3s. a week. The employers very firmly refused to consent to a minimum wage. The settlement gave considerable satisfaction to Lancashire. On the other hand, there is some anxiety about a possible crisis arising out of the wages dispute in the spinning mills. As anticipated, the members of the Operative Spinners' and Cardroom Workers' Amalgamations have voted strongly in favour of a strike to enforce their demand for an advance of 14 per cent. on standard lists. The Executive Committees of the two trade unions have been given power to strike if necessary. Notices to cease work will be given next week, and, failing a settlement, the mills will close down on December 19th. The position was considered at a meeting of the Wages Committee of the Master Spinners' Federation in Manchester in Thursday. The employers contend that the spinners are not justified in pressing for a rise in wages; but it is admitted that the earnings of piecers are somewhat low. It will be exceedingly difficult, however, to adjust matters, as the spinners control the trade union. It is recognised that a stoppage of work in view of the recent trade revival would be disastrous for Lancashire and the country. In trade circles the opinion is held that as a result of a resumption of negotiations between the employers and the operatives a strike will be avoided by the grant of some concession to the workpeople.

Tea Quota Decision.—Tea is among the few commodities which has not yet been caught in the upward movement of the prices of primary products which has taken place this year. Tea production, it will be remembered, failed to decline with the fall in consumption after the onset of the depression. The average price of all tea sold in London consequently fell from 16.25d. per lb. in 1929 to 9.45d. per lb. in 1932. The three leading exporting countries—India, Ceylon and the Dutch East Indies—sought salvation in a five-year restriction plan which came into operation on April 1, 1933, with the sanction of the

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respective Governments. During the first regulation year the three countries were permitted to export 85 per cent. of their maximum shipments in any of the three years between 1929 and 1932. After an increase to 87½ per cent. during the year ended March, 1935, the export quota was reduced in the following year to 82½ per cent. of maximum exports in 1929-32. As the average price of all tea sold in London had risen to about 13d. per lb. in 1935, no change was made in the quota for 1936-37. The average price realised during January-November this year, at 13.08d. per lb., showed an increase of only 0.17d. per lb. over the corresponding period in 1935. Nevertheless, the decision of the International Tea Committee to leave quotas unchanged at 82½ per cent. of shipments in the basis period during the year ended March, 1938, was wise; for the industry is likely to benefit more from an increase in consumption than from a short-lived spurt in prices. To some extent, the reasonable price policy of the International Tea Committee was dictated by circumstances. To begin with, the restriction scheme is by no means comprehensive; for it excludes a number of important exporting countries, such as China, Japan and Formosa. A marked increase in prices, therefore, would probably stimulate shipments from non-restricting countries. Moreover, an appreciable rise in prices might well arrest the gradual increase in consumption. In any case, the current level of quotations is not unprofitable for efficient plantations, and stocks of tea in this country are now well below those of recent years.

Increase in Gas Consumption.—Despite the rapid growth of the demand for electricity, the gas industry shows remarkable vitality. The output of gas in 1935, for example, exceeded the pre-depression level, and the quantity of coal carbonised by the industry last year was actually somewhat smaller than in 1929. The manufacturers of gas have striven hard to increase their efficiency:—

AUTHORISED GAS UNDERTAKINGS IN GREAT BRITAIN.

Year	Production of Gas	Sales of Gas	No. of Consumers		Length of Gas Mains
			Total	Pre-payment Consumers	
	Thou. mill. cu. ft.	Thou. mill. cu. ft.	Thousands	Thousands	Miles
1924	279.7	256.9	7,984	4,341	41,985
1929	316.4	292.6	9,138	5,165	48,546
1932	309.3	287.0	9,773	5,783	53,156
1933	309.6	286.1	10,012	6,017	54,916
1934	313.5	290.7 (a)	10,277	6,313	56,928
1935	319.3	295.9 (a)	10,517	6,559	59,010

(a) Including gas supplied separately for industrial purposes only.

As nearly three-quarters of the output of gas by authorised undertakings is used for domestic purposes, the industry has benefited from the building boom. But it will be observed from the table that the increase in production during recent years has been much less marked than the increase in the number of consumers and in the length of gas mains. Between 1929 and 1935 the length of gas mains was increased by 21½ per cent. and the number of consumers rose by 15 per cent.; but the output of gas last year was only 0.9 per cent. higher than in 1929. The decline in consumption per consumer is largely due, no doubt, to the increased efficiency of gas appliances. But the figures also indicate that the return on development expenditure is decreasing.

OVERSEAS CORRESPONDENCE

From our Correspondents in each centre

UNITED STATES

SUCCESS OF REFLATION POLICY

LORD MACAULAY'S famous aphorism of eighty years ago on the American Constitution—that it was "all sail and no anchor"—is not commonly quoted by those who now regard it as all anchor and no sail. But it is an apt description of American monetary legislation in recent years. With a single exception (the empowering of the Reserve Board to increase the cash reserve requirements of the member banks) the monetary legislation has been expansionist. The policy has included open-market purchases by the Reserve Banks, monetisation of silver and the issue of silver certificates, monetisation of all gold imports and partial utilisation of the Stabilisation Fund, and the authorisation for the Reserve Banks to make direct commercial loans—but this last power has been used sparingly.

In addition, there are enormous unutilised powers still vested in the Treasury—some derived from the Thomas Amendment of the Agricultural Adjustment Act of 1933, others from the Act of January 30, 1934, which created the Stabilisation Fund. These powers were specifically designed to enable the Treasury to pursue expansionist policies, even over the opposition of the Reserve Board; and in the aggregate they made the Board, in the last analysis, no more than an agency of the Treasury. All were designed to increase member bank cash reserves. As a complementary policy, the deficit financing, largely absorbed by the banks, became the mechanism by which these cash reserves could be translated into bank deposits during a period when the commercial and industrial demand for credit was small; and this was coupled with the partial Government guarantee of Federal Housing Administration loans for home renovation. The combination of these numerous and diverse legislative and administrative programmes may be described as the reflation policy.

It was, of course, natural that decisions taken under the stimulus of the vivid recollections of a great deflation should be "all sail and no anchor." As was said above, the only monetary anchor created was the authority of the Board to raise member bank reserve requirements; but there was one restraint added under the Security Exchange Control Act, which empowered the Board to ration credit in the security markets by designating the amount which might be loaned on Stock Exchange collateral. As an instance of political psychology this should be noted. In spite of the "inflationary" atmosphere which surrounded the legislation of 1933 and 1934, those recollecting the inflation of stock market credit in the late 20's insisted upon closing that particular channel of "reflation," which historically is one of the fastest and surest methods of expanding credit.

Quantitatively, the reflation programme has been completely successful. Total loans and investments of the reporting member banks and demand deposits have been restored approximately to the pre-deflation level. The currency in circulation is much greater, for reasons not entirely clear. And this reflation has taken place without any expansion of speculation credit in the security markets. But with the success of the reflation programme, fundamental thinking about credit has gradually changed, and with it the emphasis upon the general question of credit. This is illustrated in two different ways:—

(1) The principal device of reflation was the Federal deficit, financed through the banks. It now appears that the Budget to be submitted in January will be in complete contrast with those of recent years. The emergency expenditures will probably be lower and anticipated revenues higher. It is conceivable that the Budget will be at least tentatively balanced. At all events, it is highly probable that the projected increase in the public debt in the fiscal

year 1938 will be comparatively small. Of course, under the American system, the Executive Budget is by no means final. In the past year, for example, Congress added a \$2,000 million soldiers' bonus, and it is not impossible that ingenious statesmen will think of supplementary appropriations in the 75th Congress. But, by and large, the deficit is no longer an integral part of a credit expansion programme.

(2) It is, and has been for months, clear that the Washington authorities, the Treasury and the Federal Reserve Board, have been concerned over the absence of an "anchor," in the form of a mechanism for the effective control of member bank cash reserves. Various attempts have been made in the past twelve months to gain some degree of control; but those attempts must be credited with scant success. Whilst it is true that the available mechanisms have not been used fully, the fact is that the existing devices—another increase in reserve requirements and open-market sales by the Reserve Boards, or a shifting of Treasury balances—are not well designed to meet a continuous gold influx averaging not far from \$100 millions a month for now nearly three years and with no clearly indicated limits. An expansion of member bank cash and deposits was an integral part of a programme of vigorous reflation; but except as a reflationary device they are a real embarrassment of riches. Whereas the legislative and administrative emphasis has hitherto been on expansion, the present emphasis is on control.

PROSPERITY AND BOOM

The reason is obvious. The United States' economy is now highly prosperous—more prosperous perhaps than is generally appreciated because of the rapidity of the rise. After all, as late as September, 1934, we were still in the depths of depression. The phenomena of the present quarter are rising prices, rising wages, increased dividends, forward buying, etc. While it is reasonable to suppose that economic activity could be lifted further without being intrinsically insecure, many persons are of the opinion that the symptoms of a boom are developing; meaning by boom a feverish activity implying a severe reversal. There is abundant evidence that the increasing concern of Washington is to conserve a high level of activity by preventing prosperity from degenerating into boom; and that this concern is centring on the improvement of the facilities of credit control.

In short, however appropriate a monetary policy of "all sail and no anchor" may have been in the throes of depression, a different policy is indicated now that we are in the throes of prosperity. There have been no precise intimations of proximate action; there is some discussion of the possibility of another increase in member bank reserve requirements or of open-market operations by the Reserve Banks. By some, intensified activity of the Securities Exchange Control is interpreted in this way; but so far the recent proposals of that agency have been limited in scope—chiefly relating to the segregation of broker-trader activities and the restriction of trading by exchange members in their own name. That is, they relate more to the organisation of the market as such than to any apparent scheme of economic control. By the way, Stock Exchange memberships have fallen almost to their 1932 low.

For the first time for years a semi-official dispatch from Washington recently intimated that the President was considering the Inter-Allied War Debts. It will be remembered that this subject was awakened from its long hibernation by the Republican platform, but it did not figure in the campaign. Except for the Hull Agreements, the first Roosevelt Administration was almost exclusively concerned with national problems. The second opens with the Pan-American Conference and a sort of trial balloon on the war debts; and (with a little post-dating) the Stability Agree-

ment of September 25, 1936. Combining these, one might infer that the second term would be marked by a more active international policy than Washington has followed for a long time.

The maritime strike drags on its weary length from day to day. On the Pacific Coast it is completely effective, including the Hawaiian Islands and Alaska, where the general population has been put to considerable inconvenience. On the Atlantic seaboard it is only partially effective; for here it takes the form of an inter-union conflict. The International Seamen's Union is in general still adhering or attempting to adhere to its contract, while the strike originates among the longshoremen and members of rival seamen's organisations. It is now complicated by a threatened strike of masters and mates for higher wages. In its own way it is the counterpart of the struggle between Mr Green of the American Federation of Labour and Mr Lewis of the Committee for Industrial Organisations.

NEW YORK, November 23.

FRANCE

POPULAR FRONT DISSENSIONS?

SOME further signs of dissension have appeared within the Popular Front: the rather aggressive attack by M. Daladier, the Minister of War, on what he called "Asiatic barbarism"; the refusal of other Radical-Socialist ministers to attend certain demonstrations of the Popular Front; the representations of the Radical-Socialists to M. Blum about the Communists' demonstrations against them on the subject of "non-intervention"; an unexpected visit by certain senators to the President of the Republic; the observation of M. Thorez, the Communist leader, that the Popular Front might survive a fall of the present Cabinet; and the categorical answer of the Socialist organ that a vote against M. Blum would signify a vote against his Party and a decision to break up the Popular Front. And after a bad week the Stock Exchange greeted the failure of the Socialists in the Geneva State elections by an unexpected—but not confirmed—rise in French Government stocks. In existing political circumstances the agreement of the Moderates and Radical-Socialists (Flandin-Daladier) to the constitution of a new Cabinet is certain. The essential problem, however, is the attitude of the Socialists, who appear more and more perturbed by the "unfair" competition of their Left-Wing allies in certain local elections; while in the trade unions Socialist leaders are being pressed by their Communist followers.

The current week offers the Popular Front the chance to show their cohesion on three issues: (1) The reform of the Press; (2) compulsory arbitration in industrial disputes; and (3) foreign policy. On the first issue an agreement should be easily reached, all the more so because the Press reform proposed is moderate. The arbitration measure has been quickly voted by 468 votes to 113. On foreign policy there may be opposition from the Communists.

STRIKES AND BUSINESS REVIVAL

There are still a few strikes in progress, but they are of minor importance. "Strikes are not a toy," said M. Jouhaux, President of the Trade Unions, recently to the metallurgical unions. Meanwhile an agreement has been reached in the textile industry on the basis of an increase of 10 per cent. in wages.

The continued advance in economic activity is being confirmed by the declarations of many industrial and business leaders at their annual meetings. The second biggest store of Paris records that its turnover increased by 15 or 20 per cent. between June and August 15th. It then fell until the devaluation to below the figure for 1935. After devaluation there was an increase of 60 per cent. in the first week, 25 per cent. in the second, and 15 or 20 per cent. in the third. Since then the advance has been maintained. In this atmosphere of Stock Exchange recovery and business revival, public opinion is attaching smaller importance to political conflicts, though the rise in the cost of living may awaken new difficulties. The introduction of industrial arbitration has been accelerated

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by the Government in order to forestall the new conflicts which might be provoked by a rise in prices or by the problem of "authority" in the factories. Hence the proposal for compulsory arbitration.

After strenuous efforts to work out an agreement on a system of conciliation, the General Confederation of Employers refused to agree, on the ground that no agreement was possible since the workers were continuing to violate former agreements and the Government was proving unable to keep its promises to prevent "stay-in strikes." The employees said they would not take the responsibility for an agreement which would not entail sanctions against both parties—that is the prohibition of strikes or lock-outs—since the Government is not able to prohibit them as is the Italian Government.

The text of the new Bill lays down that if conciliation fails, a national committee should determine the main circumstances of the dispute and invite the parties to choose an arbitrator. The chief arbitrator would be chosen by both parties, or appointed by the Prime Minister from a list prepared by the parties. If one of the parties refused to choose an arbitrator, he would be appointed by the Minister of Labour. Sanctions are not provided.

How far has the rise of prices and wages gone? The expert advisers of the Government believe that a rise of nominal wages of 20 per cent. (equal to the 20 per cent. rise in the cost of living) will entail a new increase in the cost of living by 10 per cent. only; so that the final increase in real wages will be stabilised when there has been an 80 per cent. increase in wages and a 40 per cent. increase in the cost of living. These last figures are of course hypothetical, since technical progress should entail a 20 or 30 per cent. reduction in costs. A special committee for the reorganisation, rationalisation and standardisation of French industry has just been created by the Government.

Wholesale prices continue to rise, as the following table shows:—

	May 2	Sept. 26	Oct. 31	Nov. 30
General index	376	404	452	473
National products	415	451	486	504
Foreign products	304	319	391	418
Foodstuffs	397	441	473	483
Vegetables.....	396	474	513	520
Meat	402	412	439	444
Sugar, coffee, cocoa	385	434	459	486
Industrial materials.....	358	372	434	466
Minerals and metals	352	382	457	511
Textiles	289	288	371	395
Various	403	416	457	481

The production of coal in the French mines during October totalled 4,265,682 tons in 27 working days, against 3,567,000 tons in September (26 working days) and 4,230,407 tons in October, 1935 (27 working days). The number of men employed was 226,369 at the end of October, against 222,875 at the end of September and 222,694 at the end of October, 1935. The production of coke in the coke plants of the coal mines was 328,333 tons in October, against 314,020 tons in September and 326,372

tons in October, 1935. A supplementary coal import quota of 1,100,000 tons, which brings the total quota for December up to 1,800,000 tons, has been authorised by the Administration, in order to offset the fall in production resulting from the application of the 40-hour week in the mines.

PARIS, December 3.

GERMANY

A COUNTRY "MISERABLE AND UNDERFED"

THE economic tension and general discomfort among the people, which have been increasing since the Nazi Party took office, have of late become acute. The causes of this deterioration are various. Unquestionably one cause, as a contributor to the *Economist* recently remarked, is that Germany is attempting too much. But this criticism need not be confined to the excessive re-armament activity, public construction and production for special aims. Germany is also attempting too much in her zeal to counteract the evil of attempting too much. Every week a new misfortune has to be met by official measures, and thereby usually a new misfortune is created. Simultaneously with the great national armaments and expansion effort, the Nazi Party has pursued its ideal of creating satisfactory eternally static conditions for different classes of the population whose interests naturally clash. In this no success at all has been attained. The result has been merely to "ration" the inanition, which means that instead of some classes being satisfied and others dissatisfied, all classes are dissatisfied. In general, it may be said, manufacturers complain a little, farmers considerably, and traders and consumers bitterly. The Party ideal is pursued by means of an unending flood of laws, ordinances, regulations, restrictions, prohibitions and menaces. But the Reich is farther than ever away from the absolute unchanging condition of reasonable equal contentment which its theorists thought attainable.

In many respects present conditions resemble those of the inflation period of 1919-23. That period witnessed intense activity. Then, as now, employment was satisfactory (the official unemployed total fell to 20,000). But the population then, as now, was underfed and in general miserable. The vast production availed little. The country was in a state of economic siege. The similarity of present-day conditions would be expressly denied by the Government. Yet it is implicitly admitted. While the supposed favourable contrast between 1936 and the "system" years under democracy is officially painted in radiant colours, the official spokesmen habitually represent their Third Reich as being engaged in a last struggle for existence; and declare that only by desperate courage and heroic self-denial and privation is survival possible.

DEATH PENALTY FOR "ECONOMIC SABOTEURS"

Propaganda seeks to divert public attention from the real causes of the evil, pointing to obscure and malign enemies. Consistent with this policy are the daily complaints of an international conspiracy to subvert the Reich economically. But in a country where nearly the whole population is represented to be devotedly attached to the Government it is not consistent to point to internal enemies as the chief offenders. Yet a persistent official campaign is being waged against domestic "pests, parasites, speculators and saboteurs." Even the once-favoured class of farmers does not escape.

In Russia a similar propaganda was backed by the putting of "speculators" to death. Germany has now embarked on the same policy; and against precisely the same class of speculators, that is those who violate the foreign currency laws. To-day there appeared a Law against Economic Sabotage which enjoins capital punishment for persons who, in violation of the exchange regulations, leave their property abroad or transfer it to abroad. Judgment will be pronounced by the People's Courts, which were expressly created for combating anti-Nazi activities. The new law is more symptomatic of the present tendency towards repression than it is practical;

for violations of this part of the exchange law are rare. But the view that extermination is an efficient and reasonable way of remedying economic evils has now won further official support.

The trouble with Nazi Germany is that no class feels that it has a fair share in the enormous production. This condition is inevitable; for a great part of the production is by its nature not distributable, being pure waste like re-armament, or being economically valueless for a long time to come, like the public constructions now under way. The Government cannot remove the causes of discontent. It can repress, and it can also regulate everything, re-regulating daily even its own abortive regulations. The whole food marketing system, already a masterpiece of over-regulation, is to be re-regulated. The first step is to stop the rise in prices, which is a consequence of the lack of goods. A decree of this week imposes an absolute veto on rises in prices above the level of October 18th. This applies to goods and services without any qualification.

"IDEOLOGICAL" AGRICULTURE

At the Goslar Farmers' Congress last week radical changes in the Reich Nutrition Estate were foreshadowed. The original market regulation of foodstuffs was in the main "ideological," that is designed to protect agriculture, as supposedly the healthiest, most useful, and most reactionary national element. It was too easily assumed that if only the farms were kept going the other food interests, traders and consumers, might look after themselves. Owing to the impossible position of traders and consumers to-day, the "ideological" standpoint has been abandoned. The type of marketing for nearly all foodstuffs is apparently to be that chosen three years ago for the milk trade only. Every farmer was then linked with a particular dairy and was compelled to deliver up his whole milk production. The trade in milk was regulated by concessions, wholesale trade was entirely eliminated, and prices and profit margins rigidly fixed. This system was called "complete canalisation." From the statements made at Goslar it seems that "canalisation" of foodstuffs is to be widely, if not universally, introduced. Producers will be entirely dissociated from the market by special organisations, to which both the collection of food and the regulation of prices will be entrusted. There will be a general obligation on producers to offer goods (so-called *Andienungspflicht*) such as already exists for grain, potatoes and some other commodities. Every transaction will have to be recorded on paper; and without a "certificate" no food will enter the market. The reason officially given for this scheme is that the food shortage is expected to continue, and that disparities in local supply must as far as possible be eliminated.

The condition of the winter crops is not satisfactory. The wheat crop is given as 3.0, against 2.5 in November, 1935 (3.0 is mediocre and 2 good). The consumption of wheat and rye for brandy production has been prohibited. There are other signs that an insufficient supply of breadstuffs is feared. Butter is to be locally rationed, and retail dealers are being required to reduce their sales to customers.

Some 72.5 per cent. of all working places in industry were occupied in October, as against 72.4 per cent. in September. The most occupied industries are the heavy metals with 96.6 and machinery production with 90.0 per cent. In reality both trades are occupied to full capacity. The rise in steel production has ceased. The October output of 1,704,600 tons was lower than that of September; the decline per day worked was 5 per cent. Coal production in the first ten months of 1936 was 129,829,300 tons, against 116,808,900 tons in the same months of 1935. Of this increase 2,000,000 tons is due to the incorporation of the Saar.

Reich revenue from taxation in the first seven months of the financial year was Rm. 6,494 millions, against Rm. 5,421 millions in the same months of 1935. Of this increase Rm. 974 millions was in direct taxes and taxes on business. The funded home debt on September 30th is returned at Rm. 10,960 millions, showing an increase of approximately Rm. 1,000 million during the third quarter of the year. The funded foreign debt is Rm. 1,655 millions, and has slightly declined. An official report implies that

the Reich may alienate more of its industrial and other undertakings in order to obtain cash for extraordinary expenditure. Certain Reich holdings acquired during the 1931 crisis have already been sold; but there remain valuable industrial participations of war or early post-war origin.

The money market has been affected by subscriptions to the new Reich loan. This week cash is plentiful, and the day loan rate declined to 2½-3½ per cent. The October bank balance sheets show an increase in liquidity. Deposits in the five chief Berlin banks rose by Rm. 101 millions.

BERLIN, December 2.

POLAND

THE FRENCH ARMS CREDITS

SOME of the effectiveness of the French arms credits—which are expected to amount to about £25 millions—tentatively agreed upon three months ago has been lost through the delay in concluding the technical discussions. Internal political problems in France, and the devaluation of the franc, are understandable excuses for a certain amount of delay; but once the decision had been reached to strengthen the Franco-Polish alliance by providing the Polish forces with modern mechanised equipment, the operation to be fully effective should have been started immediately. To be fully effective, these credits must serve a political and economic as well as a military purpose. Instead of making part of the credits effective at once, three precious months have been wasted over the discussion of technical details that could just as well have been discussed concurrently with the installation of factories in Poland for the manufacture of modern war materials and such other economic activities as the credits are intended to cover.

The promotion on November 10th of General Smigly-Rydz to Marshal Smigly-Rydz makes him in name, as well as in effect, the successor to Marshal Pilsudski. The new Marshal himself, however, would be the last to pretend that he is another Pilsudski or that he is ever likely to exercise the same dynamic influence on national affairs as his predecessor. Except for his visit to France at the end of August, which was an extremely popular move, Marshal Smigly-Rydz is still virtually unknown on the political side.

MILITARY CONTROL

He begins his "reign" at a very difficult moment, with the tide of political unrest and economic distress still rising, and with many indications—not the least significant being the growing anti-Semitic manifestations—that it will continue to rise. There were many who felt after Pilsudski's death eighteen months ago that Poland should retrace her steps towards a more liberal political regime; but there has been such a marked deterioration in the general European situation that, even if they were so disposed, the leaders of Poland dare not to-day relax the close control which the military now exercises over national affairs—the more so as Germany is clearly bent on exploiting for her own ends internal unrest in other countries. While the advancement of Marshal Smigly-Rydz solves none of the basic problems that some day will have to be solved, it at least increases the authority of the Government and army at a time when a few fools and madmen have made it incumbent on every European nation to subordinate all other considerations to the strengthening of national defence.

Polish imports in the first ten months rose from 706 million zloty in 1935 to 820 millions in 1936, while exports increased from 756 million zloty to 835 million zloty. The export surplus thus declined from 50 million zloty to 15 million zloty. The impact of bilateral "compensation" agreements is now being increasingly felt on the export surplus; and industrial leaders are beginning to be seriously concerned over the problem of obtaining sufficient foreign exchange for the import of essential raw materials like cotton, rubber, wool and minerals which can be obtained by barter trade—if at all—only on terms that add

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greatly to manufacturing costs. The foreign exchange situation has been eased recently by the suspension of transfers for debt service to countries with which Poland has an import surplus or an adverse balance of payments; but as most creditor countries will take Polish goods in lieu of cash the effect will be to diminish, if not to eliminate entirely, the export surplus.

The foreign trade figures for the leading countries in the first nine months are as follows:—

	1935		1936	
	Imports into Poland	Exports from Poland	Imports into Poland	Exports from Poland
	(In millions of zloty)			
United Kingdom.....	84.4	131.7	100.6	170.0
Germany	92.1	101.7	104.4	103.1
United States	90.2	34.3	93.6	44.6
France	30.1	23.0	34.5	30.0
Belgium	18.8	31.0	36.6	60.6
Austria	29.5	39.8	31.6	40.9
Czechoslovakia	25.8	38.4	25.7	35.6
Soviet Russia	8.4	10.6	9.9	7.4

When the commercial treaty with Germany was concluded a year ago, it was estimated that trade on both sides would amount to about 170 million zloty a year. But this figure is far from being attained, partly because the fixing of the rate of the mark at the gold parity of 2.13 zloty has made German manufactured goods much too expensive in competition with similar goods from the United Kingdom or the United States, although the "gold" rate benefits Polish exporters of agricultural produce. The trade agreement with Germany ran out on October 31st, but it was prolonged for two months during which time a new agreement is being negotiated. The agreement concluded in March last for the monthly payment in cash for German railway traffic across the "Corridor" also expires at the end of this year, and the negotiations for the renewal of this and the trade agreement are now a subject of hard bargaining, in which politics and Danzig also have a part.

WARSAW, December 1.

FINLAND

RECORD TRADE FIGURES

Tax yields are increasing. For the period January to August total revenues were 2,196 million marks, against 1,898 millions in the same period last year. Expenditure also increased, though not quite so much.

Foreign trade is expanding rapidly:—

	Imports Mill. mks.	Exports Mill. mks.	Export Surplus Mill. mks.
July–September			
1936	1,695	2,295	600
1935	1,412	2,037	625
1934	1,253	2,129	876
1933	1,117	1,835	718

The volume of both imports and exports is larger than in any previous year. The large increase in exports is principally due to heavier shipments of chemical pulp and paper and to higher prices for timber. Meanwhile the increase in imports is a result of heavier imports of both consumers' and producers' goods. The price index for Finnish exports rose from 73 in September, 1935, to 92 in September, 1936; while the corresponding index for imported goods only rose from 85 to 89.

The index of industrial production for the third quarter of 1936 (1926 = 100) was as follows:—

Year	Volume	Value
1936	165	147
1935	146	120
1934	143	124
1933	119	102

The increase in volume since 1933 has thus been about 39 per cent. The increase was largest in the case of building materials (96 per cent.), the metal and machinery industry (59 per cent.) and the leather and footwear industry (57 per cent.). The improvement in the British timber market is, of course, an important cause of the favourable position in Finland.

The harvest this autumn has been satisfactory. In the case of spring wheat, barley, oats, potatoes and hay the crop exceeded last year's; but the crop of rye, autumn wheat, swedes and other root vegetables was smaller. Owing to a rise in the price of several important agricultural products, it is estimated that the value of the harvest will amount to over 5,800 million marks, in comparison with not quite 4,900 millions last year.

HELSINKI, November 27.

PALESTINE

A BUDGET SURPLUS

Now that the Arab strike, which lasted more than half a year, has come to an end, and peace and order have been rapidly restored, it is opportune to consider the effect upon the country's economic life of the prolonged period of strain.

There has naturally been a marked decline in foreign trade. In comparison with the figures for the first half of 1936, the peak year, imports fell from a value of 8½ to 6½ million pounds and exports from 3½ to 2½ million pounds. The main item in the reduction of imports was that of manufactured goods. Exports of manufactured goods actually rose. Another adverse feature of the strike period was the temporary rise in the cost of living. During the period May to September, the rise was calculated by a Jewish authority at over 20 per cent. The Government estimate puts the rise at only 7 per cent., because different items are included in the Government's standard. There can be no doubt, however, that temporarily there was a considerable increase in retail costs. This tendency has already been corrected.

The Government Budget has not yet felt the full effect of the strike and disorder, or of the military measures which

have had to be taken. During the nine months of this year revenue has again exceeded expenditure, though not, of course, in the same degree as during the previous two years, when the surplus went bounding up. But the Government has not yet been called upon to pay its share of the military expenditure which, if it is to cover the cost of transport of the troops as well as the additional cost incurred by their being stationed in Palestine, will make a formidable sum. Still, there is a surplus of some six and a half million pounds; and even if the Government adheres to its policy of retaining a sum equal to a whole year's revenue as a precaution against a crisis, it should still have funds available for the extended programme of public works which it contemplated before the troubles.

Several items of revenue show considerable decline, particularly customs duties; and the gross revenue of the railways dropped by 11½ per cent., while working expenses were 5 per cent. higher compared with the figures for the first half of 1935. In view of the serious interruption of railway transport during the last six months, when every train has had to have a military escort, it is remarkable that more passengers were carried between January and June, 1936, than in the corresponding period of 1935. The revenue of the Post Office has advanced considerably above any previous figures.

JEWISH IMMIGRATION CONTINUING

Immigration has not been suspended; and, in fact, during the latest months immigrants have been flowing steadily into Palestine. Young Jews from Germany and Poland who have prepared themselves for life in the national home have in no way been deterred by the unrest and outrages in the country; and in the first six months of 1936 the Jewish population increased by over 15,000. The larger part of that increase, of course, was due to immigration; during the same period the Arab increase, almost entirely by births, amounted to over 12,000.

One of the immediate results of the Arab strike in the port of Jaffa was to induce the Jews in Tel-Aviv to build a jetty and landing-stage at the northern end of their township. The work was carried out with such eagerness that by October it was possible to land there a considerable part of the merchandise consigned to Tel-Aviv.

The official figures of partnerships, companies and co-operative societies which were registered during the half-year are also striking. There were 310 new partnerships, of which 278 were entirely Jewish and 18 were Arab. Nearly half of them were for businesses in Tel-Aviv. During the same period 76 co-operative societies were registered, of which one was Arab, for the marketing of produce.

The most serious economic problem of Palestine, perhaps, is that of finding fresh markets for citrus fruit. It is calculated that this year there will be an export of between 8½ and 9 million boxes, as against an export last year of 6½ million boxes. So far it has been possible for the Jewish and Arab associations in Palestine to find markets which absorb the rapidly growing product; and it is expected that this year the disturbance in Spain may give fresh opportunity to Palestine fruit in European markets.

JERUSALEM, November 25.

JAPAN

TAX REFORM AND MONETARY STRINGENCY

MONETARY conditions have become somewhat more tight, and to this is attributed the fall of the Three-and-a-half per cent. Funding Loan below its issue price. This is causing some anxiety to the monetary authorities. Commenting on the situation, the Governor of the Bank of Japan recently observed that money exhibited a stringency in September owing mainly to over-purchases of Government securities on the part of joint stock banks, as well as an unusually large seasonal demand for funds. The monetary stringency, the Governor pointed out, has persisted since then, for

abnormally heavy calls on capital by industrial companies have offset the easing influences of such factors as a setback in the movements of commodity prices, the prevailing recession in the stock markets, and an improvement in the balance of trade. But if the Government diverts more funds, and the tax reform issue is settled, the position of the money market will improve, and the sale of national bonds will increase.

An anomaly has developed in the capital market primarily as a result of the publication of the taxation programme a month or so ago. Capital issues of all kinds, except capital increases by existing companies, have been virtually suspended; for the proposed changes in the assessment of income-tax have made it difficult to fix terms and conditions of new issues until further details are known. While the volume of public bonds and debentures is much below that of recent months, capital increases in October totalled 266 million yen, an increase of 196 million yen upon September and of 226 million yen upon October, 1935.

EXPORTS STILL INCREASING

Although the recent tendency for imports to increase faster than exports is once more apparent in the trade returns for October, imports, at 186,533,000 yen, were the lowest recorded in any month this year; but, compared with October last year, they show an increase of 11,855,000 yen or 6.8 per cent. Exports, at 245,781,000 yen, were the highest this year, and 9,435,000 yen or 4 per cent. more than in the corresponding month a year ago. The increase in imports is again mainly accounted for by raw cotton, but noteworthy increases occurred in imports of crude oil and iron and steel.

Exports of cotton piece-goods in October amounted to 34,891,000 square yards, valued at 43,631,000 yen, an increase of 6.2 per cent. in volume and of 8.3 per cent. in value upon October, 1935, according to the statistics compiled by the Federation of Cotton Trade. But in the first ten months of this year cotton exports totalled 2,224,532,000 square yards, at 392,157,000 yen, a decline of 3.5 per cent. in volume and 7 per cent. in value, as compared with the corresponding period of last year. Sales to Africa, Europe, Manchukuo, Kwantung Province, the United States and Ceylon show a considerable increase, while those to Egypt, British India, the Philippines, China, Iran, Iraq, and Latin America decreased substantially.

The general level of commodity prices, after several months of advance, fell back in October, and cereals prices declined sharply. The Bank of Japan's wholesale index number for October fell 0.3 per cent. on the month. The stock markets have also experienced a recession in recent weeks. The aggregate value of all shares listed on the Tokyo Stock Exchange on November 1st was down by 75,025,000 yen or a little over 1 per cent. as against a month earlier. On the other hand, industrial production was well maintained. Output of cotton yarn in October totalled 119,354,000 lbs., an increase of 3,180,000 lbs. over September, and rayon production during last month amounted to 23,789,000 lbs., or 869,000 lbs. larger than in September.

The Japanese shipbuilding industry is so prosperous that it could almost be described as booming.

TOKYO, November 14.

INDIA

VALUE OF IRRIGATION SCHEMES

THE Viceroy, speaking recently at the opening of the seventh annual meeting of the Central Board of Irrigation, said that the total amount so far expended on irrigation works approximated to 150 crores of rupees (about £115 millions). The area served by the works on which that sum has been spent over a period of 80 years raises crops annually to the value of Rs. 100 crores; and, taking into account the value of those crops, every 18 months sees the repayment of the capital expenditure. The Viceroy stated that the investigations now being carried on by the departments concerned with agricultural research would doubtless result in an increase in the productivity of the



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land, but that if food resources were to keep pace with the increase in population, means must be found for bringing large tracts of country, still unproductive, under fruitful cultivation; and there was no way in which this could so effectively be done as by extending facilities for irrigation. A recent development, and one of the greatest importance, was that of hydro-electric generating schemes on irrigation canals by the utilisation of the power available at canal falls.

STATE ASSISTANCE TO INDUSTRY

A review of the efforts of Governments to stimulate the industries of India has been compiled by Mr N. Mahadeva Ayyar, I.C.S., and takes the form of a report on "State Action in Respect of Industries." It covers the years 1928-35. The review points out that at the beginning of this eight years the Central Government, though deprived of the responsibility for industrial development under the reformed constitution, had, broadly speaking, obtained through tariffs extensive powers for assisting industries. The Provinces, on the other hand, had in theory almost unlimited powers to assist industries, but their financial resources, their technical equipment and the difficulty of dealing with industries of All-India importance on a provincial scale tended to confine their activities largely to the less organised industries. Despite the growth of provincial self-consciousness, there was a swing back to the desire for central co-ordination. This led in 1933 to the resumption—at the request of Provincial Governments—of the Industries Conference. In addition, industries themselves tended more and more to look to the Government for assistance. During the period under review, every industry of any importance and a great number of minor industries approached the Government (and generally the Central Government) for legislative measures of one kind or another, and in most cases assistance was given.

On the subject of textiles, the report states that the extent and importance of the hand-loom industry in India is not generally appreciated. The consumption of cotton yarns by hand-loom weavers in the Presidency of Madras from April to October, 1933, was about 42.7 million pounds, while the value of the annual production of the Benares weavers alone is estimated at Rs. 1½ crores.

Following the conclusion of the Indian Tariff Board in 1932 that the position of the hand-loom weaver had deteriorated because of the removal of the cotton excise duty and the imposition of a protective duty, the Government of India decided to spend about Rs. 5 lakhs every year for five years in developing the industry. Similar action was taken by the Government in order to assist the silk industry, a grant of Rs. 1 lakh a year for five years from 1935-40 being made. All the approved schemes are now in operation, and allotments have been made to Madras, Bengal, Bihar, Orissa, Assam and Burma. More recently the Government has taken an important step to aid the cottage and small-scale woollen industries by making a special grant of Rs. 5 lakhs to be spread over five years; and a Woollen Industry Committee has been set up to advise the Government on the question of allotments.

BOMBAY, November 20.

LETTERS TO THE EDITOR

POLITICS AND LIBEL

TO THE EDITOR OF THE ECONOMIST

SIR,—On page 236 of your issue of May 2, 1936, you published an article inspired by the Kilmaine Case, in which a member of the House of Lords was awarded £2,000 for damages against a daily newspaper in an action for libel arising out of the latter's editorial comments on a Parliamentary speech. Taking these comments as a standard, you set out "to estimate the damages-value . . . of the ordinary small change of political controversy," and reproduced: (1) *The Times* attack on Lord Brougham a hundred years ago; (2) Mr Winston Churchill's criticism (in "The World Crisis") of General Monro; and (3) Mr D. C. Somervell's remarks on Mr Lloyd George in his "Reign of King George the Fifth."

Your article has stirred up a lively discussion among lawyers. In the recent Master of Law Examination of London University, examinees were asked to comment on your conclusion that: "The plain truth is that judges and juries with their fantastic attitude to libel are setting up a new censorship which, if developed, will kill that freedom of discussion which is vital to democracy."

If I may be permitted to make my own "comment" on the main thesis of your article, I should like to begin by emphasising the distinction between a statement of facts and mere comments, which is one of the great contributions of the Common Law to the jurisprudence of all nations. Democracy is based on the freedom to comment on undisputed facts, and not on the liberty to publish facts regardless of whether they are true or not. Democracy, indeed, is only possible if and when the electorate can fairly and reasonably rely on the truth of the published facts. Comment, on the other hand, may be wrong, or may be grossly exaggerated, but in the interest of democracy no liability exists unless, in very exceptional cases, malicious conduct can be proved.

In practice, it is very often difficult to say whether a publication goes beyond the limit of fair comment. In libel, as elsewhere, two different views may (fortunately for lawyers) be held *optima fide* on the same facts. In the case which was the subject of your article, the publication complained of comprised, *inter alia*, the following: "To take a charitable view, we must assume him (the plaintiff) to be only the unwitting tool of others who needed a not too sophisticated agent for their ends."

Is it really necessary for a free discussion to say that an opponent is a tool in the hands of others who dare not come forward, either unwittingly or for a somewhat darker motive? I think that such a statement has only little to do with the arguments of the case—which may be good or bad—although they were brought forward by an agent. Whoever makes such a statement must prove the truth of his facts, so far as is reasonably possible. It is one of the essential conditions of democracy that the person of an opponent should not be attacked unless necessary, and certainly not by statements of fact which cannot be authenticated.

I do not want to dwell on the intricacies of the Law of Defamation, but I may mention that Mr Churchill's remarks on General Monro are from the beginning to the end statements of fact which, if true, are no libel. Mr Somervell's views on Mr Lloyd George's qualities would probably have been defamatory in a short article. But in a long book, where all the facts of major importance are discussed, they tend to be comment on such facts only, although this may be doubtful.

But all that is unimportant. What matters is that there is a healthy tradition among English statesmen of all parties to refrain from suing in libel unless there is a very urgent reason—as has recently been stated in Court by Mr Lansbury. There is a big difference between the legal question whether a remedy exists or not, and the problem whether it is in good taste or whether it pays ultimately to make use of it. Immunity seems to have been

granted to certain well-known cartoonists "to bring into ridicule" all politicians of distinction. But there are cases where it is not only right to sue from a legal but also from a political point of view, and there are reasons which tend to suggest that Lord Kilmaine's case may have been one of them.

Yours faithfully,
PAUL WEIDENBAUM,
LL.D. (Frankfurt), LL.M. (London).

49 York Street,
London, W.1.

["Comment" may be defined as interpretation of fact. It is not too much to assume that Lord Kilmaine took advice before speaking, and the *Morning Post* interpreted that fact by the use of the word "tool," which is, after all, only a metaphor. If a caricaturist depicts a statesman as a three-card sharper, is he (a) making a false statement that the man is a sharper or (b) commenting? The *Morning Post* use of the word "tool" seems to be comparable to the caricature.—Ed. Econ.]

BOMBERS AND BATTLESHIPS

TO THE EDITOR OF THE ECONOMIST

SIR,—My attention has been drawn to a paragraph in your issue dated November 14th in which you summarise the Report of the Committee of Imperial Defence's sub-committee on the vulnerability of capital ships to air attack. I find that you include a statement to this effect: "The cost of one capital ship is given as equivalent to that of 43 medium bombers."

As this reading of the Committee's report has given rise to so much misunderstanding, I should like to call your attention to the actual wording, which is as follows: "The Admiralty and Air Ministry have collaborated in this investigation and have given us an agreed figure of 43 twin-engined medium bombers of one capital ship, taking into account all those overhead, maintenance and replacement and similar charges which should be included to make an effective comparison during the life of the capital ship."

Subsequently, Lord Swinton, Secretary of State for Air, clarified the position in the House of Lords. On November 17th he said:—

"I pause for a moment to deal with . . . the calculation respecting medium bombers and battleships in paragraph 44 of the Report. There is a figure taken of 43 medium bombers. Of course, that does not mean for a moment that you can buy a battleship for the same amount as you can buy 43 bombers. Obviously you can buy hundreds of very satisfactory bombers for the price of a battleship. But this particular calculation, to which I must say neither the General Staffs nor the Committee on which my noble friend sat would wish to attach any importance as basing their calculations upon it, was a very complicated calculation based on the assumption that you would have to build a station for three squadrons, that you would have to maintain the whole of that station, that you that your bomber squadrons would constantly be replaced by new types, whereas the battleship has a long life."

You will realise that the equivalence referred to is not exactly what might be imagined by the reader of the *Economist* who had not had access to the full text of the sub-committee's Report.

Yours faithfully,
E. C. BOWYER,

Chief of Information Department.
The Society of British Aircraft Constructors, Ltd.,
32 Savile Row, London, W.1.

BOOKS AND PUBLICATIONS

IS IT PEACE?*

THIS searching book is an attempt to floodlight the darkness immediately ahead of us in the autumn of 1936, in the hope that the shape of the future may loom out as the light catches this or that surface or angle. Mr Hutton's method is to focus on his target a vast number of converging beams, and he has been wonderfully deft in the placing of his searchlights. In dealing with a problem of this magnitude, within a book of this compass, selection is of the essence of the undertaking; and it is here that Mr Hutton gives his first proof of his mastery of his subject; for his searchlight emplacements have been extraordinarily well chosen.

In the middle, and longest, of the three parts of the book, the arrangement is geographical, and the author looks at his problem from a number of different local standpoints, ranging from the Far East, through the different provinces

* "Is It Peace?" A Study in Foreign Affairs. By Graham Hutton. Duckworth. 356 pages. 12s. 6d. net.

of Europe, to the British Commonwealth. But the searchlights are not only thus disposed at different points of space; they are also echeloned at different time-removes from the impending year 1937, and Mr Hutton does not hesitate to take his stand as far back in the past as may be necessary in each particular case in order to train his beam upon its object. At one point, a sufficient time-depth may be obtained by going back to 1918 or 1914; at another point—for example, in the throwing of light upon the present relations between France and Germany—the observer may have to start a thousand years back, from the break-up of the Carolingian Empire. Mr Hutton shows great judgment in always drawing upon past history as much as he needs, without any irrelevance or redundancy.

It would, however, give an inadequate idea of the book to describe it merely as a concentration of particular lights upon a general problem; for there are aspects of the problem which can only be treated in a general way, and Mr Hutton deals with these in Part Three, which is in some

ways the core, as it is certainly the climax, of his argument. Here he is dealing with the present crisis of Western civilisation, and he rightly digs down below the economic surface, through the political sub-soil, to the spiritual depths. In this part he is really asking his own countrymen to look at themselves in the light in which they are shown up by their foreign policy—or lack of foreign policy—since the last war, and particularly during the five years that have passed since the Japanese struck the first resounding blow at the frail structure of our post-war peace by opening fire in Manchuria.

The truth which Mr Hutton brings out—and it is a truth that needs to be proclaimed from the house-tops—is that you cannot escape either responsibility or catastrophe by being passive or negative. The observer's eye is naturally caught by the flagrant and sensational sins of commission which are being perpetrated by the Japans and Germanys and Italys; for to be on the war-path is to be in violent motion, and liveliness is more conspicuous than torpidity. The good observer, however, will not be misled into overlooking the sins of omission of the sated, senile-minded Powers like England and France; and if the answer to the title of this book is eventually given in the negative, it is already certain that France and England will not be let off lightly by the verdict of history.

The picture which Mr Hutton paints of the present state of mind of the people of this country—or at any rate of their present rulers—is as terrifying as it is convincing. He shows us a people which has repudiated, with panicky indignation, its mission of taking the lead in bringing order into world affairs, and which is yet obstinately refusing to renounce one crumb of its own great possessions which are the envy of all the unchastised brigands; a people which is proclaiming its horror of war yet has been inviting attack by a fiscal policy which aims at converting those great possessions into a close preserve for itself; a people which declares that, though it will not fight to vindicate collective security, it will certainly fight to defend every square yard of British territory—in wilful blindness to the obvious fact that British territory is not the limit of British interests, and that the British Empire can be conquered in Sumatra or Czechoslovakia as effectively as in London or Singapore. In analysing this present British state of mind, Mr Hutton points out that it is only one of many manifestations of the spiritual bankruptcy of the Western World in this age. This book is bitter medicine, but it is just what we need.

A. J. T.

SHORTER NOTICES

"The Coal Problem. A Survey, 1910-1936." By J. P. Dickie. Methuen. 368 pages. 5s. net.

The coal industry, never far in the background, has once more come into the limelight with the Government's plans for unification of royalties and their revised measures for facilitating amalgamations. This work by Mr Dickie, therefore, comes at an opportune moment; for it will give the careful reader the facts on which to base his judgment of the proposed legislation. The word "careful" must be emphasised; for "The Coal Problem," as its author would probably be the first to admit, is controversial and indeed polemical. Mr Dickie has represented Consent in the House of Commons as a Liberal National member, and he here renews his battle with the miners' members, with the Mineworkers' Federation, and in particular with the President of that Federation, Mr Joseph Jones, whose book, "The Coal Scuttle," is subjected to severe criticism on the ground that it evades issues and that its arithmetic is slipshod. In taking up this stand, Mr Dickie asserts his undeniable interest in the welfare of the workers—Codlin's their friend, not Short, he tells them—and in one matter, at least, the inequity and iniquity of the royalty system, he goes almost as far as any of the miners' leaders.

Mr Dickie has attempted to give, in substance, a history of British coal-mining during the late reign, though after the period of the 1921 and 1926 strikes the historical character of the narrative becomes blurred. The remaining chapters may best be looked on as a series of studies of coal problems: the nature of the complicated wage agreements, the working of the 1930 Act, the argument for amalgamations and the work of the Reorganisation Commission, royalties, the integration of mining with other industries, the organisation of sales of coal, and the men's and owners' associations. Two points stand out especially. Mr Dickie condemns the 1930 Act for combining two contradictory

principles—the spreading of work in Part I and the concentration of output in Part II.

The other point which Mr Dickie emphasises is that concentration must mean a further reduction of output. He calculates that any policy of reorganisation involving full-time occupation and concentration of production at the best pits would mean a reduction of at least 134,000 workers. Combined with a reduction of hours to six per shift, this would have the effect of reducing the numbers employed by 10,000.

"1936 on the Continent." Edited by Eugene Fodor. W. Aldor. 1,020 pages. 6s. 6d.

This book manages, on the whole, to justify its sub-title "The entertaining travel annual." It has been written by 26 Continental contributors, but the reader is spared any native partiality, since in most cases they write on countries other than their own. The approach adopted throughout the 26 sections is that the visitor is interested first in the customs, habits and outlook of foreign people. "Sights," it is true, are not entirely neglected, but no Alpine altitudes are given nor any hotels starred.

For the most part, the description is easy going and light-hearted. One may discern the character of the Paris governess, the Madrid shoeblack, the Danish cyclist. Occasionally, a certain *naïveté* is found, due, perhaps, to somewhat hurried editing. Again, the artifice of almost one-sided conversation or completely one-sided correspondence as a medium for conveying information becomes distinctly laborious where it is continuously used. For the price, this is a good and not unimaginative production; the traveller in particular districts may still require his sign-posted guide, with its familiar abbreviations, but this book will give him a clearer insight into social, economic and political habits, and some good travelling tips in addition.

BOOKS RECEIVED

When Japan Goes to War. By O. Tanin and E. Yohan. (London) Lawrence and Wishart. 271 pages. 5s. net.

Dust. By H. S. Patterson. Second and Extended Edition. (Johannesburg) Transvaal Chamber of Mines. 22 pages. No price stated.

Foreign Exchange Restrictions. Fifth Edition. (London) Swiss Bank Corporation, E.C.2. 94 pages. No price stated. An up-to-date edition of this valuable handbook.

Is Soviet Communism a New Civilisation? By Sidney and Beatrice Webb. (London) The Left Review, 2 Parton Street. 30 pages. 3d. net.

Who is Prosperous in Palestine? By British Resident. (London) The Labour Monthly. 7 John Street, W.C.1. 44 pages. 6d. net.

British Corporation Finance, 1776-1850. A Study of Preference Shares. By G. H. Evans. (London) H. Milford. 208 pages. 10s. 6d. net.

Daily Mail Year Book, 1937. Edited by David Williamson. (London) Associated Newspapers, Ltd. 294 pages. 1s. net.

Nippon. A Chartered Survey of Japan, 1936. By T. Yano and K. Shirasaki. (Tokyo) Kokusei-sha, Publishers. 487 pages. No price stated.

Egypt and the Sudan. 1937 Edition. Published by the Tourist Development Association of Egypt. (London) Egypt Travel Information Bureau, 29, Regent Street, S.W.1. 56 pages. Gratis.

Planwirtschaft und Aussenhandel. By K. W. Kapp. (Geneva) Georg and Cie. 140 pages. No price stated.

Henri Cernuschi. By G. Leti. (Paris) Les Presses Universitaires de France. 293 pages. 30 frs.

L'industria tessile italiana. By Roberto Tremelloni. (Turin) Giulio Einaudi Editore. 293 pages. L.15.

Svalutazioni monetarie e realtà economica. By A. Rivolta. (Milan) Soc. Ed. La Stampa Commerciale. 206 pages. L.15.

OFFICIAL PUBLICATIONS

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

Colonial Reports: No. 1763. *Nigeria, 1935.* 3s. 6d. net; No. 1766. *British Guiana, 1936.* 1s. 6d. net; No. 1767. *Trinidad and Tobago, 1935.* 2s. net; No. 1768. *Bahamas, 1935.* 1s. 3d. net; No. 1769. *Northern Rhodesia, 1935.* 2s. net; No. 1770. *Mauritius, 1935.* 2s. net; No. 1771. *Kenya Colony and Protectorate, 1935.* 2s. net; No. 1772. *Seychelles, 1935.* 1s. net; No. 1773. *Uganda Protectorate, 1935.* 2s. 6d. net; No. 1775. *Hong Kong, 1935.* 2s. 6d. net; No. 1776. *Nyasaland, 1935.* 2s. 6d. net.

Seventeenth Annual Report of the Ministry of Health, 1935-36. Cmd. 5287. 5s. net.

Note on the Policy of H.M. Government in relation to the Production of Aero-Engines. Cmd. 5295. 3d. net.

MONEY AND BANKING

INSURANCE AND WAR RISKS

(BY A. CORRESPONDENT)

IN the past twelve months the statesmen of the world, among their other and greater achievements, have managed to give a cold bath to the insurance market, the effect of which is likely for a long time to be felt by merchants of every kind and country. Steps have already been taken by certain sections of the market to get rid of what is now regarded as an intolerable burden, and probably before long other precautions will be announced to relieve both underwriters and insurance companies of risks which, in future, will have either to be borne by the trading community uninsured or accepted on terms by the Government. When the anticipated changes come about, both merchants and bankers will be closely affected by them, and it may be of help to sketch the history of war and civil commotion insurance in recent years.

In the matter of war risks, the tradition of marine insurance differs so widely from that of the other departments that the subject must needs be dealt with in watertight sections, marine and non-marine. The marine underwriter has always regarded capture, seizure and detention as risks that he ought to be ready to cover. His colleague on the non-marine side of the business, however, has usually declared that the results of war are beyond the capacity of insurance to make good, and ought not to be accepted in any insurance policy. Let us deal first with the marine underwriter.

From the time—now far distant—when the marine policy was first drafted perils of the sea and perils of capture by an enemy went together. The earliest copies of Lloyd's List testify to the enormously heavy risks that underwriters ran, in the eighteenth century, from the action of privateers and war vessels, and in the Napoleonic wars, great fortunes were made (and others were probably lost) at Lloyd's out of the capture risk. Throughout the nineteenth century, the market was always ready to give cover when required, the business usually being profitable to the underwriters who took it. But for some years before the Great War underwriters had their doubts of the wisdom of accepting these risks. Values had grown so big and weapons of destruction so deadly that the traditional attitude of the market changed. The famous f.c. and s. clause—expanded later into the f.c. and s.r. and c.c. clause—was introduced into the marine policy, freeing underwriters from liability for the results of war, the results of riots and the results of civil commotions.

When the war broke out, therefore, underwriters were for the most part comfortably placed. Certain very heavy shipments of gold which, exceptionally, were insured against war risks, brought a fresh tinge of grey into some underwriting heads, but generally the market came to the war with clean books and could shape its policy day by day to the varying fortunes of the war at sea. But it could not carry the whole burden; and the Government, with its scheme of war insurance, was forced to take whatever surplus the marine underwriters did not want or could not accept. That two-legged arrangement carried the country's trade through the dangers of those four years, but with the coming of peace there came another change in the attitude of marine underwriters. It may have been that the market was too hungry for business to resist the pressure of merchants, or it may have been that in 1919 another war within our lifetime seemed too mad to be contemplated. But for one reason or the other underwriters began to include war risks at request, without additional premium, throwing in the extra cover with the easy grace of the grocer who wraps up a parcel and sends it to his customer's house without making any charge for the additional service. Now and again some underwriter would complain of the dangerous habit into which he and his fellows had slipped; but the habit remained and seemed likely to continue. It became, indeed, not less but more dangerous

because of the growing habit of including on a marine policy a considerable risk on land after the cargo had been discharged.

Then came the Abyssinian adventure, and the market sat up. Here, at last, said underwriters, we must take a stand and insist on a premium for the war risk when we cover it. They therefore formed a committee which arranges the rate for war risks on all sorts of different voyages, and has been a good deal more successful than most committees in getting its orders observed. Everything, in fact, has conspired to smooth its path—Spain, the new Triple Alliance, re-armament, the regularity with which certain European statesmen beat each other's records for international bad manners and abuse. All these things have helped to fix underwriters' gaze on the clouds of war, and there has been very little disposition to break away from the committee's scales of rates. On the contrary, the market is ready for further measures, and whatever developments are announced by marine underwriters in the near future, will not make for easier conditions of war insurance.

The insurance of war and civil commotion on land is a more complicated business than marine war risk, and is at this moment of even greater concern to the insurance industry. Tariff companies have always set their face against the insurance of war risks on land. They have justified their attitude by the very proper arguments that it is beyond the power of insurance to protect mankind against the destruction of war, and that it would be dishonest of insurers to accept liabilities which, in the day of trouble, they could not hope to meet. They have not, however, taken the same view of insurance against riots and civil commotions. In many countries of the world they have been ready to give cover against the destruction of property by civil disturbances and managers have probably regarded this limited cover without much apprehension. Recent events in Spain, however, have given them an unpleasant shock, and the problems which need to be solved before the trouble is cleared up must be considerable. What exactly do the policies cover? If they include "civil commotions" do those words embrace the present war? Must an insurer make good under them all the damage that Madrid is suffering to-day? In simple English, the problem is difficult enough. But translate the policy into a foreign tongue, leave it to be construed by a foreign judge, in a foreign court, and what is the result likely to be?

Outside the tariff offices cover against war risks on land has been obtainable and a not inconsiderable amount of business has been placed both in Great Britain and in foreign countries against destruction by combatants and foreign enemies, as well as against destruction by riots and civil commotions. In the last war the business in this country, at any rate, was highly profitable, and even the British Government wound up its aircraft account with a balance on the right side. But the danger of arguing from the war of 1914 to the war of 19— is now too obvious to be overlooked. Lloyd's underwriters have already published their decision not to undertake any further insurances against damage done by war to property in Britain and merchants, manufacturers, and owners of property in England who are at present insured against this risk must reconcile themselves to the fact that their policies will not be renewed. In future, the only cover they will be able to secure from private enterprise will be such as may arise from riots, labour disturbances and civil commotions.

The lesson which the commercial community and the rulers of the world must digest is that modern warfare takes us right outside the rules and measures of ordinary business, and private enterprise cannot, except within com-

paratively narrow limits, indemnify against the destructive power of an armed force. How far the State will be able to shoulder the burden, and what arrangements are in train to provide a national scheme of insurance, are not known, but the merchant, the property owner, the mortgagee and the banker—in Great Britain or in any foreign country—have no certainty that they will, when the hour strikes, find any kind of market in which to cover their land risks. If Europe is moving towards another war it is approaching a disaster so vast as to outsoar all the protections on which we have been accustomed to rely. Inter arma silent leges. Inter arma silet insurance.

FINANCIAL NOTES

Argentine Exchange Outlook.—This week the rate for free pesos has fallen to Pes. 17.10 to the pound, or practically to the official import rate of Pes. 17. This movement is due not so much to the conclusion of the new Anglo-Argentine Trade Agreement as to the marked improvement in the Argentine trade balance which has occurred since the summer. There have recently been very heavy shipments of maize, while it is now known that the wheat, linseed and oats harvests, shortly coming on the market, will be good. Argentina's export surplus for the first ten months of 1936 was equal to her surplus for the whole of 1935. Hence there are strong rumours that all official control over foreign exchange dealings will disappear, together with the official import and export rates of Pes. 17 and Pes. 15, respectively. The profit margin between the two rates was originally used as a subsidy to agriculture, but the subsequent recovery in prices has by now removed the need for any subsidy. Also the central bank has now accumulated large foreign exchange reserves, which, again, reduces the need for any continuance of control. On the other hand, the new Anglo-Argentine Agreement continues the exchange precedence granted to Great Britain under the Roca Agreement, and so there may be a feeling that the immediate removal of exchange control might contravene the spirit of the Agreement. In our view this fear possesses no substance at all, for any step to free exchange would be to our advantage. Besides, if necessary, Argentina could still maintain the 20 per cent. surcharge which now operates against most countries, except England, Holland and Belgium. The concession of a special remittance rate to the railways at 5 per cent. above the official rate expires at the New Year, so that does not complicate the position. Every proposal to remove exchange "controls" deserves to be welcomed as a stage on the road to freer international trade relations.

Foreign Capital in the United States.—President Roosevelt's anxieties regarding foreign "hot money" have been responsible for the compilation of a valuable official report on the nature and extent of foreign investments in the United States. Cabled extracts from this report have so far not been entirely consistent, but so far as can be told the following statement summarises the ebb and flow of foreign funds during 1935, and the first nine months of 1936:—

	1935	1936 (9 months)	Total 21 months
\$ Millions			
Net inflow of short money:			
(a) Banking funds	(a)	(a)	1,353
(b) Brokers' balances	(a)	(a)	23
Foreign purchases of securities ...	1,964	2,391	4,355
Foreign sales of securities	1,522	1,927	3,449
Net purchases of securities	442	464	906
Total net inflow of foreign funds	1,411	870	2,281

(a) Not shown separately.

The United Kingdom was the largest dealer in securities in Wall Street, having bought \$1,055 millions and sold \$1,397 millions, leaving a net sale of \$342 millions for the whole period. Canada came second, with purchases and sales which approximately balanced at \$1,100 millions. There are two chief points of interest in these statistics. The first is the preponderance of transfers of short money over net purchases of securities; and this suggests that fear was the main motive behind the flight of European funds to New York. The other point is that the net investment of European money in Wall Street is really the margin arising out of a much larger turnover of sales and purchases. From the foreign exchange point of view the lesson of this is that at any moment there may be a large temporary preponderance of sales or purchases which can easily become a main influence on the exchanges. Recent movements of the dollar have established the truth of this lesson, and President Roosevelt's recent actions have shown how clearly he appreciates it.

The Foreign Exchanges.—Dollars have been offered all the week, and at one time the rate for sterling rose to \$4.91½. On Thursday morning it slipped back to \$4.90½, in spite of fairly large sales of dollars at that time, the main cause of this relapse of sterling being the reports of British constitutional difficulties. Later in the day the pound recovered to \$4.90½. There have been fair sales of dollars to cover Continental liquidation in Wall Street, while guilders have also been bought against dollars to cover open forward positions dating from the weeks preceding the Dutch suspension of the gold standard. Both spot and forward guilders have been firm. The spot rate is now Fl. 9.01½, with steady bidding for guilders against official sales by the Netherlands Bank. The opinion is that without the Dutch control the spot rate would by now have fallen to Fl. 8.50. This week's reduction in the Dutch Bank rate from 2½ to 2 per cent. has kept three months' guilders very firm at only 2½ cents discount, and the rate may soon go to par. The spot Paris rate has been firm at a pegged rate of Frs. 105.15, but the French authorities have had to continue buying francs. Forward rates have been irregular, the latest rate for three months' francs being Frs. 1½ discount. There has been some demand for forward belgas at a three months' rate of 7-6 cents premium.

The Money Market.—Up to the evening of December 1st the disbursement of about £35 millions of War Loan dividend had had very little effect, largely because it was neutralised by the payment of a heavy call on the new Funding Loan. Money has been fairly plentiful, but there has been some clearing bank calling on every day of this week. The banks are only buying bills sparingly now, partly because they are anticipating heavy Christmas currency withdrawals, but one of the banks bought lines of February Treasury bills from the market at ½ per cent.

	Nov. 12, 1936	Nov. 19, 1936	Nov. 26, 1936	Dec. 3, 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	1-1½	1	1	1
Three months' bank bills ...	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.

At last week's tender, at which the average rate was 11s. 5.29d. per cent., there was an unusually small demand for Treasury bills, applications amounting to £65 millions against allotments of £50 millions. As the market obtained most of the bills it had applied for, there has been some selling pressure all this week, and on Thursday bills were being sold at 1½ per cent., or a rate which yielded practi-

cally no profit. There was a general expectation on that day of a higher tender rate on December 4th, and a possible rate of $\frac{1}{16}$ or even $\frac{1}{8}$ per cent. were suggested.

* * *

The Bank Return.—The Christmas expansion in the note circulation has now begun. Last week's increase was £6.0 millions, compared with £4.2 millions in the corresponding week a year ago, so that it looks as if the banks have some justification for their view that this year's expansion may be heavier. The reserve is reduced by £6.2 millions.

	BANK OF ENGLAND				
	Dec. 4, 1935	Nov. 11, 1935	Nov. 18, 1935	Nov. 25, 1935	Dec. 2, 1935
	£ mill.	£ mill.	£ mill.	£ mill.	£ mill.
Issue Department:—					
Gold	198.4	248.7	248.7	248.7	248.7
Note circulation	405.6	446.6	444.9	445.6	451.6
Banking Department:—					
Reserve	53.6	62.9	64.6	63.8	57.6
Public deposits	7.1	14.9	14.1	12.1	10.6
Bankers' deposits	103.7	98.0	96.1	97.6	99.1
Other deposits	37.5	41.6	44.7	41.7	41.1
Government securities	89.4	80.4	79.0	74.2	82.4
Discounts and advances	10.7	8.6	7.4	6.8	8.5
Other securities	12.5	20.3	21.7	20.4	20.2
Proportion	36.1%	40.7%	41.7%	42.1%	38.1%

The War Loan dividend has been largely neutralised by the payment of the Funding Loan call, so that only minor changes have occurred in the banking department. Public deposits are reduced by £1.5 millions, while Government securities have risen by £4.2 millions. Owing to currency withdrawals, very little of this money has reached bankers' deposits, which have only risen by £1.5 millions.

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Bank of London and South America.—The current accounts, summarised below, are the first published since the absorption last July of the Anglo-South American Bank. This operation has doubled the assets and liabilities of the Bank of London and South America, and so the accounts for this year and last are not comparable. Nor do this year's profits reveal the full results of the amalgamation. To mention no other reason, they cover a year which was already far advanced when the amalgamation took place. For the full effects to become apparent we must wait at least until next year.

	September 30th 1935	September 30th 1936
Liabilities:—	£'000	£'000
Capital	3,540	4,040
Reserve	2,000	2,000
Current and deposit accounts	28,289	55,403
Bills payable	661	1,168
Acceptances	1,719	2,605
Bills for collection	6,350	8,953
Assets:—		
Cash in hand and at call	7,144	13,521
British Government Securities	956	2,420
Foreign Government and other securities	219	2,929
Bills receivable	6,026	10,118
Advances	18,651	29,727
Premises	1,914	2,853
Net profits	210	253
Dividend	3%	3%

At the time of the amalgamation there was no doubt that the less sound assets of the Anglo-South American Bank would either be drastically written down or else eradicated, and the new balance sheet of the London Bank shows a very strong position. Cash has increased almost in proportion to deposits, and investments have expanded in far greater proportion. On the other hand, the increase in advances is proportionately less. It is difficult to say how much of the year's expansion in the various items represents an accretion of new business. All that can be deduced is that British banking in South America now rests on a thoroughly sound and liquid basis.

* * *

Barclays Bank (D.C. and O.).—This bank is this year celebrating the centenary of its forerunner, the Colonial Bank, and appropriately enough its resources

have risen to above £100 millions. A special centenary bonus has been paid to staff and pensioners. Business has improved in most of the countries where the bank operates. Its mainstay, of course, is the prevailing activity in South Africa, but in spite of the troubles there has lately been some improvement in Palestine, while there has also been the recent marked advance in the prices of West African produce. Trade in Egypt is better, and while West Indian sugar prices are disappointing crops are good, and there has also been an expansion in tourist traffic. Thus it is not surprising that the bank's latest balance sheet shows a strong and liquid position:—

	Sept. 30, 1935	Sept. 30, 1936	Change
	£ mill.	£ mill.	
Deposit	87.8	97.0	+ 9.2
Cash	24.4	25.5	+ 1.1
Discounts	12.5	13.1	+ 0.6
Investments	23.4	27.8	+ 4.4
Advances	29.2	32.2	+ 3.0

Net profits last year were £473,400, subject to an appropriation of £120,000 for income tax, making a final net figure of £353,400. This year they are £401,200, after providing for income tax, so that there has been a noticeable improvement. There is no change in the dividend of $5\frac{1}{2}$ per cent. on the "A" and "B" shares.

* * *

British Overseas Bank.—Already the largest of the banks founded after the war, this institution further increased its size by taking over in March of this year the business of Fredk. Huth and Company. This absorption makes it difficult to compare the past two years' accounts.

	October 31st 1935	October 31st 1936
Liabilities:—	£'000	£'000
Capital	2,000	2,000
Reserves	250	250
Deposits	2,638	3,983
Acceptances	2,989	4,078
Assets:—		
Cash	247	256
Money at call and short notice	869	1,260
Balances with banks abroad	208	457
Bills discounted	554	973
Government Securities	371	446
Other investments	538	535
Advances	1,783	1,957
Net profit	60	62
Dividend	6%	6%

Among the bank's assets the greatest proportionate increase is in discounts. Net profits are £62,376, compared with £60,131 last year. As far as can be ascertained, the bank has not suffered very serious direct losses as a result of the Spanish war, for its Spanish connections form only a small proportion of its total business, but what the indirect effects may be are, of course, impossible to estimate.

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Canada's Tourist Trade.—Sir Robert Borden in his presidential address to the annual general meeting of Barclays Bank (Canada), held in Montreal on November 17th, called attention to an important phase of Canada's economic activity. Tourist trade, he explained, was essentially a post-war development, which was acutely sensible to the ebb and flow of the trade cycle. Nevertheless, as an invisible export it now ranked ahead of any one of Canada's commodity exports, not even excepting wheat and newsprint, and had become the largest single item in maintaining Canada's balance of payments. From \$117 millions in 1933, the lowest point in a decade, it had recovered to \$202 millions in 1935, and would probably be \$250 millions in 1936. The expenditure of Canadian tourists abroad was also rising, from \$51 millions in 1933 to a probable figure of \$80 millions for 1936. This, we may add, raises the net surplus from \$66 millions in 1933 to \$170 millions in 1936—a figure which may be about half Canada's commodity export surplus for the current year. This last fact alone illustrates the importance of Canada's tourist trade. Generally speaking, both the president and the general manager had an encouraging tale to tell. Canadian business is expanding and Barclays Bank (Canada) is winning its share of the fruits of recovery.

THE STOCK EXCHANGE

THE SMALL INVESTOR

THE Board of Trade has appointed a Committee "to consider the operations commonly known as share-pushing and share-hawking and similar activities." Its personnel is eminently representative. A body which includes the Deputy-Chairman of the Stock Exchange, the President of the Council of Associated Stock Exchanges, the Senior Official Receiver and a former Director of Public Prosecutions is well qualified to discuss every aspect of bucket-shop activity from cradle to grave. Its appointment, following the Government's decision to legislate on the findings of the Committee on Fixed Trusts and the establishment of a London Stock Exchange register of country brokers, affords welcome confirmation of the authorities' care for the interests of a member of the community whose economic status has increased progressively with the post-war growth of taxation—namely, the small investor. We may, accordingly, devote the present article to an analysis of the soil in which bucket-shops, like ill-weeds, take root and thrive.

At the outset, it is evident that small investors are a numerous company, whose membership cuts across most distinctions of politics and creed. Lord Mottistone, Chairman of the National Savings Committee (whose work in promoting thrift is beyond all praise), knows one kind of small investor. Every branch bank manager knows another. Every stockbroker whose clientèle is at all extensive knows a third kind of small investor, and every bucket-shop proprietor knows, too well, a fourth category. There are 46 million inhabitants of Great Britain, of whom only 81,562 were assessed to surtax in 1933-34, and only 3½ millions were chargeable with income tax in 1934-35. Many of the lower grades of income-tax payers are certainly not large investors. We may not be far wrong, therefore, in concluding that something over 90 per cent. of the total population and, say, over two-thirds of the recipients of separate incomes, are potential small investors.

Various computations have been made of the total accumulated resources whose ownership may be attributed to the small investor. The most recent was published by Lord Mottistone last October. It totals nearly £3,000 millions, and is analysed in the accompanying table. The figures are the more striking because, great as they are, they admittedly do not tell the full story for any single one of the sub-headings under which we have grouped Lord Mottistone's figures. They are, in fact, almost entirely confined to figures whose accuracy can be checked from official records. The total of £674 millions in savings banks, for example, does not include deposits

THE SMALL INVESTOR'S ACCUMULATED FUNDS

In Savings Banks:—		In Various Societies:—	
Post Office S. Bank	420½	Building Societies	549
Trustee S. Banks	207	Indust. and Provident Societies	206
Railway S. Banks	25½	Friendly Societies	137
B'ham Municipal Bank ..	21	Trade Unions	13
Total in Savings Banks...	674	Total in Various Soc.	905
In Govt. Securities:—		Miscellaneous:—	
Nat. Savings Certificates ..	507½	Industrial Assurance ..	343
Govt. Stocks on Post Office Register	202	Nat. Health Insurance* ..	130
		Superannuation Trust Funds†	60
Total in Govt. Securities 709½		Total, Miscellaneous...	533
		GRAND TOTAL	2,821½

* Accumulated funds under National Health Insurance Act.
† Total registered.

in the independent Scottish savings banks, in the Yorkshire Penny Bank, or in the special savings departments of the great joint-stock banks. The £709½ millions of Government security holdings excludes all gilt-edged stocks purchased for the small investor, directly or by trustees, by way of the normal Stock Exchange channels. No attempt is made to evaluate the small investor's share of ordinary (as distinct from industrial) life assurance funds. This share was estimated by Mr Walter Runciman at £340 millions in 1926, and it may be as high as £500 millions to-day. The building society figures have increased more rapidly than any other item in the list, during the last decade. But they show, not the extent of house ownership, but the amount still unpaid on comparatively recent purchases. Above all, the figures given above completely ignore the small investor's holdings in the securities of British railways, public utility concerns and the whole gamut of industrial companies.

In fact, the figures are as a mixed bag of samples of such holdings as happen, for legislative or other reasons, to be statistically recorded by Government agencies. They are the *visible balance* of small investment, and it may be as misleading to omit "invisible" items from consideration in this context as in the national balance of payments. The investment character of certain of the "visible" items is itself debatable. The accumulations of the friendly societies

SHAREHOLDINGS IN TEN BRITISH COMPANIES

Company (and Class of Share or Stock Units)	Number of Shares or Units Issued*	No. of Shareholders	Size of Average Shareholding (Par Value)	Largest Shareholders (a)		Small and Medium Holders (b)		Percentage of Total Number of Shareholders, each holding		
				No.	Total Shares Held	No.	Size of Average Holding (Par Value)	Under 100 Shares	Under 200 Shares	Under 500 Shares
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)
Imperial Chemical (£1 Ord.)	43,589,538	124,690	£ 350	17	4,326,273	124,673	£ 315	40.4	64.5	86.6
Imperial Tobacco (£1 Ord.)	37,492,625	94,690	396	70	11,754,171	94,620	272	47.4	73.8	90.2
Courtaulds (£1 Ord.)	24,000,000	59,940	400	42	7,321,433	59,898	279	43.2	69.0	88.9
Dunlop (Ord.) (c)	7,851,046	52,620	149	21	2,694,954	52,599	98	28.4	55.9	81.6
J. and P. Coats (£1 Ord.)	14,750,000	49,570	297	17	2,417,789	49,553	249	48.3	75.5	91.6
Unilever, Ltd. (£1 Ord.)	11,318,750	19,420	583	8	6,472,041	19,412	255	48.1	75.4	91.8
Fine Cotton Spinners (£1 Ord.)	4,410,000	17,160	257	2	198,000	17,158	218	42.4	70.1	89.6
Cunard Steamship (£1 Ord.)	5,570,241	13,860	402	7	516,504	13,853	365	27.7	58.6	84.4
Staveley Coal (£1 Shares)	3,385,356	6,290	538	4	355,342	6,286	483	27.8	50.4	76.6
Watney, Combe (£1 Deferred Ord.) ..	3,185,410	4,520	705	5	722,117	4,515	546	25.0	54.0	80.3
Total: Ten Companies	155,552,966	442,760	351	193	36,778,624	442,567	268	41.4	67.5	87.7

* At date of inquiry. (a) Holding 50,000 shares or over. (b) Remaining shareholders, with 1 to 49,999 shares each. (c) £1 shares reduced to 6s. 8d. and subsequently converted into stock.

and trade unions (and, possibly, also the national health and industrial assurance funds) are the product, not so much of conscious saving, as of desire to escape the worst evils of being poor. "Investments" of this kind should diminish as the social services of the State are extended. Bucket-shops do not find many clients among unskilled labourers. The multitudinous streams which daily coalesce at the share-pusher's letter box flow rather from the "foreman class" of wage-earner, the local shopkeeper, the black-coated worker, the doctor, dentist and professional man generally (who is earning a competence, but living, as a rule, up to his means), the clergyman, the schoolmaster and the small industrialist. All these recipients of moderate but fairly regular income endeavour to save something, partly from insurance motives—to obtain the wherewithal for marriage, the education of a family, and protection against sickness, old age and the proverbial "rainy day"—and partly to obtain increased income during their lifetime and transmit the principal to their heirs. Their "reserves" may be free or earmarked, or both, but they normally seek investment, not through savings bank channels, but through the medium of Stock Exchange securities.

It is well known that the average shareholding, even in the largest British companies, is relatively small. There are, for example, over 800,000 names on the registers of the four main railway companies, and the average individual holding is under £1,400 nominal (with a much lower market value to-day). It was recently stated that 23 representative industrial concerns had an average shareholding of as little as £315. These figures, however, are difficult to interpret, partly because the number and incidence of very large holdings may affect the average considerably; and partly because large, as well as small, investors were aware of the advantage of spreading their resources over a large number of companies, long before unit trust managers discovered its publicity value.

It is possible, however, to speak with somewhat greater confidence of the wide diffusion of capital ownership in the light of a private inquiry into the distribution of actual shareholdings in ten leading British industrial companies, some of the results of which appeared in the *Economist* four years ago. The table at the foot of the preceding page, which is based on that research, shows (a) the effect of large holdings on the average, and (b) the percentage of shareholders in each company who are small holders.

Reference to the table shows that the exclusion of the very large shareholdings tends to reduce the average very considerably. Of still greater significance is the fact that over 40 per cent. of the shareholders in these companies have less than 100 shares each; that over two-thirds hold under 200 shares, and that nearly 90 per cent. hold less than 500 shares. There is strong *prima facie* evidence that most holdings of under 100 shares, and many of under 200 shares, belong to the small investor in the sense we have just described. Sub-division of total individual investments into what are, for Stock Exchange purposes, "odd-lot" holdings is uneconomic for the really wealthy investor. It is significant that, broadly, the largest companies in the table, whose shares have the widest market, have the greatest proportion of small holdings.

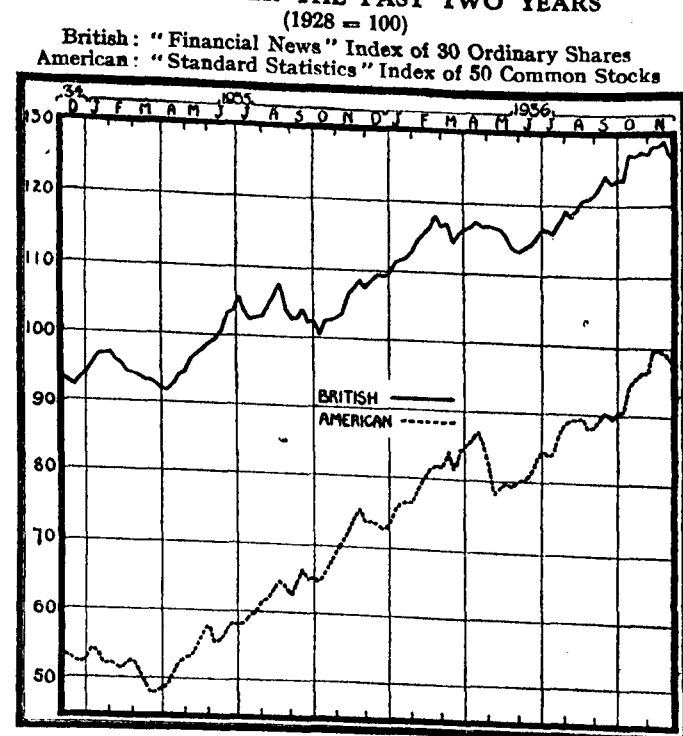
It is a safe hazard that the clientèle of the bucket shop is drawn largely from the type of small investor thus represented, who is free from immediate anxiety over his economic position, but has no very considerable total income derived from his securities and is tempted by the possibility of obtaining a spectacular return. The bucket-shop hook is baited more frequently with the prospect of handsome capital profits than of higher income. Bucket shops flourish notoriously when markets are rising, and speculative "deals" are the order of the day.

The most formidable problem, therefore, with which a reformist legislature may have to cope may be not so much the activity of the bucket shop as the receptivity of the small investor himself. It may be desirable to keep him from temptation by curbing the activities of the fraudulent share pusher, and, as far as possible, by publicly differentiating the more from the less reputable share dealer. But in the long run the best remedy may be the more liberal education of the small investor in the theory and practice of investment.

INVESTMENT NOTES

Course of Share Values.—If a market can be defined in terms of its distracting rather than its dominant factors, then the term "political markets" is applicable to last month's events on the Stock Exchanges of London and New York alike. As our customary monthly chart shows, equity share prices in both centres reached a new recovery peak in the first part of November, and receded from it in the latter part of the month. In New York, prices were left with a net gain; in London, they finished more or less where they started. Both centres, indeed, were ripe for a technical reaction. But the fact that New York suffered rather less than London, although the gradient of the preceding rise in values had been steeper on the west of the Atlantic, suggested that proximity to the scene of doctrinal battle in Europe was the main consideration. This week, the curtain was raised to reveal the threat of a British constitutional crisis. The markets for gilt-edged and

BRITISH AND AMERICAN INDUSTRIAL SHARE VALUES OVER THE PAST TWO YEARS



equity stocks alike were much depressed and even more dismayed. How far such an issue might carry the markets, if anxiety over its outcome were prolonged, cannot be even approximately estimated, for it has had no precedent in Great Britain for generations. Apart, however, from dynastic problems, the attitude of investors and Stock Exchange operators towards the boom has become perceptibly more cynical. That some of the foundations of present activity cannot be enduring has become more widely admitted, in proportion as the centre of gravity of prosperity has moved from recovery to re-armament. Meanwhile, the Actuaries' Index of 178 ordinary shares (December 31, 1928 = 100) now stands at 90.6, against 91.2 a week ago and 90.7 a month ago, the corresponding percentages of average yield being 3.64, 3.57 and 3.54, respectively. Indices for a number of constituent groups are given below:—

Group (and No. of Securities)	Prices (Dec. 31, 1928 = 100)			Yield (%)		
	Month ago (Nov. 3)	Week ago (Nov. 24)	This week (Dec. 1)	Month ago (Nov. 3)	Week ago (Nov. 24)	This week (Dec. 1)
Building materials (5)	105.1	106.1	104.4	4.75	4.74	4.83
Coal (7)	114.7	117.5	118.9	3.07	3.11	3.12
Cotton (6)	46.3	49.2	48.4	1.99	1.95	1.98
Oil (5)	93.7	89.2	90.2	2.93	5.05	3.00
Electric supplies (10)	158.5	156.3	154.9	3.49	3.54	3.55
Home Rails (4)	82.5	87.1	84.4	1.31	1.24	1.24
Stores and Catering (20)	88.2	91.5	87.6	3.64	3.69	3.95

The groups which fared best last month were those, like coal and cotton, which have been among the last to feel recovery's kindly urge.

Argentina and the British Investor.—Investors will do well to examine the terms of the Anglo-Argentine Trade Agreement (published as a Supplement with this issue) with some care. They can hardly escape the conclusion that the British Government has driven a hard bargain, to fit the requirements of its beef policy. Wednesday's debate showed that Mr Morrison had succeeded to the mantle of Mr Elliot so completely that the duty on beef imports from the Argentine must now be regarded as a permanent feature in the economic relations of the two countries. But assistance for the British beef grazier, under the Pact, is clearly more apparent than any corresponding benefit for the British investor in the Argentine. The beef levy, whose cost is put at about £3 millions per annum, represents nearly 7 per cent. of the value of Argentina's exports to this country, and over 20 per cent. of the total value of British imports of Argentine beef. It must be wholly paid by the Argentine grazier or shared with the British consumer. In either event, it must necessarily reduce the net income of Argentine beef producers, and must, *pro tanto*, reduce the sums available in sterling exchange which are to be earmarked, as before, for meeting current remittances from the Republic to this country. For the railways, it may well mean some loss of cattle freights, or pressure to reduce the traffic rates. The Agreement suggests no reason why the high ranking accorded to Argentine Government loans should be modified in any way. The prior claim of these obligations cannot be materially affected under the new Pact. On the railways, other considerations arise. They are protected by the "benevolent treatment" clause, but this is wholly non-specific, and conditional upon the Government's ability to act "within their constitutional sphere." They already enjoy preferential exchange arrangements, but these expire at the end of the present year. Will they be renewed, and on what terms? There is no official indication on this point, but there is reason to hope that, if exchange control is maintained (a problem discussed on page 473), the railways' special exchange arrangements may be renewed on broadly similar lines next year. But their general operating problems are not appeased by any undertaking in the Pact. National Transport Co-ordination is still an open question, and if railway experience the world over is a reliable guide, the prospect of "recovery traffics" during the next half of the railways' year may be accompanied by forward-looking labour demands. Both issues, indeed, may be affected by local political reactions in the Argentine, and no Government could guarantee "benevolent treatment" without reserving considerations of this sort. In short, the outlook for Argentine rail stocks over the long-period cannot confidently be regarded as clarified by the Agreement.

Proxies and Minorities.—The scheme of amalgamation of National Provincial Cinemas, Oxford and Berkshire Cinemas and the Union Cinema Company, whose terms we recently criticised in the *Economist*, were unanimously approved, without question or comment, at separate class meetings of shareholders on Friday, November 27. The shareholders concerned have expressed their opinion in a perfectly regular manner. But that at least one shareholder in the Oxford and Berkshire Company found himself in opposition to the terms proposed is evident from a letter sent to him by the company, which has been reproduced in a newspaper:—

We duly received your letter of the 23rd instant requesting us to record your vote against the proposed amalgamation scheme, but we would point out that in order that your vote may be effective you must either attend in person or appoint some other shareholder as your proxy to vote for you. It will not be possible for you to use the proxy cards which have been sent to you, and a new proxy in a similar form appointing some other person to vote for you will be necessary.

It will appear, first, that the nominees appointed to vote by the proxy forms were only those in favour of the scheme; secondly, that shareholders living at a distance from London, or unable for other reasons to attend the meetings in person, were unable to record a vote against

the scheme unless they could find some other shareholders to serve as their deputies, and to compose and complete a legal document in a specified form; and, thirdly, that in this particular case, either the shareholder concerned changed his mind before the meeting, or was unable to find a fellow shareholder willing to undertake the duty, and to provide him with the required form. In the species of referendum which an extraordinary shareholders' resolution implies, it is obvious that, under the law as it stands, it is more difficult to say "No" than "Aye." The law, in fact, admits its own bias, for it expressly allows affirmative votes to be obtained at a company's expense, while shareholders who wish to record a negative opinion must do so at their own charge. The underlying assumption that shareholders should give the most careful consideration to the views expressed by their directors, and should not lightly or frivolously vote against them, is obviously sound. But the ultimate test of any democratic system is its treatment of minority opinion. And in the present state of company law, the balance seems to be tilted more to the side of expediency than abstract justice.

Re-armament's Nemesis.—Mr Arthur Chamberlain invariably takes a wide viewpoint in his speeches to the shareholders of Tube Investments. Twelve months ago he delivered a pungent criticism of company accounts before inviting shareholders to approve those of his company (which, incidentally, lack only a consolidated earnings statement to complete the excellent group balance sheet). His theme on Wednesday was the reaction of defence activity upon the normal channels of industry and trade. The expansion of the group's turnover during 1936 has coincided most opportunely with the reorganisation of the undertaking; orders have been promptly executed, and the increased volume of work has enabled the company to keep price increases down to the minimum. Nor have the past year's profits been "swollen with



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defence windfalls." There is evidently great pressure on the company's capacity from customers engaged in the defence programme, but the windfalls will accrue, "if at all," in 1937 and 1938. Mr Chamberlain, in fact, is not enamoured of the defence programme. In his view it comes at a time when the country's manufacturing capacity is already "fully occupied with honest business," which increases the wealth of the country, and he foresees a period when raw materials and labour will be diverted to defence requirements, at the expense of general industry. When the armament boom is over, he fears that increased taxation will coincide with a reduced volume of trade from which to meet the bill. And he drew two conclusions, first that the profits of 1937-38 would not satisfy contemporary optimists, and secondly that prudent businesses would retain any surpluses to meet the day of reckoning. These are frank words which deserve the attention of all thoughtful investors, for they can be suitably translated to meet the circumstances of the majority of industrial concerns. The range of direct benefit from the defence programme is much narrower than the market has been inclined to acknowledge, and if Mr Chamberlain's warnings regarding rising costs prove true, there may be more concerns than his which regard the long-term implications of re-armament with misgiving. Nor do his views in this matter depend upon his plain reading of international affairs. Some investors may prefer to dissent from his doubts regarding the necessity for a large defence programme, but that is a question which is wholly different from the economic issues which are raised by it.

* * *

Foreign Bond Movements.—A further rise in the foreign bond market is reflected in the "Municipal and General" index for November. The average level of the 113 bonds now represented—reduced from 114 owing to the repayment of the Belgian 7 per cent. loan—has advanced from 102.5 to 103.9 (January-June, 1934 = 100). Our

usual table below shows the movements of the component series:—

Month	AVERAGE JAN.-JUNE, 1934 = 100							Com- plete Index	Un- de- faulted	De- faulted
	Europe	Near & Far East	Egypt	South and C. America						
	(31)	(31)	(4)	State	Prov. Govt.	Total	(113)	(591)	(541)	
1935										
Nov.	92.0	101.7	99.5	91.9	76.6	88.1	93.1	101.0	84.6	
Dec.	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	98.8	103.4	99.5	
Feb.	96.4	107.7	98.8	103.5	86.5	99.3	100.7	104.1	96.8	
March	95.1	109.9	99.2	100.2	85.9	96.7	100.0	103.7	95.3	
April	97.6	110.0	98.7	101.3	87.9	98.0	100.8	104.7	96.5	
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	102.8	95.1	
July	94.7	110.6	100.9	99.1	89.2	96.7	98.8	104.4	95.0	
August	95.1	113.2	100.7	99.3	89.8	97.0	100.7	105.7	95.8	
Sept.	94.7	110.7	99.9	98.8	89.0	96.4	99.7	104.3	94.8	
Oct.	95.2	111.7	99.7	105.3	93.0	102.3	102.6	104.3	100.6	
Nov.	95.4	110.6	99.6	107.2	101.0	105.7	103.9	104.5	103.2	

† These are current totals. From August, 1935, to April, 1936, 82 defaulted, 52 defaulted bonds.

South and Central American issues have recorded a major rise, the Provincial Government issues providing a strong feature. In part, this rapid improvement may be attributed to their depressed levels throughout the base period, but it does, in fact, reflect a real improvement in the position of "commodity bonds" owing to the rising tendency of world prices. The one significant fall has occurred in the Far Eastern group, where political troubles have affected Japanese issues. It will be seen that, since the end of last year, defaulted bonds have risen by 21 per cent., compared with an appreciation of less than 2½ per cent. for issues whose coupons are regularly met.

COMPANY NOTES

P. and O. Report.—The report of the Peninsular and Oriental Steam Navigation Company to September 30th, like that of other shipping companies, shows a substantial—if not a spectacular—recovery in voyage receipts compared with the previous year. Interest in the report, however, will inevitably be concentrated on certain spectacular balance sheet changes. Revenue for the past year has hardly expanded so sharply as the 4 per cent. deferred dividend declaration suggested. Net voyage receipts are up by £230,000, and total current income by £322,000. These figures mean that P. and O. has enjoyed its best year since 1932. But comparison of the actual revenue position is complicated by the absence of exceptional income transfers last year, and by the reduction of depreciation provision to £885,000. The latest accounts, therefore, show a "true earnings" position for the first time in five years. The analysis below reveals that the deferred stock dividend was short-earned to the extent of £6,791:—

	Years to September 30th		
	1934	1935	1936
Net voyage receipts.....	1,202,079	1,054,862	1,284,923
Total current income	1,890,608	1,800,326	2,121,990
Exceptional income†	984,838	606,353	...
Total available revenue	2,875,446	2,406,679	2,121,990
Total depreciation	1,773,003‡	1,313,944§	880,000
Administration charges	453,023	457,194	458,700
Interest on loans and other charges	178,789	160,842	139,718
Debt interest	319,365	317,700	314,662
Preference dividend.....	152,000	152,000	152,000

Deferred stock:—

Earned	Dr. 731	4,999	176,910
Paid	Nil	Nil	183,701
Earned %	Nil	Nil	3.9
Paid %	Nil	Nil	4

Carried forward

† Includes profit on investments sold, transfers from debenture reserve and income tax refunds. ‡ Includes £385,085 from investment profits and £550,000 transferred from debenture reserve. § Includes £450,000 transferred from debenture reserve. The precise significance of the latest earnings figures, in fact, depends upon the treatment of the depreciation provision. For 1934-35, a total of £1,313,944 was charged, of which £863,944 was derived from revenue and £450,000

from debenture redemption reserve. Broadly similar provisions were made for normal depreciation in the two previous years, and the balance sheet at September 30, 1935, showed that the accumulated depreciation funds exceeded the 5 per cent. per annum rate by £84,000. At that date, the debenture reserve, which had been regularly used to supplement the depreciation charged against revenue, was exhausted. The reduction of approximately £400,000 in depreciation is due to the exceptional charges referred to. The ultimate intentions of the company will doubtless be explained by Mr Shaw next week.

* * *

Important Balance-Sheet Changes.—The low figure of depreciation in the present accounts is made possible by a substantial balance-sheet revision. One subsidiary has been wound up, and its assets have realised a surplus. Another has made a distribution from its reserves. Arising from these arrangements, the parent company has created a Special Reserve of £6,481,434, of which the major part—£5,931,434—has been applied in writing down the book value of the fleet. The transaction has produced the following major balance-sheet changes:—

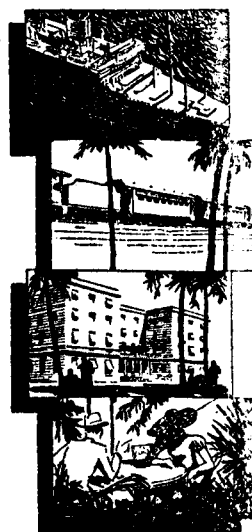
	P. & O. Balance Sheet			Consolidated Balance Sheet	
	1935	Sept. 30, 1936		1935	Sept. 30, 1936
Deposits and loans from subsidiaries	8,751,206	£ 9,334,597	General and contingency reserves	16,703,891	£ 15,504,642
Cost of steamers in service	27,141,852	22,626,294	Profit and loss credit balance...	3,049,274	691,495
Amounts written off steamers.....	14,538,981	16,931,184	Cost of steamers in service.....	82,716,055	80,777,069
			Amounts written off steamers.....	55,786,595	58,602,670

The transfer of £5.9 millions seems to have been utilised, in large part, for providing against a loss on the disposal of four steamers in the Australian branch service. The parent company's fleet, valued last year at £12,602,872 after depreciation, now stands at £5,695,109, excluding £1,731,133 paid on account of tonnage under construction. The amount written off exceeds an accumulated depreciation fund at 5 per cent. by £4.3 millions. It would seem, therefore, that the burden of annual depreciation may be

permanently reduced. This immediately raises the issue whether 5 per cent. on the written-down value of the tonnage is adequate under present conditions. Thanks to past prudence, the company finds itself generously equipped with reserves, and with liquid assets to finance new construction, and the utilisation of group resources has put the parent company's assets position on a sounder basis. Stockholders will look forward with interest to a fuller explanation at next week's meeting of the resources from which this specific reserve has been created. Last year the chairman showed, in his speech, that the extinction of a large part of the annual depreciation charge would still leave the company to provide for the replacement of tonnage, and that this provision could only be made from earnings. If, instead, it is to be provided, in large measure, from past "group" earnings, a consolidated profits statement would seem to be the logical corollary, in order that stockholders may know what group earnings amount to.

* * *

Dorman Long Accounts.—The market has been well satisfied by the Dorman Long accounts. The incidence of increasing costs has been less severe than investors had feared, and trading profit has increased by 25½ per cent., an advance more rapid than that of steel output in the North-East region during the period. The expansion of trading profits, coupled with greatly increased dividends from subsidiaries (particularly from Redpath Brown, the constructional engineers) results in a total profit of £1,128,916, compared with £839,969 in 1934-35. After paying debenture interest, making a very adequate allowance for depreciation, and meeting other charges, the board has allocated £113,235 to general reserve, in order to compensate the loss of liquid assets in the redemption of bank debt. This figure appears to represent debt redemption chargeable to profits for the year, in accordance with the formula agreed in the reconstruction scheme, and it therefore ranks as a charge on earnings. After paying full preference dividends, 24.7 per cent. and 16.7 per cent. are earned, and 14



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72/- per dozen

per cent. and 6 per cent. paid, respectively, on the preferred ordinary and ordinary shares. The following table shows the course of recovery during the last three years:—

YEARS TO SEPTEMBER 30TH

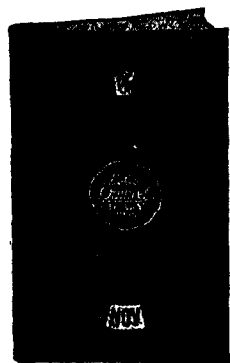
	1934	1935	1936
Trading profit	481,725	788,605	989,787
Dividends on investments, etc.	28,674	51,364	139,129
Total profit	510,399	839,969	1,128,916
Directors' fees, pension funds, etc.	20,814	14,796	24,658
Bank interest	92,548	50,573	38,957
Depreciation	60,406*	205,731	250,000
Debiture interest	298,477†	178,091	197,591
Reserve (to balance debt redemption)	...	200,000	113,235
Preference dividends	...	185,768§	238,803
Earned for pref. ord. and ord.	...	...	265,672
Paid	...	...	121,715
Preferred Ordinary—			
Earned (%)	...	...	24.7
Paid (%)	...	...	14
Ordinary—			
Earned (%)	...	...	16.7
Paid (%)	...	...	6
Carried forward	Dr. 411,924†	5,010	148,967

* Maintenance of idle works. † Not actually paid.
‡ Cancelled in reorganisation. § Only first preference dividend paid.

This spectacular recovery has been accompanied by a considerable renewal of equipment. The new coking plant at the Cleveland works has been completed, and further works will come to fruition this year. The balance sheet, however, still shows a somewhat illiquid position. The bank debt has been reduced from £1,553,552 to £913,670, partly from profits and partly from the sale of certain investments—particularly the interest in Horden Collieries. But this process has depleted the cash resources, and if new development is to be financed and further bank debt redeemed, more capital may be necessary. On the possibility of an issue of ordinary shares on bonus terms Dorman Long ordinary shares have touched 56s. this week, and even at the lower level of 53s. 9d. xd. they appear fairly adequately to discount all reasonable prospects both of capital bonuses and dividends. The company is at present in a very strong industrial position, but the record demand for structural steel will not be maintained indefinitely, and the company has relatively little direct interest in the re-armament programme.

BUSINESS DIARIES FOR 1937

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Carreras Profits.—The substantial advance in the profits of Carreras, Ltd., coupled with the capital bonus announcement, has produced one of this week's liveliest share movements. On Tuesday, the "A" shares closed $\frac{1}{2}$ higher at 11, and they made further progress in mid-week dealings to 11 $\frac{1}{4}$. The net profits, in fact, are a record, having advanced from £942,007 to £1,234,833, after provision for depreciation. In terms of ordinary earnings, the advance is from 48.6 per cent. to 66.0 per cent. and in dividends from 40 per cent. to 45 per cent. A comparison of recent earnings levels is given below:—

	YEARS TO OCTOBER 31st	1934	1935	1936
Total profits	£	853,318	992,389	1,234,833
Depreciation	£	47,395	49,382	70,666
Fees	£	981	1,000	17,324
Net profits	£	804,942	942,007	1,234,833
Income tax	£	49,773	43,017	70,666
Staff Fund	£	7,300	7,042	17,324
Preference dividend	£	65,000	65,000	65,000
Ordinary shares—				
Earned	£	682,869	826,948	1,081,843
Paid	£	620,048	708,626	797,204
Earned %	%	39.6	48.6	66.0
Paid %	%	35	40	45†

Contingencies Fund

Carried forward	100,000	50,000
Carried forward	1,264,512	1,282,834

† Plus capital bonus of 16 "B" ordinary shares for every five ordinary and/or "A" ordinary shares, and two "B" ordinary shares for every five "B" ordinary shares held on January 4th next, costing £708,626 from the balance carried forward.

This remarkable rate of progress, which, incidentally, proves the wisdom of recent buying of tobacco shares, is accompanied by the expected capital bonus in "B" ordinary shares, at the rate of 40 per cent. on each of the three classes of ordinary capital. On the earnings shown in the latest year the company would still be able to maintain the existing rate of dividend, although it might be expecting too much of the directors to anticipate a division of earnings on the new capital almost up to the hilt. The market's appetite for "melons" has been catered for within recent weeks by Woolworth and Carreras, but it is a taste which could never be fully satisfied. It is odd that a change which makes no contribution to earning power should be invariably received with enthusiasm. Experience shows, however, that the sur-tax payer appreciates the saving which bonus issues provide, while the humbler investor reflects that the total cash distribution on the increased capital is normally increased after a bonus. Only the Chancellor's unceasing activity in safeguarding the revenue can affect the former advantage (which, both in "melons" and regular share bonuses, is now becoming considerable), and considerable technical difficulties would first require solution. The second condition, in the case of Carreras at least, should be comfortably fulfilled during the coming year.

This Week's Recovery Reports.—The company results published this week cover trades ranging from catering to agricultural machinery, but all share in common improvement, if varying degree, as the selection of results given in the accompanying table reveals. A satisfactory increase from £223,835 to £234,935 in A.B.C. profits gives no obvious indication of rising costs. The forward development policy continues, for property has increased by some £150,000, while the general reserve of £110,000 has been taken over for obsolescence. The progress of *Timothy Whites* and *Taylor's* is fairly satisfactory. Profits have increased from £278,146 to £314,001, a windfall of £125,000 from the sale of certain assets of a subsidiary being transferred to general reserve. It would appear that the full economies from the amalgamation with *Taylor's* (Cash Chemists) have not yet been realised. The excellent results shown in the *Raleigh Cycle Holdings* preliminary statement are confirmed by the full accounts of the holding and operating companies, the latter's trading profits having risen from £428,915 to £514,125. The undertaking is now

to concentrate on cycles and cycle parts only, but a special section of the works is being organised to deal with "certain Government orders." Although a collapse of the cycle boom seems remote on these results, the comparatively high yield of £5 19s. 6d. reflects the company's dependence on the permanence or otherwise of a new social habit. *J. Brockhouse and Company* have celebrated their jubilee by almost doubling profits—£95,071, against £50,397. The balance sheet shows the expansion resulting from the recent share issue, which brought in

Company (and Date of Accounts)	Total Profits	Earned for Ord.	Ordinary		Price (and Denomination)	Yield %
			Earned	Paid		
<i>Aerated Bread</i> (Sept. 30):						
1935	223,835	75,883	7.6	5	26 6xd	3 15 6
1936	234,935	77,609	7.9	5	(£1)	
<i>Timothy Whites</i> (Sept. 28):						
1935	278,146	92,192	24.5	22½	34 7½xd	4 6 6
1936	314,001	103,640	27.9	30	(5s.)	
<i>Raleigh Holdings</i> (Nov. 30):						
1935	195,938	144,733	14.9	15	78 9	5 19 6
1936	265,585	216,473	22.8	22½	(£1)	
<i>J. Brockhouse</i> (Sept. 30):						
1935	50,397	33,501	14.4	10	86 0	5 0 0
1936	95,071	70,114	22.3	16	(£1)	
<i>Crittall Mfg.</i> (Aug. 31):						
1935	280,504†	56,728	7.3*	NH	26 3	3 19 0
1936	292,097†	128,670	60.9*	20*	(5s.)	
<i>R. A. Lister</i> (Sept. 30):						
1935	117,135	51,877	17.9	10	78 3	4 6 6
1936	170,998	80,053	21.5	16	(£1)	

* Ordinary capital: 1935, £1,000,000; 1936, £250,000. † After deducting upkeep of plant, etc.: 1935, £36,886; 1936, £42,706. ‡ Or 16.9 per cent. after charging one year's preference dividend.

over £260,000 cash. Land, plant, stock and interests in subsidiaries are all appreciably higher. Although *Crittall Manufacturing Company* are resuming ordinary dividends with 20 per cent. on the reorganised capital, the improvement of only £11,593 in the profits of £292,097 is disappointing. Increased cost of both materials and labour has presumably affected profit margins. The excellent *R. A. Lister* results show an increase in profits from £117,135 to £170,996. An important change in the balance sheet is the sharp rise in interests in subsidiaries, which amount in all to £343,292, against £142,875.

Commercial Motor Results.—Recent results of commercial motor makers have made a good impression on the market. The progress of *Dennis Brothers*, perhaps, is steady rather than spectacular, and did not entirely satisfy some go-ahead market operators. But an increase in profits from £137,918 to £151,714 at least demonstrates that the company can make headway against the kind of competition discussed by Sir Raymond Dennis at the annual meeting. Sir Raymond, who pointed out, incidentally, that the 11

Years to Sept. 20th	A.E.C.			Dennis Bros.		
	1934	1935	1936	1934	1935	1936
Total profits	191,418	209,585	340,180*	121,541	137,918	151,714
Depreciation	46,925	48,074	69,578	12,611	14,119	13,501
Taxation	40,000	30,000	60,000	...	...	...
Fees and other expenses	2,486	2,263	2,534	4,973	5,917	5,026
Ordinary shares:—						
Earned	102,007	129,188	208,063	103,957	117,882	133,187
Paid	98,750	93,750	112,500	100,185	112,686	125,206
Earned %	8.8	11.1	18.2	139.8	158.9	180.6
Paid %	8.4	8.4	9.1	133½	150†	166†
Reserve	...	25,000	85,000	...	...	...
Carry forward	233,984	244,432	255,000	110,619	115,815	123,796

* After providing £15,000 reserve against loan on mortgage. † Also 50 per cent. tax free distribution from *White and Poppe* surplus realisation account.

per cent. increase in profits had been unconnected with re-armament, explained that, quite apart from increasing foreign imports, the field of competition was tending to become narrower; attention was being concentrated more and more upon vehicles weighing under 50 cwt., which are allowed a higher speed limit. The accompanying table shows that the higher profits and dividend have not in-

volved much change in other directions. The excess of earnings over dividend payments is more generous, and the carry-forward is nearly £8,000 higher. No allocation is made to general reserve, but this account certainly appears to need no reinforcement, as it stands at £650,000. Associated Equipment, whose undertaking is to some extent sheltered under the wing of London Transport, has provided the market with an agreeable surprise. The comparatively modest increase in dividend from 8½ to 9½ certainly did not suggest the sharp rise in profits from £209,535 to £340,180 which the report discloses. It is evident, however, that distribution policy is still deliberately cautious, and the market loves dividends and only admires earnings. An increase of no less than £60,000 is made in the reserve allocation, while depreciation has been raised from £48,074 to £69,578. Neither balance sheet shows important change. *Dennis Brothers'* cash holdings have been reduced from £267,784 to £132,397, and the *White and Poppe* surplus realisation now stands at £31,325, against £97,772. In the A.E.C. accounts the chief movement is a rise from £1,190,929 to £1,402,840 in total current assets. The long-term prospects of the latter company's shares are already discounted at the present price of 50s. to yield £3 18s. 6d. per cent. *Dennis* 1s. shares yield £4 9s. at the present level of 37s. 6d.

The Hawker Merger.—Criticism has been directed, this week, against the terms on which the *Hawker Siddeley Aircraft Company*, which at present holds 50 per cent. of the capital of *Hawker Aircraft*, proposes to acquire the remaining 50 per cent. The boards have taken the opinion of Sir William McLintock regarding the respective values of the ordinary shares of the two companies, and he has come to the conclusion that the terms offered—four 5s. shares in *Hawker Siddeley* for every five ordinary and/or "A" ordinary shares in *Hawker Aircraft*—accurately reflect contemporary values, and the future prospects of the respective groups. Sir William, presumably, has had access to information which is denied to the shareholder—such, for example, as the earnings of the *Armstrong Siddeley Development* subsidiaries, from which *Hawker Siddeley* derives the major part of its income. In any case, his opinion, backed by his position as adviser to the aircraft industry, is the only independent evidence in favour of the terms. On last year's profits, however (adjusting the figures for the *Hawker Siddeley* bonus), there seems little to choose between the respective earnings positions of the two concerns. The stress which the directors place on the prospects of *Hawker Siddeley*, with its wider base of activities in motors and civil aircraft manufacture, compared with the concentration of the *Hawker Aircraft* upon military aircraft only, may be justifiable. The profits of the concern should increase, and its operations are to a greater extent relieved of dependence upon the defence programme. But hitherto the earnings of military aircraft manufacturers have been "sub-normal" in relation to the expansion of air defence, and the *Hawker Aircraft* undertaking, which has been considerably expanded, may equally be expected to increase its earnings in the future. The measure of potential progress of the two concerns can only be determined by those with knowledge of current business and profit expectations. But we may finally note



SECURITY FIRST

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that the terms now offered are less generous than those accepted when Hawker Siddeley was formed last year. A full exposition of the earnings prospects of Hawker Aircraft appears essential if the interests of the general body of shareholders in that concern are to be safeguarded.

Crompton Parkinson Progress.—This vigorous electrical equipment concern has again produced an excellent report. During the past year total profits have increased by 41 per cent., and over the last two years by no less than 158 per cent. The company's prosperity, in fact, is exceeded only by the market's readiness to discount it, and the distribution announcements were succeeded by a reaction in the shares. The results are summarised below:

	Years to September 30th,		
	1934	1935	1936
Trading profit and dividends from subsidiaries, after provision for tax and contingencies	149,326	272,244	384,608
Depreciation	14,475	25,184	25,000
Fees, benevolent fund, etc.	3,042	13,250	12,750
Preference dividends	43,658	43,658	43,658
Ordinary and "A" Ordinary shares:			
Earned	88,151	190,152	303,200
Paid	26,224	29,656	62,435
Earned (%)	60.6	99.8	75.8
Paid (%)	12½	12½	12½

General reserve 55,234 154,377 224,963
Carried forward 57,311 63,430 79,232
† Capital bonuses declared as follows: 1933-34, 7 per cent., costing £15,234; 1934-35, 7 per cent.; and 100 per cent. to "broaden base of company's equity capital," costing £258,184; 1935-36, 7 per cent., costing £34,963.

Investors will not stint their praise for the able management who have produced this record profit. Even for a period of active capital construction, the company has done extremely well. The chairman's speech, which forms part of the report, indicates sound progress at home, and is not forgetful of trading opportunities in overseas markets. But investors may still be inclined to ask whether, at current levels, the shares do not adequately value the future march of progress. At the present price of 76s. 9d. (they were 83s. before the publication of the report) the corresponding "ex-all" price is 67s. 9d., after adjusting for the "normal" capital bonus and the cash issue of one in ten at 30s. Presuming a maintenance of the latest earnings and dividend, the respective yields at this price would be 5.6 per cent. and under 1 per cent. This calculation, however, assumes two things: first, that the "geometricity" of earnings, which is essential to the maintenance of regular capital bonuses, is maintained; and, secondly, that the higher valuation which the market applies to a share which adopts this surtax-saving device is inherently reasonable. But is Crompton Parkinson—or, rather, the industry in which it earns its profits—quite independent of the trade cycle? Is the company's bonus-receiving ordinary capital still highly geared? To value the company's equity on the basis of an indefinite expectation of capital bonuses is surely to replace mere admiration by a discounting of thaumaturgy.

Other Company Results.—Our usual table on page 500 summarises the reports of some 40 concerns which are not discussed in the preceding notes. Among further brewery results, *Wolverhampton and Dudley* has achieved an increase in profits from £230,486 to £250,135, and the 15 per cent. dividend has been comfortably covered by earnings. The full report of *P. Phipps and Company* reveals comparable progress, while *Cheltenham Original* and *J. W. Green* have done very well. Among industrial

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by L. L. B. ANGAS

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reports, *Vactric* shows a moderate increase in profits and dividends, but *Tarran Industries*, a road material concern, shows an advance from £16,501 to £26,898. Several companies which have recently become public concerns have published their first reports. Of these, *Barton and Sons* (1935) has earned £19,891 and pays 7½ per cent. *Aero Engines*, on the other hand, has suffered a loss of £11,851 during its first trading period. The report shows that a distinctly unusual procedure has been followed in writing up the value of the factory and contents. They show a surplus on revaluation of no less than £247,000 over the purchase price. From this sum, £60,000 has been written off stocks, and the remainder placed to reserve. This policy should receive fuller explanation at the meeting. In the oil group, *Anglo-Ecuadorian* has earned £168,520 against £129,570, while *British Burmah* has converted a loss of £56,754 into a profit of £47,079.

Company Meetings of the Week.—On later pages of this issue will be found the reports of the following company meetings:—*Tube Investments*, *Bowater's Paper Mills*, *London Australian and General Exploration*, *New Goldfields of Venezuela*, *Consolidated Gold Fields of South Africa*, *Strand Hotel*, *Elswick-Hopper Cycle and Motor Company*, *Charterhouse Investment Trust*, *Trust of Insurance Shares and Van Emden (Dutch Guiana) Gold Mines*. Mr Arthur Chamberlain's speech at the Tube Investments meeting is referred to in a Note on page 477. At the Bowater's Paper Mills meeting, Mr Eric Bowater explained the purposes of the new share and debenture issues, and commented on the affairs of the associated companies. Captain Moreing, at the London Australian and General Exploration meeting, after referring to the recovery in base metals, gave an account of the company's gold interests in East Africa and the Union, particularly the Rosterman mine. At the New Goldfields of Venezuela meeting, the chairman spoke of the benefits expected from a new flotation plant for the treatment of sulphide ore. Mr Fred Hopper, at the Elswick-Hopper Cycle and Motor meeting, explained that the increased amount due from a subsidiary arose from the policy of extending the finance of sales on the easy-payment system. At the Trust of Insurance Shares meeting, the chairman emphasised that the company would continue to limit its operations to insurance and bank shares and trustee securities. Mr A. L. Jupp, at the Van Emden (Dutch Guiana) Gold Mines meeting, said it was felt that the expenditure on machinery and an experimental driller for the reefs was fully justified. At the Charterhouse Investment Trust meeting, Sir Arthur Marshall estimated that 4½ per cent. could be earned on the £615,000 of new money being raised. Mr J. A. Agnew, at the Consolidated Gold Fields meeting, appealed for more lenient taxation on the South African gold-mining industry. Major Gluckstein referred to the improvement in hotel accommodation which the Strand Hotel group has introduced.

THE WEEK IN THE MARKETS THE STOCK EXCHANGE

SETTLING DAYS	
TICKET	ACCOUNT
DECEMBER 15	DECEMBER 17

For the greater part of two years, markets have shown their power of resistance to political developments abroad. This week, however, they have been reduced to a state of acute uneasiness owing to the constitutional crisis. It would be false to assume that the inevitable reaction to disquieting reports—a widening of prices and even, on Wednesday evening, a considerable reluctance to make quotations—betokened merely a reflex action to unwelcome news. Certainly, the sales from foreign holders, particularly in gilt-edged, were considerable, and the fears that the crisis might have an unwelcome effect on the market situation, at a time when speculative positions, both of straw and substance, are still open on a substantial scale, were sensibly translated into action.

On Thursday, however, the atmosphere was calmer. After a spell of nominal prices, jobbers found that lower—but much

wider—prices were attracting some modest support, and a moderate rally set in. Fundamentally, however, the market remained in waiting mood, convinced of the essential order of our constitutional forms, but still apprehensive of foreign and Imperial repercussions, and concerned over the possible reactions of a wide constitutional breach on the domestic economic situation. Again, the position in Spain, although removed from the headlines, remained threatening. Little business, therefore, was transacted, although the appearance of the market was better.

The chief falls in the Gilt-edged market occurred in War Loan, which was sold from abroad, and in Old Consols. These stocks, together with Conversion 3½ per cent., lost up to 1½ on Wednesday, but regained a point on Thursday. Other investment issues were lowered, without any substantial selling.

In the foreign bond market, Brazilian issues responded to the improvement in the coffee position, and substantial gains were recorded on Monday and Tuesday. Chinese bonds, particularly the rail issues, were well supported. Hukuang rose 1½ against the general trend on Wednesday, and comparable gains were shown by other issues. German bonds reflected the full impact of the deterioration of the international situation.

Home rails stocks—ordinaries and prior charges—opened in poor style, in expectation of adverse traffics. These discounted, a further fall in sympathy with the general trend was recorded on Wednesday. Argentine rails opened convincingly, but lost their firmness. The mid-week reaction was not accompanied by selling, but the market made no response to the signing of the Argentine trade agreement.

Industrial shares opened well with the new account and remained firm until the news concerning the King burst into the open, and produced a disturbed reaction on security prices. Quotations were generally marked down in mid-week, but later the prompt appearance of bargain hunters put prices back to near their previous levels. The iron and steel section saw good business at first, on general trade news, and Dorman Long in particular were favoured on the higher profits for the past year. Richard Thomas gained on the news that smelting starts at the Bryngwyn Steel Works early next year. The section recovered quickly from the marking down of prices on Thursday. Motor shares were firm at first, but prices suffered with the rest of the market in mid-week. In

the aircraft section, Hawker were weak on the terms of the merger, and prices generally were easier throughout. Electrical equipment issues put up a good performance, although Crompton-Parkinson were subjected to profit-taking on the year's figures. Henley shares resisted the decline which set in later in the week.

Brewery shares moved irregularly, and were duller on the lower October output. Carreras were prominent in the tobacco section, and the results for the year put these shares and the section generally higher in the depressed market of mid-week. Woolworth attracted a good demand when dealings opened ex-bonus, but weakened later. Textile issues were uncertain at first, and fell later. Price changes in the miscellaneous industrial section were unimportant at first, but most prices gave way in mid-week. Crittalls' dividend was found disappointing, but the shares recovered. Building material shares were generally lower.

The Oil market began the week in good fettle. Mexican Eagles were better on the news that both sides to the labour dispute had agreed to confer, and that the promotion of industrial peace would be in the Government's interest, if the suggested New York loan was secured upon taxation of the petroleum industry. The payment by Shell Corporation preferred stock arrears brought a good demand for Shell and Royal Dutch, based on the hope that both concerns would declare interim dividends in January. Prices fell sharply on Wednesday, but out of proportion to the nervous selling. A distinct recovery was staged on Thursday in Eagle issues and the investment leaders.

Rubber share prices on Monday were generally firm, but quieter conditions supervened, although with a good undertone. This section could not escape the anxiety affecting all markets in mid-week, but it proved a little more resistant. Tea shares were no more exciting than they have been for some time past. The announcement of the 82½ per cent. quota for 1937 was expected, and produced only a slight and short-lived stiffening in prices.

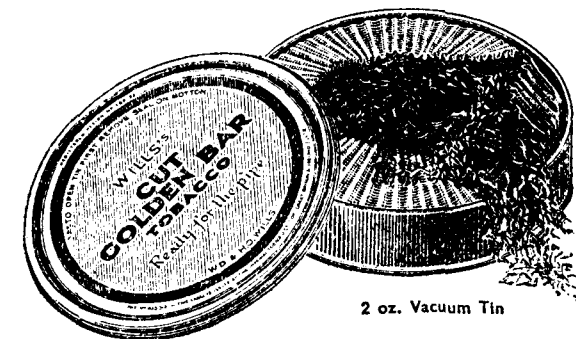
The progress of the Mining market during the week was from dull to duller, and then duller. The general marking down of prices on Wednesday and Thursday was not expected, and it followed two sessions characterised more by inactivity than by falling quotations. Among Kafirs, an early demand for West Witwatersrand was not maintained, and the various November returns left the market unmoved. Rhodesian



GOLDEN MOMENTS

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copper shares moved similarly, though the week opened in a brighter mood. West Africans and Australians alike suffered from a very small volume of trade, the fall in prices again being entirely due to general and not special causes.

"FINANCIAL NEWS" DAILY BARGAIN INDEX

Approximate number of Bargains recorded in Stock Exchange List

	Week to Nov. 27	Nov. 26	Nov. 27	Nov. 30	Dec. 1	Dec. 2	Dec. 3
Govt. and Municipal	5,872	1,103	1,116	1,428	1,139	1,223	1,071
Transport, etc.	8,513	1,203	1,225	1,375	1,133	1,229	1,085
Comm. and Ind.	27,244	4,541	5,440	6,221	5,755	5,498	4,231
Banks and Ins.	3,502	631	713	848	665	706	542
Mines	8,736	1,508	1,655	2,055	1,343	1,627	1,305
Oil	1,516	248	306	341	259	246	237
Rubber and Tea	2,050	360	332	656	561	486	398
Total	55,433	9,594	10,787	12,924	10,855	11,013	8,899
Corres. day 1935	...	8,938	9,967	10,004	8,792	9,467	9,385

* Including Steels and Breweries.

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

	Highest†	Lowest†	Nov. 26	Nov. 27	Nov. 30	Dec. 1	Dec. 2	Dec. 3
124.9	107.4	121.9	122.5	122.4	122.3	120.0	119.7	

† November 18.

† January 2.

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

	Highest†	Lowest†	Nov. 26	Nov. 27	Nov. 30	Dec. 1	Dec. 2	Dec. 3
138.8	136.2	137.8	137.8	137.6	137.5	136.9	136.9	

† February 10.

† September 23.

FOREIGN STOCK EXCHANGES NEW YORK

WALL Street's Thanksgiving turkey put the market in good humour at the end of last week, and even utility shares were found palatable. Rail, and rail equipment, oil and rubber shares were in considerable demand, and outstanding individual issues were International Paper preferred and Baldwin Locomotive preferred. Utilities may have benefited from the cracks which appeared recently in the front of opposition to the registration law. The companies on strike have not been barred the use of the mail services for security issues, and have been obliged to pay more for loans than would otherwise have been the case. The need for renovations and additions to machinery is becoming more and more urgent, and the triumphal return of Roosevelt has made repeal of the law less likely. The type of regulation imposed by the Securities and Exchange Commission is also softening the opposition of previously fearful companies. This week prices have drifted lower almost without interruption. Extra dividends are still flowing, but their peculiar nature is becoming more apparent, and there are signs of growing efforts by Labour to secure better conditions, pay, and powers. In mid-week there was a slight revival of interest in low-priced shares, but the market remained dull on the whole. There was a small amount of selling by foreigners. Business reports are still good; *Iron Age* estimates steel mill activity at 76 per cent. of capacity, against 74.5 per cent. for last week. Output is now at the highest level of the year. Power output for the week ending November 28th was 13.7 per cent. higher than a year ago.

ADVICE ON AMERICAN STOCKS

Recognising the demand of both private investors and financial institutions in Europe for first-hand advice regarding American securities and the cyclical trend of the American Stock Market, Major L. L. B. Angus of 301 Park Avenue, New York City, who is now established as Investment Counsel in America, is prepared to accept enquiries regarding this service.

Accounts managed; portfolios supervised

PUBLICATIONS: Coming Rise in Wall Street (Apr. 1933). Coming American Boom (Aug. 1934). The American Boom Begins (May 1935). Investment for Appreciation, etc.

	Nov. 25, 1936 (Close)	Dec. 2, 1936 (Close)	Dec. 3, 1936 (Latest)
1. Rails & Transp.			
Atchafalaya	72½	72	72½
Balt. & Ohio	21½	21½	22½
B.M.T.	54½	53	44½
Can. Pac.	13½	13	13½
Ches. & Ohio	71	69	69
Gt. N. Ry. P.	38½	39½	38½
Illinois Central	23½	23½	24
N.Y. Central	42½	42½	43½
Nor. Pac.	26	25½	25½
Pennsylvania R.R.	40½	40½	41
Southern Pac.	40½	41½	41½
Southern Ry.	21½	22	22
Union Pac.	141	139½	—
Greyhound Corp.	16½	16½	16½
2. Utilities and Communications			
Am. Waterworks	24½	25½	25½
C. & S. S. S. S.	3½	3½	3½
(Cons. Gas of N.Y.)			
now Cons. Edison	46	46½	46½
Gas & Electric	17½	17½	17½
Eleo. Bond & Share	19½	20	20½
Nat. Pwr. and Lt.	11½	11½	11½
North American	31½	31½	31½
Pac. Gas & Electric	36½	38½	38½
Pac. Lighting	49½	48½	48½
Pub. Service N.J.	47	48½	48½
Stan. Gas & Elec.	6½	6½	7½
United Corp.	7	7	7½
United Gas Imp.	14½	14½	14½
Am. Tel. & Tel.	185½	187½	190½
Int. Tel. and Tel.	12½	12½	12½
Western Union	89	88½	88½
Radio	12	11½	11½
Radio B. Prod. New	77	75½	75½
3. Extractive and Metal Industries			
Am. Rolling Mills	34½	34	35
Beth. Steel	71	72	73½
Beth. Steel Pref.	130	130½	128½
Republic Steel	23½	26½	27½
U.S. Steel	74½	74½	76½
U.S. Steel Pref.	151½	142½	142
Alaska Juneau	15	14	14½
American Metal	49	48	49½
American Smelting	96½	95	95½
Anaconda	49½	47½	48
Boh. Aluminum	46½	46½	46½
Cerro de Pasco	68½	66½	66½
Int. Nickel	62½	61	61½
Kennecott	58½	57	57
Patino Mines	15½	15½	15
Texas Gulf Sulph.	41½	40½	40½
U.S. Smelt.	91	90	—
Vanadium Corp.	22½	24	25½
Atlantic Refining	31½	30½	30½
Phillips Petroleum	45½	46	45½
Shell Union	26½	25½	26½
Shell Union Pref.	126	125	124½
Socony Vacuum	16½	15½	15½
Stand. Oil Calif.	38½	38	38½
Stand. Oil N.J.	66½	64½	65½
Texas Corp.	47½	48½	48½
4. Manufacturing			
Briggs	80½	59	59½
Chrysler	125½	122½	123½
Electric Antellie	44	44	43½
General Motors	89½	89	89
Hudson Motor Car	19½	19½	19½
Murray Corp.	19½	19½	19½
Nash Motors	17½	17	17
Packard Motor Car	11½	11	11½
Pendix Aviation	28½	28½	28
Boeing Airplane	34½	34½	36
Douglas Aircraft	72½	75	76
United Aircraft	28	28	28½
Air Reduction	81½	80½	80½
Allied Chemical	231	231	230
Col. Carbon	117½	117	119
Comm. Solvents	18½	18½	18½
Dupont	180	180	181
Union Carbide	102	102½	102½
U.S. Ind. Alcohol	40½	39	38
Allis Chalmers	68	68½	68½
General Electric	50½	50	51½
Westinghouse	141½	143	144½
American Can	121½	119	120
Addressograph	17½	17	17
Caterpillar	87½	90	88½
Cont. Can.	69½	69	68½
Ingersoll Rand	134½	134	134
Intl. Harvester	98	98	98½
Johna. Manville	139	140	140½
Am. Radiator	71	71	71
Corn Products	70	71	71½
J. I. Case and Co.	153	151	153
Glidden	40	40	40½
Gen. Am. Transp.	69	71	72½
Allied Mills	30	30	31
Celanese of America	27	27	28½
Ind. Rayon New	38	38	38½
Colgate Palmolive	18½	17½	17½
Eastman Kodak	180	179	177½
Gillette	16½	16½	16½
Kelvinator	22	22	22½
Lambert Co.	19	19	19½
Loews	63½	62	63½
20th Century Fox	37	36	36½
5. Retail Trade and Food			
Montgomery Ward	64½	64	66
J. C. Penney Co.	105½	109	104½
Sears Roebuck	98	97½	97½
United Drug	88	87	87½
Walgreen	37	38	38½
Woolworth	66½	65	67½
Borden	27½	27½	27½
Gen. Foods	42½	41	41½
Kroger Grocery	24	24	24
Nat. Biscuit	24½	24	24
Nat. Dairy	24	24	24
Standard Brands	16	16	16½
Am. Tobacco B.	100	100	100
Liggett Myers B.	107	105½	105½
Leviathan	23	23	23
Reynolds Tob. B.	59	58½	59
National Distillers	31	30	30
Schenley Distillers	54	52	52½
6. Finance			
Commercial Credit	77½	73	74
Atlas Corp.	15	16	16
Com. Invest. Trust	88	84	82½

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Ches. & Ohio	71	69	69
Gt. N. Ry. P.	38½	39½	38½
Illinois Central	23½	23½	24
N.Y. Central	42½	42½	43½
Nor. Pac.	26	25½	25½
Pennsylvania R.R.	40½	40½	41
Southern Pac.	40½	41½	41½
Southern Ry.	21½	22	22
Union Pac.	141	139½	—
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United Gas Imp.	14½	14½	14½
Am. Tel. & Tel.	185½	187½	190½
Int. Tel. and Tel.	12½	12½	12½
Western Union	89	88½	88½
Radio	12	11½	11½
Radio B. Prod. New	77	75½	75½
3. Extractive and Metal Industries			
Am. Rolling Mills	34½	34	35
Beth. Steel	71	72	73½
Beth. Steel Pref.	130	130½	128½
Republic Steel	23½	26½	27½
U.S. Steel	74½	74½	76½
U.S. Steel Pref.	151½	142½	142
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American Metal	49	48	49½
American Smelting	96½	95	95½
Anaconda	49½	47½	48
Boh. Aluminum	46½	46½	46½
Cerro de Pasco	68½	66½	66½
Int. Nickel	62½	61	61½
Kennecott	58½	57	57
Patino Mines	15½	15½	15
Texas Gulf Sulph.	41½	40½	40½
U.S. Smelt.	91	90	—
Vanadium Corp.	22½	24	25½
Atlantic Refining	31½	30½	30½
Phillips Petroleum	45½	46	45½
Shell Union	26½	25½	26½
Shell Union Pref.	126	125	124½
Socony Vacuum	16½	15½	15½
Stand. Oil Calif.	38½	38	38½
Stand. Oil N.J.	66½	64½	65½
Texas Corp.	47½	48½	48½
4. Manufacturing			
Briggs	80½	59	59½
Chrysler	125½	122½	123½
Electric Antellie	44	44	43½
General Motors	89½	89	89
Hudson Motor Car	19½	19½	19½
Murray Corp.	19½	19½	19½
Nash Motors	17½	17	17
Packard Motor Car	11½	11	11½
Pendix Aviation	28½	28½	28
Boeing Airplane	34½	34½	36
Douglas Aircraft	72½	75	76
United Aircraft	28	28	28½
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Comm. Solvents	18½	18½	18½
Dupont	180	180	181
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U.S. Ind. Alcohol	40½	39	38
Allis Chalmers	68	68½	68½
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Westinghouse	141½	143	144½
American Can	121½	119	120
Addressograph	17½	17	17
Caterpillar	87½	90	88½
Cont. Can.	69½	69	68½
Ingersoll Rand	134½	134	134
Intl. Harvester	98	98	98½
Johna. Manville	139	140	140½
Am. Radiator	71	71	71
Corn Products	70	71	71½
J. I. Case and Co.	153	151	153
Glidden	40	40	40½
Gen. Am. Transp.	69	71	72½
Allied Mills	30	30	31
Celanese of America	27	27	28½
Ind. Rayon New	38	38	38½
Colgate Palmolive	18½	17½	17½
Eastman Kodak	180	179	177½
Gillette	16½	16½	16½
Kelvinator	22	22	22½
Lambert Co.	19	19	19½
Loews	63½	62	63½
20th Century Fox	37	36	36½
5. Retail Trade and Food			
Montgomery Ward	64½	64	66
J. C. Penney Co.	105½	109	104½
Sears Roebuck	98	97½	97½
United Drug	88	87	87½
Walgreen	37	38	38½
Woolworth	66½	65	67½
Borden	27½	27½	27½
Gen. Foods	42½	41	41½
Kroger Grocery	24	24	24
Nat. Biscuit	24½	24	24
Nat. Dairy	24	24	24
Standard Brands	16	16	16½
Am. Tobacco B.	100	100	100
Liggett Myers B.	107	105½	105½
Leviathan	23	23	23
Reynolds Tob. B.	59	58½	59
National Distillers	31	30	30
Schenley Distillers	54	52	52½
6. Finance			

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 and are included in the list on the basis of the yield on redemption, the yield is calculated on the basis of the yield on redemption at the date 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, Nov. 25, 1936	Price, Dec. 2, 1936	Rise or Fall	Yield Dec. 2, 1936	Prices, Year 1936				Name of Security	Price, Nov. 25, 1936	Price, Dec. 2, 1936	Rise or Fall	Yield Dec. 2, 1936		
Jan. 1 to Dec. 31, inclusive		Jan. 1 to Dec. 31, inclusive		Jan. 1 to Dec. 31, inclusive		Jan. 1 to Dec. 31, inclusive																	
High	Low	High	Low	High	Low	High	Low																
British Funds																							
94 1/2	80	87 1/2	83 1/2	Consols 2 1/2%	84 1/2	84 1/2	+	2 1/2	45 1/2	35 1/2	5 1/2	5 1/2	Bank of N. Zealand £1	39 1/2	39 1/2	...	3 1/2	1 1/2	1 1/2				
118 1/2	109 1/2	116 1/2	113 1/2	Do. 4% Red. at par on or after Feb. 1957 (m)	115 1/2	115 1/2	...	2 1/2	38 1/2	37 1/2	7 1/2	7 1/2	Bank of England Stk.	379	377	- 2	3 1/2	3 1/2	3 1/2				
103 1/2	97 1/2	102 1/2	100 1/2	Conversion 2 1/2% 1944-49	100 1/2	100 1/2	...	2 1/2	38 1/2	37 1/2	7 1/2	7 1/2	Barclay B. (£1)	80 1/2	80 1/2	...	3 1/2	3 1/2	3 1/2				
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	38 1/2	37 1/2	7 1/2	7 1/2	Barcl. (Dom. Acc.) A	49 1/2	49 1/2	+ 6 1/2	3 1/2	3 1/2	3 1/2				
112 1/2	100 1/2	108 1/2	104 1/2	Do. 3 1/2% after 1961 (s)	107 1/2	107 1/2	...	2 1/2	38 1/2	37 1/2	7 1/2	7 1/2	Bk. of Australasia (£100)	10	10	...	3 1/2	3 1/2	3 1/2				
114 1/2	108 1/2	111 1/2	107 1/2	Do. 4 1/2% 1940-44	110 1/2	110 1/2	...	2 1/2	38 1/2	37 1/2	7 1/2	7 1/2	Bk. of Montreal (£50)	144	144	...	3 1/2	3 1/2	3 1/2				
124 1/2	115 1/2	121 1/2	117 1/2	Do. 5% 1944-64	117 1/2	117 1/2	...	2 1/2	38 1/2	37 1/2	7 1/2	7 1/2	Bk. of N.S. Wales (£20)	29	29	...	3 1/2	3 1/2	3 1/2				
...	...	95 1/2	92 1/2	Funding 2 1/2% 1956-61	92 1/2	92 1/2	...	2 1/2	38 1/2	37 1/2	7 1/2	7 1/2	British Overseas £5	126 1/2	126 1/2	...	3 1/2	3 1/2	3 1/2				
106 1/2	98 1/2	104 1/2	101 1/2	Funding 3 1/2% 1959-69	101 1/2	101 1/2	...	2 1/2	38 1/2	37 1/2	7 1/2	7 1/2	Chtd. of India (£5)	90 1/2	90 1/2	- 2 1/2	3 1/2	3 1/2	3 1/2				
121 1/2	111 1/2	119 1/2	115 1/2	Funding 4 1/2% 1960-90	117 1/2	117 1/2	...	2 1/2	38 1/2	37 1/2	7 1/2	7 1/2	Com. Bk. of Aus. 10/-	15 1/2	15 1/2	...	3 1/2	3 1/2	3 1/2				
109 1/2	100 1/2	106 1/2	103 1/2	Victory Bonds 4 1/2%	115 1/2	115 1/2	...	2 1/2	38 1/2	37 1/2	7 1/2	7 1/2	Dist. of A. £5, £1 pd.	92 1/2	92 1/2	...	3 1/2	3 1/2	3 1/2				
110 1/2	101 1/2	108 1/2	104 1/2	War Loan 3 1/2% after 1952 (p)	106 1/2	106 1/2	...	2 1/2	38 1/2	37 1/2	7 1/2	7 1/2	Eng. Scot. & Aust. £5 (3pd)	57 1/2	57 1/2	...	3 1/2	3 1/2	3 1/2				
98 1/2	89 1/2	94 1/2	90 1/2	Local Loans 3%	97 1/2	97 1/2	...	2 1/2	38 1/2	37 1/2	7 1/2	7 1/2	Hambros £10, £24 paid	95 1/2	95 1/2	+ 1 1/2	3 1/2	3 1/2	3 1/2				
104 1/2	100 1/2	103 1/2	101 1/2	Austria 3 1/2% 1933-53	102 1/2	102 1/2	...	2 1/2	38 1/2	37 1/2	7 1/2	7 1/2	Hong, S. & S. (£125)	11 1/2	11 1/2	+	3 1/2	3 1/2	3 1/2				
89 1/2	76 1/2	70 1/2	70 1/2	India 2 1/2%	74 1/2	74 1/2	...	2 1/2	38 1/2	37 1/2	7 1/2	7 1/2	Lloyds £5, with £1 pd.	107 1/2	107 1/2	+ 1 1/2	3 1/2	3 1/2	3 1/2				
95 1/2	76 1/2	89 1/2	86 1/2	Do. 3 1/2%	87 1/2	87 1/2	...	2 1/2	38 1/2	37 1/2	7 1/2	7 1/2	Martins £20, £24 pd.	94 1/2	94 1/2	- 6 1/2	3 1/2	3 1/2	3 1/2				
119 1/2	110 1/2	120 1/2	116 1/2	Do. 3 1/2%	118 1/2	118 1/2	...	2 1/2	38 1/2	37 1/2	7 1/2	7 1/2	Midland £1, fully paid	95 1/2	95 1/2	...	3 1/2	3 1/2	3 1/2				
106 1/2	105 1/2	107 1/2	104 1/2	Do. 4 1/2% 1958-68	112 1/2	112 1/2	...	2 1/2	38 1/2	37 1/2	7 1/2	7 1/2	Nat. of Egypt £30	41 1/2	41 1/2	...	3 1/2	3 1/2	3 1/2				
...	...	...	...	U.K. & Arg. 4 1/2% A (1947)	104 1/2	104 1/2	...	2 1/2	38 1/2	37 1/2	7 1/2	7 1/2	Nat. of India £25, £12pd	47 1/2	47 1/2	...	3 1/2	3 1/2	3 1/2				
Dom. & Colonial Govts.																							
113 1/2	106 1/2	113 1/2	109 1/2	Australia 5% 1945-75	113 1/2	110 1/2	- 1/2	3 1/2	50 1/2	46 1/2	8 1/2	8 1/2	Royal Bk. of Scotland	49 1/2	49 1/2	...	3 1/2	3 1/2	3 1/2				
108 1/2	100 1/2	106 1/2	102 1/2	Canada 4% 1940-60	105 1/2	105 1/2	...	2 1/2	38 1/2	37 1/2	7 1/2	7 1/2	St. of S. Af. £20, £5 pd.	16 1/2	16 1/2	...	3 1/2	3 1/2	3 1/2				
115 1/2	112 1/2	118 1/2	114 1/2	Gold Coast 4 1/2% 1958	118 1/2	118 1/2	...	2 1/2	38 1/2	37 1/2	7 1/2	7 1/2	Westminster £4, £1 pd.	99 1/2	99 1/2	...	3 1/2	3 1/2	3 1/2				
119 1/2	110 1/2	119 1/2	115 1/2	Nigeria 5% 1950-60	119 1/2	119 1/2	...	2 1/2	38 1/2	37 1/2	7 1/2	7 1/2	Discount	3 1/2	3 1/2	...	3 1/2	3 1/2	3 1/2				
110 1/2	103 1/2	109 1/2	106 1/2	N. Zealand 5% 1946	112 1/2	110 1/2	- 1/2	3 1/2	57 1/2	58 1/2	1 1/2	1 1/2	Alexanders (£2, £1 pd.)	95 1/2	95 1/2	...	3 1/2	3 1/2	3 1/2				
118 1/2	113 1/2	117 1/2	114 1/2	Queensland 5% 1940-60	107 1/2	107 1/2	...	2 1/2	38 1/2	37 1/2	7 1/2	7 1/2	National A £24, fully pd.	63 1/2	63 1/2	...	3 1/2	3 1/2	3 1/2				
...	...	...	...	S. Africa 5% 1945-75	117 1/2	115 1/2	- 1/2	3 1/2	58 1/2	52 1/2	12 1/2	12 1/2	B 7 1/2, £24 pd.	16 1/2	16 1/2	...	3 1/2	3 1/2	3 1/2				
Foreign Governments																							
101 1/2	98 1/2	103 1/2	99 1/2	Argentine 4% Rec. 1952	102 1/2	102 1/2	...	2 1/2	38 1/2	37 1/2	7 1/2	7 1/2	Union £1 of stock	54 1/2	54 1/2	- 6 1/2	...	...	...				
101 1/2	98 1/2	103 1/2	99 1/2	Austria 7% 1957	97 1/2	97 1/2	...	2 1/2	38 1/2	37 1/2	7 1/2	7 1/2	Atlas £5, £1 pd.	32 1/2	32 1/2	+ 3/8	2 1/2	2 1/2	2 1/2				
101 1/2	98 1/2	103 1/2	99 1/2	Do. 4 1/2% 1934-59	87 1/2	85 1/2	- 1/2	3 1/2	10 1/2	16 1/2	14 1/2	14 1/2	Com. Un. £1, fully paid	10 1/2	10 1/2	...	3 1/2	3 1/2	3 1/2				
69 1/2	51 1/2	70 1/2	57 1/2	B. Aires (Prov.) 3 1/2%	70 1/2	69 1/2	- 1/2	3 1/2	2 1/2	10 1/2	20 1/2	20 1/2	Gen. Accident £5, £1 pd.	27 1/2	27 1/2	...	3 1/2	3 1/2	3 1/2				
...	...	97 1/2	95 1/2	Belgian 4% red. by 1970	95 1/2	96 1/2	+	4 1/2	29 1/2	26 1/2	28 1/2	28 1/2	Lon. & Lanc. £5, £2 pd.	35 1/2	35 1/2	...	2 1/2	2 1/2	2 1/2				
20 1/2	14 1/2	22 1/2	18 1/2	Bulgaria 7 1/2% Loan	21 1/2	21 1/2	...	2 1/2	38 1/2	37 1/2	7 1/2	7 1/2	N. Brit. & Mer. £1, fully pd.	13 1/2	13 1/2	...	2 1/2	2 1/2	2 1/2				
84 1/2	48 1/2	77 1/2	65 1/2	Brazil 5% Fund. 1914	72 1/2	75 1/2	+ 3	6 1/2	14 1/2	12 1/2	3 1/2	3 1/2	Northern £10, £1 pd.	21 1/2	21 1/2	...	2 1/2	2 1/2	2 1/2				
29 1/2	19 1/2	20 1/2	16 1/2	Chili 6% (1929)	19 1/2	19 1/2	...	2 1/2	38 1/2	37 1/2	7 1/2	7 1/2	Phoen. £1, fully paid	16 1/2	16 1/2	...	2 1/2	2 1/2	2 1/2				
91 1/2	71 1/2	84 1/2	64 1/2	China 5% (1912)	80 1/2	81 1/2	+	4 1/2	28 1/2	26 1/2	30 1/2	30 1/2	Prudential £1 A	37 1/2	37 1/2	...	2 1/2	2 1/2	2 1/2				
100 1/2	84 1/2	95 1/2	80 1/2	Do. 5% (1913)	92 1/2	93 1/2	+	5 1/2	18 1/2	15 1/2	30 1/2	30 1/2	Do. £1, with 4s. paid	113 1/2	113 1/2	...	2 1/2	2 1/2	2 1/2				
113 1/2	94 1/2	112 1/2	95 1/2	Czechoslovakia 8%	100 1/2	101 1/2	+ 1 1/2	7 1/2	10 1/2	40 1/2	36 1/2	36 1/2	Royal Exchange (£1)	11 1/2	11 1/2	...	2 1/2	2 1/2	2 1/2				
103 1/2	98 1/2	101 1/2	95 1/2	Danish 3%	100 1/2	100 1/2	...	2 1/2	38 1/2	37 1/2	7 1/2	7 1/2	Royal £1, 10/- pd.	9 1/2	9 1/2	...	2 1/2	2 1/2	2 1/2				
89 1/2	48 1/2	70 1/2	57 1/2	Danzig 6 1/2%	64 1/2	62 1/2	- 2	10 1/2	10 1/2	10 1/2	10 1/2	10 1/2	S. Indus. £1, fully paid	5 1/2	5 1/2	...	3 1/2	3 1/2	3 1/2				
100 1/2	98 1/2	106 1/2	102 1/2	Egypt United 4%	103 1/2	103 1/2	...	2 1/2	38 1/2	37 1/2	7 1/2	7 1/2	Sea Ins. £1, fully paid	4 1/2	4 1/2	...	3 1/2	3 1/2	3 1/2				
70 1/2	38 1/2	56 1/2	48 1/2	French 4% (1929)	56 1/2	56 1/2	...	2 1/2	38 1/2	37 1/2	7 1/2	7 1/2	Yorkshire £1, fully paid	20 1/2	20 1/2	...	2 1/2	2 1/2	2 1/2				
56 1/2	38 1/2	46 1/2	34 1/2	German 7% Dawes L.	56 1/2	56 1/2	...	2 1/2	38 1/2	37 1/2	7 1/2	7 1/2	Anglo-American, Deb.	28 1/2	28 1/2	...	3 1/2	3 1/2	3 1/2				
37 1/2	26 1/2	30 1/2	24 1/2	Do. 5 1/2% (Young L.)	40 1/2	40 1/2	...	2 1/2	38 1/2	37 1/2	7 1/2	7 1/2	Anglo-Celtic Ord.	74 1/2	74 1/2	...	3 1/2	3 1/2	3 1/2				
45 1/2	31 1/2	45 1/2	35 1/2	Greek 6% Stab. L.	29 1/2	30 1/2	+ 1 1/2	14 1/2	5 1/2	8 1/2	18 1/2	18 1/2	Atlas Electric, etc. £1	8 1/2	8 1/2	...	3 1/2	3 1/2	3 1/2				
51 1/2	38 1/2	51 1/2	39 1/2	Do. 7% Refugee	35 1/2	36 1/2	+	1 1/2	7 1/2	9 1/2	28 1/2	25 1/2	Debutent Corp. Stk.	17 1/2	17 1/2	...	3 1/2	3 1/2	3 1/2				
91 1/2	70 1/2	84 1/2	64 1/2	Hungary 7 1/2%	46 1/2	47 1/2	+	1 1/2	6 1/2	0 1/2	80 1/2	59 1/2	For. Amer. etc. £1	25 1/2	25 1/2	...	3 1/2	3 1/2	3 1/2				
97 1/2	85 1/2	97 1/2	83 1/2	Japan 5% 1936-65	84 1/2	84 1/2	...	2 1/2	38 1/2	37 1/2	7 1/2	7 1/2	Guardian Investment	86 1/2	86 1/2	...	3 1/2	3 1/2	3 1/2				
144 1/2	113 1/2	144 1/2	105 1/2	Do. 6% (1924) red. 1959	88 1/2	88 1/2	...	2 1/2	38 1/2	37 1/2	7 1/2	7 1/2	Indus. and Gen. Ord.	15 1/2	15 1/2	...	3 1/2	3 1/2	3 1/2				
50 1/2	42 1/2	53 1/2	41 1/2	Norwegian 4 1/2% 1911	112 1/2	112 1/2	...	2 1/2	38 1/2	37 1/2	7 1/2	7 1/2	Invest. Trust Def.	32 1/2	32 1/2	...	3 1/2	3 1/2	3 1/2				
100 1/2	87 1/2	94 1/2	80 1/2	Peru 7 1/2% 1922	52 1/2	52 1/2	...	2 1/2	38 1/2	37 1/2	7 1/2	7 1/2	Lake View Invest. 10/-	20 1/2	20 1/2	...	3 1/2	3					



LONDON INDUSTRIAL FINANCE TRUST LIMITED
 FARLEIGH HOUSE • LAWRENCE LANE
 CHEAPSIDE • LONDON • E.C.2
 TELEPHONE NATIONAL 1171

(Continued from page 485)

Total Capital raised—		Total offered for Subscription—	
	Including Conversions	Excluding Conversions	
January 1 to date—			
1936 (New Basis)	529,255,042	386,744,140	Whole year (Old Basis) —
1936 (Old Basis)	459,511,421	233,878,960	1935.....
1935 (New Basis)	682,513,479	346,968,024	1934.....
1935 (Old Basis)	569,904,867	195,460,499	1933.....
January 1 to date (Old Basis) —			1932.....
1934.....	491,184,015	162,402,116	1931.....
1933.....	482,333,507	241,595,005	1930.....
1932.....	538,263,908	363,882,925	1929.....

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

*Including securities for which "permission to deal" was given in forty-nine weeks ended December 7, 1935.

Nature of Borrowing (Excluding Conversions)				
	Debentures	Preference	Ordinary	Total
January 1 to date—				
1936 (New Basis)	169,021,883	38,785,481	178,938,978	386,744,140
1936 (Old Basis)	146,225,116	22,916,897	65,337,447	233,878,960
1935 (New Basis)	189,855,215	46,615,781	110,497,028	346,968,024
1935 (Old Basis)	130,503,071	30,083,241	34,874,187	195,460,499
Whole year (Old Basis) —				
1936.....	212,917,900	45,062,600	111,177,600	369,158,100
1935.....	222,064,300	12,733,700	9,982,500	244,780,500
1934.....	102,798,300	21,461,000	44,878,400	169,137,700
1933.....	167,185,509	31,696,741	37,265,387	236,147,637

BY OFFER FOR SALE

Crabtree Electrical Industries.—Offer for sale of 350,000 5 per cent. cumulative £1 preference shares at 20s. 6d. and 840,000 10s. ordinary shares at 12s. 9d. (Firm application, 400,000 ordinary shares.) Formed to acquire interests in companies making electrical apparatus; purchases capital of J. A. Crabtree and Company. Profits, after depreciation, years to July 31st: 1934, £107,793; 1935, £117,632; 1936, £152,008. Total assets, £378,230 (stock, £138,020). 120,000 J. A. Crabtree £1 shares bought for £950,000 cash. 359,993 of company's shares allotted to vendors for cash at par. Dawnay Day and Company take issue at 20s. 3d. per preference, and 10s. 3d. per ordinary share (or 11s. 1d. with expenses). List closed 9.5 a.m. December 2, oversubscribed.

L. and D. Redman.—Offer for sale of 420,000 4s. ordinary shares at 5s. 6d. Makers and designers of silk and rayon underwear; founded 1912. Net assets, £60,285 (except £100) purchased for £89,900 (goodwill, £29,715), payable by 449,500 shares. Profits, before amortisation, depreciation and fees, years to about July 20th: 1934, £9,886; 1935, £17,171; 1936, £21,563 (or £17,467 after amortisation, etc.). British General Finance Corporation take 320,000 shares (part of vendor's shares) at 4s. 4½d. and expenses including commission (say 5s. 1½d. in all).

Austin Veneer and Panel Company.—Offer for sale of 600,000 2s. shares at 3s. Makers and merchants of veneer products at Edmonton. Profits, before fees, depreciation and interest, years to June 30th: 1934, £5,143; 1935, £11,278; 1936, £15,403. Net assets, £56,093 (stock, £36,212), purchased for £70,000 (goodwill, £13,907), payable by 400,000 shares and £30,000 cash. Sterling Securities take issue at 2s. 3d., or 2s. 8½d. with expenses.

BY STOCK EXCHANGE INTRODUCTION

Hackney Wick Stadium, Ltd.—Issued capital, 1,500,000 1s. ordinary shares. Incorporated 1931. Owns Hackney Wick and Hendon Stadiums for greyhound and speedway racing, etc. Profits, after depreciation, before interest: 1933, £14,425; 1934, £25,278; 1935, £27,733; 26 weeks to June 27, 1936, £14,412. Total assets, £113,736.

Assurance Finance Trust, Ltd.—Issued capital 225,000 £1 ordinary shares. Hire purchase finance house. Total assets, £79,236. Net profit 1934, £26; 1935, £5,530; 60,000 shares being issued to shareholders at 26s. Interest charged, and total advances including interest, respectively: 1933, £2,650, £21,880; 1934, £4,850, £41,530; 1935, £12,360, £136,330; six months to June 30, 1936, £18,056, £123,865; four months to October 31, 1936, £23,048, £212,372.

Collars, Ltd.—Issued capital 1,095,000 2s. ordinary shares and 100,000 5½ per cent. cumulative £1 preference shares. Messrs

Parsons, MacLachlan and Miller, of Glasgow, take 75,000 and in certain eventualities all the preference shares at 21s.; also 400,000 2s. ordinary shares at 6s. Launderers and cleaners at Glasgow, with branches elsewhere. Owns whole share capital of Collars (London), Ltd., and Kolar (Makers) of Taunton. The £105,000 proceeds of preference issue to be used for development and repayment of £25,000 debentures of Collars (London), Ltd. Combined profits, after depreciation, years to November 30th: 1933, £29,253; 1934, £35,271; 1935, £30,368; six months to May 31, 1936, £19,627. Consolidated assets, £160,782.

Rigby (John) and Sons, Ltd.—Issued capital 500,000 10s. ordinary shares. A debenture of £28,041 is repayable from proceeds of shares. Iron, steel and brass wire makers; founded 1798. Acquisition includes issued capital of Thomas Wood and Son, of Heckmondwike, Yorks, £25,579, and H. P. Jay, Ltd., of Birmingham, £7,652. Combined net assets, £185,857, plus, say, £8,000 accrued profits, acquired for £192,800, payable by £68,250 cash and 249,100 ordinary shares. Combined profits, after depreciation, years to August 31st: 1934, £18,873; 1935, £24,521; 1936, £32,219.

Skefko Ball Bearing Company, Ltd.—Issued capital 2,000,000 5s. ordinary shares. British unit of S.K.F. organisation. Total assets, £956,724. Profits, after depreciation: 1933, £90,045; 1934, £144,386; 1935, £195,700; 9 months to September 30, 1936, £230,376. Dividends paid, tax free: 1934, 5 per cent.; 1935, 20 per cent. Messrs Higginson and Company have taken 1,100,000 ordinary 5s. shares at £1 16s., or £1 16s. 11d. with expenses.

Birkett (T. M.) and Sons, Ltd.—Issued capital, 425,000 4s. ordinary shares. Brassfounders and engineers, established at Hanley in 1882. Net assets, £57,349, acquired for £84,900 (goodwill, £27,551), payable by 424,500 ordinary shares. London Industrial Finance Trust take 300,000 4s. shares at par (or 4s. 4½d. with expenses). Profits, before interest and depreciation, years to June 30: 1934, £6,517; 1935, £9,649; 1936, £14,111.

Mellor, Bromley and Company, Ltd.—Issued capital, 150,000 £1 ordinary shares; and 130,000 5½ per cent. cumulative £1 preference shares issued for cash at 20s. Makers of knitting and hosiery machines at Leicester. Net assets, £272,534, acquired for £272,163, payable by £123,863 cash and 148,300 ordinary shares. Profits, after depreciation, before interest, years to February 28, 1934: £32,158; 1935, £30,469; 1936, £26,663; six months to August 31, 1936, £14,823.

National Fertilizers.—Issued capital, 400,000 £1 ordinary shares, and 500,000 4½ per cent. redeemable £1 preference shares, guaranteed by Fison, Packard and Prentice, Ltd., and Imperial Smelting Corporation (who own ordinary shares), and taken by Govett, Sons and Company and Laing and Cruickshank at 20s. 6d., less 6d. commission plus expenses. Formed to combine fertiliser interests to June 30, 1934, £225,442; 1935, £222,298; 1936, £255,948. Thos. Vickers and Sons' profits, years to June 30, 1934, £7,691; 1935, £8,216; 1936, £6,544. Company's profits: October 26, 1934, to June 30, 1935, £11,649; year to June 30, 1936, £16,961. Net assets (company and subsidiaries), £169,851.

BONUS ISSUES

Crompton Parkinson.—In addition to the continuance of the same dividend and bonus distribution as last year, the directors are recommending a special bonus issue. This is in the proportion of one new "A" ordinary share at 30s. for every ten ordinary and "A" ordinary shares held.

Robinson (E. S. and A.).—The directors propose to distribute one free ordinary £1 share for every two held on November 30th. For this purpose £326,376 of the reserves are to be capitalised.

Carreras, Ltd.—The directors propose to distribute bonus shares in proportion of 16 "B" ordinary for every five ordinary and "A" ordinary and two "B" ordinary for every five "B" ordinary held by shareholders on January 4, 1937.

ISSUES TO SHAREHOLDERS ONLY

East of Scotland Trust.—10,000 new shares of £10 are offered at par to stockholders registered November 9th in the proportion of one new share for every £50 of ordinary or preference stock held.

Maratti High Speed Circular Knitting Machines.—200,000 6 per cent. preferred ordinary shares 4s. are offered to ordinary shareholders registered on November 20th at par in the proportion of two new shares for every three shares held.

CONVERSIONS AND REPAYMENTS

Amalgamated Press, Ltd.—The directors have decided to redeem the whole of the £2,423,312 outstanding 4½ per cent. first mortgage debenture stock at 103½ per cent. on March 1, 1937. The company proposes to issue at £99 per cent. £1,500,000 3½ per cent. first mortgage debenture stock, and the proceeds will be applied towards redemption of the existing stock. The balance of the money required is being provided out of the company's resources.

Thos. Firth and John Brown, Ltd.—Issue of £500,000 3½ per cent. debenture stock at par, to be redeemed at par December 31, 1961, or at 103 if redeemed before end of 1941, or at 102 if redeemed before repay £137,580 4½ per cent. debenture stock and £248,000 4 per cent. debenture stock. Holders of 6 per cent. cumulative preference shares of existing debenture stocks, can apply in cash for as much

of the £500,000 3½ per cent. debenture stock as is not taken on conversion terms. Holders of existing debenture stocks can, up to December 14, 1936, convert their stocks into new stock, at £100 new for £100 existing stock, also a cash payment or adjustment of £1 15s. 6d. per £100 4 per cent. stock converted and £2 4s. 4d. per £100 4½ per cent. stock converted.

LONDON NEW ISSUE PRICES

Stock or Share	Issue price	Paid	Nov. 25, 1936	Dec. 2, 1936
Amalgamated Collieries S. Africa £1	30/-	30/-	33-1/4	33-3/4
Argentine 3½% Conversion	84/-	84/-	2-1/4 dis	1-1/4 dis
Associated Paper Ord. 5/-	9/-	9/-	3d dis-3d pm	3d-9d pm
Do. 5% 1st Pref. £1	20/-	20/-	1/4-1/10 pm	21/6-22/-
Bird (Sydney S.) Ord. 2/-	...	...	4/7-4/10	5/-5/3
Birmingham Small Arms 4% 1st Debts.	102½	5	1-1/4 dis	1-1/4 dis
Bristol 3%	99½	24	1-1/4 dis	1-1/4 dis
Buchan's (Andrew) Brewery Ord. £1	15/-	15/-	43/3-43/9	42/9-43/3
C.T.C. Bazaars (5/-)	15/-	15/-	14/-14/6	14/-14/6
Do. 6% Pref. £1	21/-	21/-	20/9-21/3	20/7-21/13
Drey, Simpson (5/-)	...	...	4/10-5/11	4/10-5/11
Dewbury 3%	99½	24	1-1/4 dis	1-1/4 dis
Dumfries 3% Stock	99½	24	1-1/4 dis-1/2 pm	1-1/4 dis-1/2 pm
East Humber Cement (5/- Ord.)	5/9	3/9	9d-1/- pm	1/-1/6 pm
Do.	...	...	1-1/2 pm	1-1/2 pm
Everard Brewery 4% Debts.	101	51	1-1/2 pm	1-1/2 pm
Funding 2½%	102	20	1-1/2 pm	1-1/2 pm
Gas Light and Coke 3½% Pref.	98½	43½	1-1/4 dis	1-1/4 dis
Hackney Wick Stadium 1/-	100	20	1-1/2 pm	1-1/2 pm
Howards (Newcastle) Ord. 4/-	5/6	5/6	4/9-5/3	4/7-4/10
Do. 6% Pref. £1	10/-	10/-	9/6-10/-	9/6-10/-
Inter-Union Finance 5/-	5/-	3/-	2/3-2/9 pm	1/10-2/4 pm
Do. 5½% Pref. £1	20/-	10/-	1/3-9d dis	1/3-9d dis
Lewis (J.) 5% 1st Pref. £1	22/6	7/6	par 3d pm	par-3d pm
London & Dist. Cinema Ord. 5/-	5/-	5/-	5/11-5/4	5/6-5/9
Do.	99	99	97½-97½	97½-98½
London County Council 3%, 1956-61	99	59	1-1/2 pm	1-1/2 pm
Manchester 3%	99½	24½	1-1/4 dis	1-1/4 dis
M. Morris Cabinet 4/-	...	...	6/7½-6/10½	6/4½-6/7½
Do. 5% Pref. £1	32/6	32/6	20/-20/6	20/-20/6
Walsall Conduits 4½ Ord.	20/6	20/6	31/3-31/9	31/3-31/9
Do. 5% Pref. £1	...	...	21/3-21/9	21/3-21/9

WEEKLY TRAFFIC RETURNS
RAILWAYS OF GREAT BRITAIN AND IRELAND

		Gross Receipts, week ended Nov. 29, 1936 (£'000)							Aggregate Gross Receipts 1936 compared with 1935 (48 weeks) (£'000)						
		Miles Open													
		Passenger, per. &c.	Merchandise, &c.	Coal and Coke	Oil and Gas	Total Goods	Total Receipts	Passenger, per. &c.	Merchandise, &c.	Coal and Coke	Oil and Gas	Total Goods	Total Receipts		
Great Western	1886	3,746	172	201	112	313	485	10,051	9,195	4,829	14,024	24,075	38,999		
	1885	3,746	162	198	125	321	483	9,844	8,822	4,807	13,673	24,075	38,999		
(c) L. & N. Eastern	1886	8,382	282	372	258	630	892	15,509	15,706	11,559	28,865	42,374	64,739		
	1885	8,386	265	389	277	666	931	15,193	15,219	10,773	25,992	41,187	63,183		
L. M. & Scottish	1886	6,914	393	498	273	771	1,164	23,822	23,031	11,522	34,533	58,357	87,882		
	1885	6,925	382	491	294	785	1,167	23,223	22,775	11,163	32,938	56,166	85,137		
Southern	1886	2,153	254	70	35	102	358	14,750	3,023	1,477	4,500	19,253	4,266		
	1885	2,171	246	70	45	115	361	14,447	2,977	1,449	4,266	18,807	4,187		
Total	1886	19,146	1,081	1,138	678	1,816	2,897	64,132	50,955	28,987	79,942	140,877	188,791		
	1885	19,172	1,055	1,146	741	1,887	2,942	62,707	48,793	28,192	76,895	138,593	186,986		
(b) Belfast & Co. Down	1886	80	1.7	...	...	0.6	2.3	122.4	...	...	25.8	148.0	...		
	1885	80	1.8	...	...	0.5	2.3	121.4	...	...	24.5	145.0	...		
(b) Great Northern	1886	543	8.3	...	11.1	19.4	513.5	...	...	...	456.5	970.7	...		
	1885	545	7.8	...	10.9	18.7	492.1	...	...	...	453.9	946.6	...		
(b) Great Southern	1886	2,484	26.6	...	56.1	86.7	1,705.4	...	...	...	2,043.3	3,744.6	...		
	1885	2,174	26.2	...	56.1	82.3	1,649.2	...	...	...	1,913.0	3,582.2	...		

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.....	+ 186	+ 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.....	+ 339	+ 1,277	+ 655	+ 292
22 weeks to November 29, 1936	+ 15½	+ 58½	+ 29½	+ 13½
Weekly average second half 1936 compared with 1935.....	+ 2	- 3	- 39	- 5

LONDON TRANSPORT

Week ending November 28, 1936	Gross Receipts for Week	Gross Aggregate Receipts
Aggregate 22 weeks to November 28, 1936	£12,332,000	+ 8,900
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 -
				1935	+ or -

INDIAN

	1936	Rs.	Rs.	Rs.	Rs.
Assam Bengal	31	Oct. 31	1,330	15,850	- 27,334
Bari Lt. Ry.	31	Oct. 31	1,330	15,850	- 27,334
Bengal & N.Western	31	Nov. 10	2,112	10,144	+ 78,191
Bengal-Nagpur	32	Oct. 31	3,288	22,830,000	- 77,884
Bombay Bar. & C.I.	34	Oct. 31	20,372	127,63,000	- 4,650,000
Madras & S. Mahr.	32	Oct. 31	3,229	17,14,000	- 1,247,100
Rohilk'd & Kumaon	6	Oct. 31	546	11,51,429	- 10,028
South Indian	31	Oct. 31	2,532	118,13,055	+ 196,284

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CANADIAN

	1936	Nov. 21	23613	3,887,608	+ 408,195	164,753,193	+ 11,127,224
Canadian National	47	Nov. 21	172220	2,735,000	+ 30,000	122,756,000	+ 8,305,000
Canadian Pacific	47	Nov. 21	172220	2,735,000	+ 30,000	122,756,000	+ 8,305,000

SOUTH AMERICAN

Antofagasta (Chili and Bolivia).....	48	1936 Nov. 29	834	19,330	+ 6,390	667,920	+ 69,400
Argentine N.E.	22	28	753	167,200	+ 34,300	9,519,700	+ 440,600
B.A. and Pacific	22	28	2,860	1,330,900	+ 2,027	20,686,400	+ 25,800
B.A. Central	21	21	21	\$78,706	+ 7,205	1,857,047	+ 36,794
B.A. Gt. Southern	22	28	5,084	\$152,900	+ 29,300	2,994,100	+ 398,800
B.A. Western	22	28	1,930	\$128,000	+ 346,000	41,847,000	+ 2,327,000
Central Argentine	22	28	3,700	\$128,353	+ 20,480	2,483,255	+ 137,587
Central Uruguayan	21	21	21	\$142,570	+ 1,784	896,250	+ 20,464
C. Urg. (East Ext.)	21	21	311	\$142,570	+ 472,360	51,462,960	+ 7,555,110
C. Urg. (N. Ext.)	21	21	185	\$16,092	+ 2,399	243,257	+ 44,697
C. Urg. (W. Ext.)	21	21	211	\$3,251	+ 746	39,637	+ 7,791
Cordoba Central	22	28	1,218	\$1,570	+ 218	28,622	+ 4,768
Entre Rios	22	28	810	\$1,489	+ 767	20,981	+ 5,122
G. Westn. of Brazil	48	28	1,082	\$174,900	+ 70,000	13,074,000	+ 540,000
Leopoldina	48	28	1,918	\$33,760	+ 4,150	708,780	+ 31,210
Leopoldina Termal	48	28	30	\$29,100	+ 745	900	+ 41,600
Nitrate	22	28	274	\$213,476	+ 6,642	278,678	+ 24,268
Panay Central	21	21	100	\$11,900	+ 3,300	390,000	+ 10,300
Salvador	21	21	100	\$180,800	+ 90,000	81,417,000	+ 8,215,000
San Paulo	47	22	1534	\$21,771	+ 2,515	843,775	+ 83,904
United of Havana	22	28	1,353	\$315,000	+ 9,000	16,077,000	+ 1,707,000
				\$1,638	+ 7,145	109,544	+ 30,077
				\$1,070	+ 140,000	64,371,000	+ 1,798,000
				\$12,097	+ 39	1,048,108	+ 24,228
				\$1,000	+ 560,000	115,528,000	+ 6,796,000
				\$2,175	+ 7,030	1,373,797	+ 225,942
				\$14,495	+ 1,101	\$33,878	+ 8,698

COMPANY MEETINGS

TUBE INVESTMENTS, LIMITED

INCREASED DIVIDEND—ISSUE ON BONUS TERMS

MR A. CHAMBERLAIN'S SPEECH

The seventeenth ordinary general meeting of Tube Investments, Limited, was held, on the 2nd instant, at Birmingham, Mr Arthur Chamberlain (chairman) presiding.

The Chairman said that for the most part all their factories were fully employed during the whole of the year under review. Tube Investments was originally conceived for the purpose of rationalising the precision tube trade, and the subsequent amalgamations and liaisons necessarily antecedent to such an overhaul were completed some years ago. The planned reorganisation had been put through step by step with the consolidation of the trade under one control.

The year 1936 found them, therefore, with all their trading groups rearranged and placed as favourably to meet the demands to be made on them as their forethought and capital resources ensured. Consequently the growth in British prosperity had taken place most happily for them. As the trade increased so did their manufacturing facilities, and as their manufacturing facilities increased so did their production costs decrease. The result had been that few, if any, trades had been able to execute the increased volume of work more promptly, and none, he thought, had had to ask for so little increase in price from their customers despite the serious increase in the cost of labour and raw materials. They still had a considerable margin of manufacturing capacity for some of their standard lines; the pressure was only great on departments catering for demands of customers engaged on the Government's new defence programme. There the pressure on the country was extreme, and he feared it would grow greater as 1936 gave place to 1937 and 1938.

They showed a larger profit this year than last and, in fact, earned a larger profit, but for an intelligent comprehension of their position shareholders must study the combined statement of assets and liabilities rather than the balance sheet. They endeavoured to found their whole policy on looking five or ten years ahead, and amongst other things they thought the time must come when the market would again be a buyers' market. When that happened they wanted buyers to have a kindly recollection of having been well treated by the company when it was a sellers' market, and a very sincere desire to deal fairly by the company when it was the buyer's turn to call the tune.

PROFITS NOT YET AFFECTED BY DEFENCE PROGRAMME

The profits shown were not swollen with defence programme windfalls. Those would only accrue—if at all—in 1937 and 1938. Investors should remember that the Government's large defence requirements had come at a moment when the country's manufacturing capacity was already fully occupied with honest business which went to increase the wealth of the country and indirectly, therefore, of the world. He was sure it was impossible for the country to turn out all that was required for honest trade as well as that required by the Government. The result, seeing that the Government's claim must come first, would be wholly bad for the country.

When the defence programme really got under way there would be neither raw material nor labour to satisfy all demands. An unseemly struggle for both commodities was bound to take place, with honest trade always the loser. In the end the cost of production, both of honest trade and defence trade, would have been unduly raised, and a large amount of honest trade would have been necessarily conceded to the foreigner. The country would have handed over trade that increased prosperity and taken in its place trade that sapped it.

Finally, when the armament boom was over, we should be faced with taxation to pay for it and with a depleted honest trade from which to earn the taxation. Two conclusions might reasonably be drawn, first that the profits of 1937 and 1938 would not be as nice as some people seemed to expect, and secondly that if there was any surplus the prudent businesses would retain most of it against the inevitable day of reckoning.

BONUS AND DIVIDEND

The need to support the Government had entailed a great acceleration of their development programme, making it unwise to follow their usual course of paying for additions out of profits. They therefore issued new capital on bonus terms meaning for

shareholders a paper or cash profit, whichever they preferred, equal to some 12s. a share, free of tax. Next, the need for such heavy appropriations for obsolescence and contingencies had become unnecessary, so much so that they considered it would no longer be justifiable to withhold quite such large sums for those purposes. They had therefore raised the dividend from 10 per cent. to 17½ per cent. and paid a portion of it as an interim. He saw no reason to take a gloomy view as to their ability and willingness to maintain it at that level during the immediate future. He did not even dismiss the possibility that he was taking too gloomy a view of the effect of the armaments expenditure on the country and themselves.

BLOW TO PROSPERITY

He had the gravest doubts as to the necessity for such a large defence programme, nor had he the least faith that when it was all over we should be one bit more removed from the danger of war than we were to-day. He would cheerfully welcome it, even in its exaggerated form, if he thought that coincident with this blow to our prosperity steps were being taken that would make war impossible and this expenditure a weapon to that end. Everything that had happened since the war had not only shown war was preventable but had shown what were the steps which should be taken to make it preventable. Mr. Chamberlain went on to maintain that no nation was strangled by not having the control of the countries where its raw materials were produced. There was hardly a known instance, he said, where the producer of raw material had not sold wherever he could get the best price. Ownership of raw materials did not prevent countries suffering from the trade slump and the lack of them did not prevent other countries from recovering.

Some people were blaming the Government for having cut down their defence expenditure. Possibly no action of theirs had had a greater influence in bringing about our trade recovery than that reduction. If Germany, Italy and France would only look at what was happening all round them dispassionately, instead of through a mist of hate, of braggadocio and of fear, they would realise the truth of what he was saying. If they were willing to join with others in reducing tariffs, quotas and currency restrictions our answer must be clear, immediate and ungrudging. We must tender whatever financial credit might be necessary to enable them to buy their raw material and feed and clothe their unemployed, and we must make arrangements to enable them to exchange their productions for ours.

LEAGUE OF NATIONS PARLIAMENT ADVOCATED

Mr Chamberlain went on to advocate a League of Nations Parliament, backed by an International Court of Law, to interpret its laws and control such armed forces as it might deem expedient to see that its laws were carried out. A little more courage, a little more imagination, a little more faith and Italy would have been held to her troth, proving even to the sceptic that we had found the way to suppress war. The League idea had been temporarily discredited. Possibly it might be as well to start next time with two Leagues, an Old World League and a New World League, instead of a League of All Nations. Nor was it in the least necessary that all nations should join the League. Having got so close to stopping war, despite the numerous and obvious failings short of existing League arrangements, it must be only a question of time before it was taken up again. The League, if it was to work, must be the sole arbiter of what was right or wrong, and the sole voice as to what should be done when wrong had been attempted, and it must be backed by the whole resources of its members in men, in money and in material: Home Rule for all, in fact, at home and International Rule abroad. We were not likely to meet more injustice at the hands of the majority of a League of Nations than we were as individuals at the hands of a majority of our countrymen. What unfairnesses or fancied unfairnesses arose would be as nothing compared with the loss of ten million lives and countless millions of pounds of property that a world war would inflict on victor and vanquished alike.

Mr J. Herbert Aston seconded, and the report was adopted.

BOWATER'S PAPER MILLS, LIMITED

ANOTHER YEAR OF PROGRESS

The annual general meeting of Bowater's Paper Mills, Limited, was held, on the 1st instant, at Southern House, Cannon Street, London.

Mr Eric V. Bowater (the chairman) presided, and after welcoming the new vice-chairman, Mr Percy Denson, said: The year under review has again been one of progress for your company and its associates. The demand for our products continues to grow.

The profits of your company for the year amounted to the satisfactory sum of £202,163. There is an available balance of £194,361, and the directors now recommend a final dividend of 5 per cent. on ordinary shares numbered one to 500,000, making 9 per cent. for the year, as a consequence of which a participating dividend of 16s. 8d. per cent. becomes payable on the 7½ per cent. cumulative preference shares numbered one to 300,000, leaving £62,549. Of this, the directors propose to allocate £20,000 to the general reserve, leaving £42,549 to be carried forward. Reserves now amount to the substantial sum of £680,000, to which has to be added the proposed allocation of £20,000. In addition to acquiring the whole of the original ordinary capital in the Edward Lloyd Investment Company, Limited, your company also subscribed for a further 1,000,000 new ordinary shares in that company at a premium of 4s. 6d. per share, and now owns the whole of the £2,000,000 authorised and issued ordinary shares in the "investment" company, which, in turn, owns the whole of the ordinary capital in Edward Lloyd, Limited.

For the purpose of repaying the temporary loans from our bankers, and to complete the finance in connection with the important acquisition of "Lloyds," your directors have decided to issue 300,000 out of the additional 500,000 6½ per cent. cumulative preference shares at 28s. 6d. per share. The right to subscribe for them will be confined to your company's shareholders, and a circular offering these shares will be posted to them on Thursday, preferential consideration on allotment being given to the existing 6½ per cent. preference shareholders.

The directors have determined to exercise the right to repay the outstanding £1,000,000 4½ per cent. debenture stock of your company and to substitute therefor a similar amount of debenture stock bearing interest at the rate of 3½ per cent. The directors of Bowater's Mersey Paper Mills have also decided to repay the £800,000 4½ per cent. debenture stock of that company, issuing a like amount of 3½ per cent. stock in its stead. The conversion operations will result in the saving to your company and the Mersey company of £18,000 per annum.

SUCCESS OF ASSOCIATED COMPANIES

I now propose to deal briefly with the affairs of our associated companies. The production of the Mersey company's mills reached the highest level so far attained and its earnings were again substantially increased, profits amounting to £170,471. The balance sheet discloses a position of considerable strength. During the year the authorised capital of the Mersey company was increased to £2,000,000 by the creation of 1,000,000 additional shares, of which 150,000 were subscribed for by W. V. Bowater and Sons for cash at par in the form of ordinary shares. The Mersey Mills are particularly favourably situated for the distribution of their products. There is a growing market in Manchester and in the industrial North generally.

W. V. Bowater and Sons, Limited, again recorded increased profits amounting after charging depreciation and all expenses to £60,601—the highest so far attained. In respect of the year under review dividends were declared by that company of 10 per cent. on both its preferred ordinary capital and on the increased ordinary capital, together with a cash bonus on the latter of 6d. a share. Its balance sheet also discloses a strong and liquid position. The business of Edward Lloyd, Limited, has continued to make progress and the results for its current financial year should show an increase.

From my remarks you will have gathered that the financial and trading position of your associated companies in which we hold such important interests may be regarded as entirely satisfactory. The entire estimated production of all the mills now controlled by your company has been disposed of for the coming year at prices substantially similar to those now prevailing.

I may say we look forward to the future with confidence. It is our belief that we are fortunate in being engaged in an industry the products of which are in ever-increasing demand. We hold a pre-eminent position in the industry at home and abroad, and your company now ranks amongst the largest industrial undertakings in this country.

The report was adopted.

LONDON, AUSTRALIAN AND GENERAL EXPLORATION COMPANY, LIMITED

INVESTMENTS WELL DIVERSIFIED

The twenty-seventh annual general meeting of this company was held, on the 30th ultimo, in London, Captain A. H. Moreing (chairman and managing director) presiding.

The Chairman, in the course of his speech, said that there were one or two items to which he wished to draw their attention consequent upon the policy adopted by their board.

If they would look at the appropriation account they would see that £3,425 had been transferred from investment reserve to enable certain investments to be written off. The object with which that reserve had been created was to strengthen the balance sheet and it was the intention of their board to increase that reserve whenever possible. At the same time, there could be no purpose in creating a reserve unless it was to be used, and their board felt that it was not fair to shareholders to make appropriations out of profits in good years for that purpose, unless losses were met from the reserve.

The amount of the carry-forward had been maintained at a substantial figure, and it was the aim of the directors to avoid allowing that figure to drop below an amount equal to a penny dividend. The reason for doing that was that they wished to be in a position to commence paying interim dividends when circumstances permitted.

BRIGHT OUTLOOK FOR BASE METALS

The company was largely interested in the base metal mining industry, and whilst in recent years they had suffered from the low prices ruling, with consequent adverse results upon their revenues, the position to-day was certainly encouraging. Prices had risen sharply in recent months and the outlook was bright. They could congratulate themselves on possessing substantial holdings in sound producing mines. It was true that at one time their interests were almost entirely confined to this side of mining, but they now had a portfolio which was well diversified and enabled them to share not only in the prosperity which the gold-mining industry was enjoying, but ensured that they would participate in the good prices now ruling for base metals.

Their lead interest was in the Central European Mines, Limited, whose property was situated in Meica in Yugoslavia. The mine and plant had been maintained in a state of the highest efficiency during the economic depression, and the prices now ruling for lead and the strong position of the lead market gave them good reason to believe they would soon be receiving revenue from this source. Their zinc interest was the Raibl mine in Italy, their partners in this business being the New Consolidated Goldfields and the Zinc Corporation. Here, again, they were benefiting from the better prices now ruling for zinc and lead. Their tin interest was the East Pool mine in Cornwall. The mine, in recent months, had responded well to the intensive programme of development which had been initiated, and was in better shape underground than for many years past.

GOLD INTERESTS

Referring to their gold interests, he said they were interested in the Rosterman gold mine in Kenya, through their substantial holding in the Tanami Gold Mining Syndicate, Limited. This mine started up its mill in June, and the results were reported monthly in the Press. It had been suggested on more than one occasion that the reefs in Kenya might not live in depth, but Dr. William R. Jones, of the Royal School of Mines, who reported on the property in 1933, and who again visited the mine in August of this year, was of the opinion that this contention did not apply to the Rosterman mine. To prove the accuracy of the views formed by him, it was only necessary to say that the widths and values in the deepest part of the mine, over 900 ft. on the dip of the Horst reef, were of a very encouraging nature. The Tanami syndicate had also acquired an exclusive prospecting licence on an area in Uganda, which was also reported upon by Dr. Jones during his recent visit, and in his opinion this was a promising area. In addition to these East African holdings they were largely interested in the gold mining industry in the Union of South Africa. They had greatly increased their holding in Klerksdorp Consolidated Goldfields, Limited, which acquired rights over a very large area on the western extension of the Rand. The Klerksdorp Company had floated its first subsidiary—Dominion Reefs (Klerksdorp) Limited, and that company had started a trial run of its reduction plant and would begin production early in the New Year. They had acquired a substantial interest in this first subsidiary company.

The report and accounts were unanimously adopted and a dividend of 1d. per share, less income tax, was declared.

NEW GOLDFIELDS OF VENEZUELA, LIMITED

SATISFACTORY RESULTS

MR JOHN A. AGNEW'S SPEECH

The ninth annual ordinary general meeting of this company was held, on the 27th ultimo, at 20 Aldermanbury, London.

Mr John A. Agnew (the chairman) said that operations at the property throughout the year had been of a very satisfactory nature, a total of 157,578 tons of ore having been treated for a recovery of 61,853 ounces of gold, valued at £435,056, the resulting profit amounting to £100,199.

If it were not for the fact that there was a very good reason for some the slight falling off in the tonnage of ore reserves for this year might call for some explanation. The amount of development work carried out during the year was to some extent restricted owing to the lack of sufficient power for additional machine drills. The latter deficiency was being made good, and they anticipated no difficulty whatever in maintaining the ore reserve position on a perfectly sound basis. It was interesting to note that the ore taken from reserves had been above average grade, while that remaining was equal in grade to the estimate of a year ago. The maintenance of the values in the present ore reserves was due to the slightly higher gold content in the lower levels of the Laguna Mine and the cleaner mining there combined with the higher grade shoots found in the Union Mine, which had raised the average of the deliveries during the past year without reducing the average grade of the remaining ore.

PROPOSED FLOTATION PLANT

As the result of an intensive study of the metallurgical position, it had been decided to erect a flotation plant for the treatment of sulphide ore. Exhaustive tests had indicated that a better recovery could thereby be obtained at a lower cost. Another important effect of the adoption of this process would be that the present plant would be able to deal still more efficiently with the oxidised ore and the total monthly output of the mill would be increased to something over 20,000 tons per month. Concurrent with the erection of this plant an additional power unit and compressor would be installed. It was anticipated that the whole of this plant would be in operation by the end of April next.

The outlook regarding exchange appeared to be reasonably satisfactory, though this was a factor on which the operations of this company could exercise no influence. It was hoped, however, that as the result of negotiations which had been proceeding for sometime between the Government and the oil companies operating in Venezuela, exchange between Venezuelan and United States currencies would be established on a definite basis and at a rate more advantageous to this company than that now in force.

In declaring a small initial dividend the directors were actuated by a desire to indicate very clearly their belief that so far as difficulties inherent in the property itself were concerned such had been overcome, and that they could look forward to a continuance of reasonably good profits on an increasing scale. On matters which were outside the control of the board or management they could, of course, speak with less certainty, but, as he had indicated, in the absence of any serious troubles from an outside source, they approached the future with a good deal of confidence.

TRIBUTE TO OFFICIALS AND STAFF

The general manager, Mr A. J. Anderson, was present that day, and he was glad to have this opportunity of expressing to him personally the great appreciation of the board, and he was sure he might add, of the shareholders, of the manner in which Mr Anderson had persevered, working at times under very great difficulties, in his efforts to bring the property to its present position. He had on former occasions expressed the great confidence the board had felt in Mr Anderson's management, and it afforded them great satisfaction to realise to-day that their confidence was not misplaced. He would ask Mr Anderson to convey to his staff the thanks of the shareholders and of the directors for the loyal support they had accorded to him in his efforts.

To Dr McCann, Mr McCluskey and Mr Lindberg thanks were also due for the great interest taken by them at all times in the affairs of the company and for the encouragement and assistance they had rendered to the management.

Mr Lindberg was also present, and he took the opportunity of expressing to him on behalf of the board, and he was sure he might add of the shareholders, their personal appreciation of the very great help he and his colleagues in New York, but especially Mr Lindberg, had rendered to the company over the last five years. (Applause.)

The report and accounts were unanimously adopted.

CONSOLIDATED GOLD FIELDS OF SOUTH AFRICA, LIMITED

INCREASED REVENUE FROM DIVIDENDS

The ordinary general meeting of the Consolidated Gold Fields of South Africa, Limited, was held, on the 3rd instant, at 20 Aldermanbury, London.

Mr J. A. Agnew (the chairman) said that the profit and loss account of New Consolidated Gold Fields, Limited, the operating company, showed that the item dividends, profit, etc., amounted to £1,306,453, against £1,515,494 last year, a reduction of £207,000. For the third consecutive year the revenue from dividends on investments showed an increase, but profits on sales were lower. The latter feature might at first sight appear strange when it was known that a substantial rise took place during the year in a number of their investments, thus affording an opportunity for disposing of a considerable proportion of their holding at a good profit.

He had explained on a previous occasion that it was not the desire of the board to dispose of certain interests where they had every reason to believe the intrinsic value of such investments was considerably in excess of prices which could at any given moment be obtained for them. The greater number of the holdings he had in mind were in properties under their own administration, and, that being the case, they might be expected to be able to form a much better opinion as to their real value than was the average investor. If any proof were needed as to the soundness of their policy in that direction, it was to be found in the very greatly increased appreciation that had taken place in some of their holdings since the close of the financial year.

They had transferred to general reserve £300,000, bringing the total of that account up to £1,300,000. With the balance brought forward of £320,549, they had an available profit of £751,478, compared with last year's figure of £675,473, from which a dividend of 2s. 9d. per share (equal to 13½ per cent.), less tax, had been declared by New Consolidated Gold Fields, Limited, making, with the interim dividend of 1s. 3d. paid on June 18th last, 4s. per share (or 20 per cent.). That would leave £365,917 to be carried forward. The distribution mentioned would enable the parent company to pay a similar dividend.

The balance sheet showed investments at £6,706,785, a decrease of £702,000, mainly due to the increase in the amount of depreciation reserve, which had been deducted from that figure. The decrease was also partly accounted for by a reduction of British Government securities amounting to £400,000. Those securities were sold prior to the receipt of the cash from the issue of the new shares, and since the date of the accounts surplus funds had been reinvested in Government securities to an extent greater than the amount referred to. At the date of the accounts 75 per cent. of the value of the share investments was represented by gold shares.

Last year he had referred to the injustice suffered by some companies which, relying on the allowance of all approved underground capital expenditure as a charge against profits, had embarked on a large capital programme, only to find that the allowance had been restricted under the 1935 Act. In the new Act the injustice had been aggravated as the allowance was no longer provided for. It was unfortunate that the Government did not seem able to appreciate that the value of the mining industry to the country should not be measured only by the amount that could be extorted from it by taxation. It was probably no exaggeration to say that, without its gold mines, South Africa would sink to a position of comparative insignificance. The difficulties of the Union Government in respect of certain industries were fully appreciated, and they could readily subscribe to the principle that the gold producers should bear some of that burden; it was when they found that they were called upon to carry almost the whole of it that they felt it necessary to protest.

In the course of an exhaustive review of the company's holdings, he said that their South African interests now represented a much higher proportion of their investments than had been the case for a number of years past. They had received a moderate amount of criticism from shareholders who felt that the reserve shares issued in June last should have been offered in the first place to shareholders of Consolidated Gold Fields of South Africa, but the *pro rata* basis would have been almost negligible, since their rights of subscription would have amounted to only about one share for every 13 shares held. To have been able to place almost a quarter of a million shares at a price of £4 2s. 6d. per share when the market quotation was £4 6s. 3d. seemed to him an achievement calling for commendation rather than adverse criticism.

The report and accounts were unanimously adopted.

THE STRAND HOTEL, LIMITED

FURTHER IMPROVEMENTS

The twenty-ninth ordinary general meeting of this company was held, on the 3rd instant, at the Trocadero Restaurant.

Major M. Gluckstein (the Chairman), in the course of his speech, said: I am pleased to tell you that the revenue for the year, both from the letting of bedrooms and from the restaurant side of the business, shows some increase over that of the previous year. We may fairly conclude that part of this increase arises as a result of the extensive renovations that have recently been made in various parts of the hotels. The Strand and Regent Palace Hotels are an integral part of London's everyday life, but this position can be retained only so long as they continue to enjoy the goodwill of our clientele, whose point of view is our constant concern.

There was a time when flowing hot and cold water in a bedroom was considered the last word in luxury—when the free bath and inclusive breakfast were features unheard of. Only ten years ago the hotel as understood to-day was in its infancy, and great as had been the changes wrought in previous decades, the amenities of 1926 included little of the lavishness that has since come to be regarded as necessary. Through the years have been added successively the telephone, the pocketed-spring bed, the fitted wardrobe; and now at the Regent and Strand Palace Hotels electric fires have been installed in each bedroom from which heat is supplied without charge.

But always paramount in our minds are the ever increasing demands of progress, and in our quest of the perfect hotel we are busy exploring the resources of science and engineering, that our visitors may enjoy the latest advantages that these branches of knowledge have to confer. Thus, a system of perfected air is being introduced in the Regent Palace Hotel restaurant. There, regardless of prevailing weather conditions, the atmosphere will—throughout the year—resemble that of a pleasant spring morning. The restaurant is also being redecorated and re-equipped, and will presently emerge as an example of up-to-date hotel-craft. Later, we shall turn our attention to others of the public rooms.

Meanwhile, we have been effecting improvements at the Strand Palace Hotel, where also, later on, perfected air will be introduced. The report was unanimously adopted.

CHARTERHOUSE INVESTMENT TRUST, LIMITED

LARGER PROFIT—INCREASE OF CAPITAL

The eleventh annual general meeting of the Charterhouse Investment Trust, Limited, was held, on the 2nd instant, at Southern House, Cannon Street, London, Sir Arthur H. Marshall, K.B.E. (the chairman) presiding.

The Chairman, in the course of his speech, said that the board had sincere pleasure in submitting accounts disclosing a substantial increase in profits.

As to their profit and loss account, the gross profit of £245,754 was £87,496 greater, and the net profit showed an increase of £72,787 at £192,698, which was equivalent to just over 19 per cent. on the capital as it now stood. If the company's capital had happened to be equally divided into £500,000 4½ per cent. preference and £500,000 ordinary stock, those profits would have covered the preference dividend between eight and nine times and left the equivalent of 34 per cent. on the ordinary stock. The proposed dividend of 10 per cent. would absorb £100,000 and would have provided a dividend of 15½ per cent. on the ordinary stock had the capital been divided as he had just mentioned. The reason which had decided the board to ask agreement to an increase of the capital of the trust, and to its immediate issue, was that they believed they could profitably employ additional capital.

Summing up the proposed position, the new issue provided the company with £625,000 of new money, which might conservatively be expected to earn 4½ per cent., or an addition of £28,125 per annum. This amount, added to the £100,000 for which the present dividend of 10 per cent. called, would be sufficient, after providing the dividend on the £750,000 preference stock, to pay just over 12½ per cent. on the £750,000 ordinary stock. On the new basis an additional 1 per cent. on the ordinary stock would require only £7,500 instead of £10,000 as at present.

As to the future, they had started the new year with substantial business in hand. If economic and political conditions remained reasonably stable, the board should be able to render satisfactory accounts next year.

The report was adopted, and at a subsequent extraordinary general meeting the proposed increase of the capital from £1,000,000 to £1,500,000 by the creation of 500,000 ordinary shares of £1 was approved.

ELSWICK-HOPPER CYCLE AND MOTOR COMPANY, LIMITED

IMPROVED OUTLOOK

The annual general meeting of the Elswick-Hopper Cycle and Motor Company, Limited, was held, on the 30th ultimo, at Barton-on-Humber, Mr Fred Hopper (the chairman) presiding.

The Chairman, in moving the adoption of the report and accounts, said that the balance sheet showed the company to be in an exceptionally strong financial position. Floating assets amounted to £172,369, as against trade creditors of £31,607, showing a surplus of £140,762, or approximately the full ordinary and preference share capital of the company. The amount due from the subsidiary company had increased from £28,373 to £42,971, which was in pursuance of their policy of extending the finance of the sale of cycles manufactured by the company and sold on the easy-payment system. Their policy with regard to the subsidiary company was to build up reserves against any bad debts that might be made, but up to the present time their experience had been very satisfactory in regard to their easy-payment system.

The trading profit for the year amounted to £29,262, and after providing for the preference dividend there remained £21,411. It was proposed to pay a dividend of 15 per cent., less tax, for the year, as against 10 per cent. last year, but shareholders should take into account that the dividend was payable on about two and a-half times the ordinary capital of last year, and that the company had only had the benefit of the money for a short time.

Dealing with the general outlook of the cycle trade, he said that the number of cycles used continued to increase, and the improvement in the roads would, in his opinion, tend further to increase their use. The Cycle Show at Olympia recently held was a great success, and he thought he was correct in saying that never in the history of the country had there been a greater demand for that form of locomotion. He saw no reason why the sale of cycles should not continue to increase in volume. Their selling organisation was efficient, and with the additional capital facilities which they had obtained, it was hoped that they would be able further to extend their easy-payment department as well as enlarge the export trade which his father, the founder of the company, was one of the first cycle manufacturers in this country to develop.

The report and accounts were unanimously adopted.

VAN EMDEN (DUTCH GUIANA) GOLD MINES, LIMITED

PROPOSED CAPITAL ISSUE

The annual meeting of this company was held, on the 30th ultimo, in London.

Mr A. L. Jupp (the chairman) said that they had started as a small company to win alluvial gold, but had been advised by Mr J. C. Templeton that their alluvial gold was, in fact, reef gold, and their engineers had confirmed his geophysical survey and were urging the board to send machinery to develop and prove the reefs. The considerable amount of machinery now arriving on the property should very shortly place them in the position of having such considerable reserves of ore blocked out as to make it possible to proceed with the flotation of their first subsidiary company.

The purchase of machinery and the sending out of an experienced driller had eaten a very large hole in their slender resources, but they felt that the expenditure was amply justified. They proposed to make a further issue, possibly within a week or two, of not exceeding 50,000 or 60,000 shares, and every shareholder would be entitled to an allotment.

Mr A. R. Clements (managing director) said that reef development so far carried out pointed definitely to lateral continuity and to regularity. Diamond drilling would prove rapidly the persistence of their great deposits at depth. The values were not spectacular, but spectacular values did not make a mine so much as large quantities of ore of an economic value.

Mr James C. Templeton (consulting geologist and geophysicist) said that with the conclusion of the geophysical prospecting work on the Kilometer 94 area active mining work employing the most up-to-date equipment had now commenced. Diamond drilling operations were starting. This was the first instance, he thought, in the history of mining exploration in which geophysical methods of investigation had been applied over such a large area from the very outset. The procedure and results to date meant that before even commencing true mining operations a fairly complete knowledge of reef possibilities of the area as a whole was available. By that means mining operations were concentrated at the localities and along the zones offering the maximum prospects for gold production.

The report was unanimously adopted.

TRUST OF INSURANCE SHARES, LIMITED

GROWTH OF RESERVES

INCREASE OF CAPITAL—NEW DIRECTOR

The second annual general meeting of the Trust of Insurance Shares, Limited, was held, on the 1st instant, at the registered office, 30 Cornhill, London, E.C.3.

The Rt. Hon. Charles A. McCurdy, K.C., chairman, presided. The Chairman said: The policy of the directors for the last two years has been to restrict the business of the company to the creation of unit trusts made up of insurance shares, bank shares and trustee securities, and we shall continue to limit our operations to investments of this class, in which the first objective is complete safety of capital with good prospects of capital appreciation rather than an initial high rate of interest.

The three trusts created by the company are: Trust of Bank Shares, of which the Equity and Law Life Assurance Society are trustees; the Trust of Bank and Insurance Shares, of which the Midland Bank Executor and Trustee Department are trustees; and the Trust of Insurance Shares, of which Williams Deacon's Bank, Limited, the trustees; and they have enabled thousands of small investors to acquire an interest, free from personal liability, in the two great financial industries of Great Britain. The demand for units in these trusts by stockbrokers on behalf of the investing public continues to increase.

In consultation and agreement with the respective trustees and auditors, the company has now placed to reserves in accordance with the recommendations of the Board of Trade Report on Unit Trusts, and, to ensure continuity of management, sums amounting to £111,725. The balance standing to the credit of the profit and loss accounts now amounts to £10,354 17s. 7d.

The company has now taken the necessary steps to increase its capital, which at present consists of £100,000 in £1 shares, all of which were issued for cash and are fully paid, to £200,000 by the creation of a further 100,000 £1 shares.

In view of the growth of the company's business the directors have accepted a favourable offer of additional accommodation on the ground floor at 30 Cornhill, E.C.3.

The company is fortunate in securing the services as a director of Sir Bernard Bircham, K.C.V.O., deputy-chairman of the Equity and Law Life Assurance Society, who will be a great acquisition to the board.

The report and accounts were unanimously adopted.

GOVERNMENT RETURNS, &c.

NATIONAL ACCOUNTS

The total ordinary revenue for the week ended November 28, 1936, amounted to £8,793,500, against ordinary expenditure of £9,550,000. After allowing for an increase in Exchequer Balances of £173,381, the operations for the week, as shown below, increased the gross National Debt by £930,000 to approximately £8,005 millions.†

(000's omitted)	
Treasury Bills.....	+ 2,259
17% Funding Loan, 1932-7.....	+ 971
National Savings Certificates.....	+ 50
	+ 3,280
Public Department Advances.....	- 1,650
Road Fund.....	- 300
P.O. and Telegraph (money).....	- 400
	- 2,350

† 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 September 30, 1936, appeared in the *Economist* of October 3, 1936.

REVENUE	Estimate for the year 1936-37	Total Receipts into the Exchequer			
		April 1, 1935, to Nov. 30, 1935	April 1, 1936, to Nov. 28, 1936	Week ended Nov. 30, 1935	Week ended Nov. 28, 1936
ORDINARY REVENUE					
Income Tax.....	258,000,000	74,047,000	70,607,000	1,591,000	853,000
Sur-tax.....	86,500,000	7,510,000	7,320,000	180,000	230,000
Stamp Duty.....	86,000,000	58,390,000	54,860,000	1,200,000	1,640,000
Stamps.....	27,000,000	12,900,000	15,080,000	780,000	900,000
Excise Profits Duty and Corporation Profits Tax.....	780,000	...	...	...	...
Land Tax and Mineral Rights Duty.....	780,000	150,000	140,000	...	10,000
Total Inland Revenue.....	493,000,000	152,937,000	148,007,000	3,741,000	3,633,000
Customs and Excise—					
Customs.....	207,525,000	132,810,000	140,685,000	3,355,000	4,313,000
Excise.....	110,000,000	73,300,000	73,713,000	1,400,000	1,213,000
Total Customs and Excise.....	317,525,000	206,110,000	214,398,000	4,755,000	5,526,000

REVENUE	Estimate for the year 1936-37	Total Receipts into the Exchequer			
		April 1, 1935, to Nov. 30, 1935	April 1, 1936, to Nov. 28, 1936	Week ended Nov. 30, 1935	Week ended Nov. 28, 1936
Motor Vehicle Duties (Exchequer Share).....	5,000,000	1,486,000	1,674,000	Dr. 602,000	Dr. 237,000
Post Office (Net Receipt).....	11,256,000	11,100,000	10,850,000	Dr. 850,000	Dr. 800,000
Crown Lands.....	1,850,000	1,000,000	1,020,000	110,000	110,000
Receipts from Sundry Loans.....	5,000,000	3,245,000	3,433,794	285,938	285,938
Miscellaneous Receipts.....	25,250,000	16,130,913	14,327,643	225,086	305,596
Total Ordinary Revenue.....	798,381,000	392,008,917	393,710,437	7,379,086	8,793,534
SELF-BALANCING REVENUE					
Post Office.....	69,844,000	41,000,000	43,800,000	2,200,000	2,300,000
Motor Vehicle Duties apportioned to Road Fund.....	26,500,000	8,954,000	9,397,000	602,000	267,000
Total Self-balancing Revenue.....	96,344,000	49,954,000	53,197,000	2,802,000	2,567,000
Total.....	...	441,962,917	446,907,437	10,181,086	11,360,534

EXPENDITURE	Estimate for the year 1936-37	Total Issues out of the Exchequer to meet Payments			
		April 1, 1935, to Nov. 30, 1935	April 1, 1936, to Nov. 28, 1936	Week ended Nov. 30, 1935	Week ended Nov. 28, 1936
ORDINARY EXPENDITURE					
Interest and Management of National Debt.....	224,000,000	143,841,929	143,584,901	318,031	324,915
Payments to Northern Ireland Exchequer.....	7,800,000	3,455,899	4,175,317	230,393	248,494
Other Consolidated Fund Services.....	3,300,000	2,049,720	1,477,737	28,976	25,016
Post Office Fund.....	800,000	1,126,817	420,529	...	...
Total.....	235,900,000	150,474,359	149,658,484	575,394	598,395
Total Supply Services (excluding Post Office).....	570,989,000	319,599,399	342,286,179	11,151,800	9,952,000
Total Ordinary Expenditure.....	806,889,000	470,073,758	491,944,663	11,727,194	9,550,395
SELF-BALANCING EXPENDITURE					
Post Office.....	69,844,000	41,000,000	43,800,000	2,200,000	2,300,000
Road Fund.....	26,500,000	8,954,000	9,397,000	602,000	267,000
Total Self-Balancing Expenditure.....	96,344,000	49,954,000	53,197,000	2,802,000	2,567,000
Total.....	...	520,027,758	545,141,663	14,529,194	12,117,395

† 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 November 28, 1936, is shown below:—

(000's omitted)	
Expenditure.....	491,944
Revenue.....	393,710
Decrease in balances.....	31
Gross borrowing.....	£103,987
Less:—	
New Sinking Fund*.....	5,784
Net borrowing.....	98,203
	491,944

* 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:	Nov. 30, '35	Mar. 31, '36	Nov. 28, '36	Nov. 28, '36
Advances by Bank of England.....	30,040,000	19,055,000	25,350,000	- 1,850,000
Advances by Public Departments.....	905,450,000	783,115,000	827,950,000*	+ 2,260,000
Treasury Bills outstanding.....	835,490,000	782,170,000	853,300,000	+ 610,000
Total Floating Debt.....	1,970,980,000	1,964,340,000	2,006,600,000	+ 41,620,000

* 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 November 27, 1936. The amount applied for was £65,100,000. Tenders were accepted for Treasury bills at three months dated Monday at 99 17s. 3d., and above in full; Tuesday to Saturday at 99 17s. 2d., about 99 per cent. and above in full. The average rate per cent. was 11s. 5-29d. The amount allotted was £50,000,000.

Date	Amount Offered	Total Applications	Amount Allotted	Average Rate %
January 8, 1934.....	35,000,000	78,260,000	30,000,000	0 18 11-6
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	60,905,000	40,000,000	0 12 4-32
January 8, 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 2-73
July 8, 1936.....	50,000,000	72,750,000	50,000,000	0 12 1-27
October 2, 1936.....	50,000,000	77,980,000	50,000,000	0 10 6-07
November 20, 1936.....	50,000,000	69,180,000	50,000,000	0 10 9-74
November 27, 1936.....	50,000,000	65,100,000	50,000,000	0 11 5-29

NATIONAL SAVINGS CERTIFICATES

Total Sales of Savings Certificates	No. of Certificates	Value
Week ended November 7, 1936.....	705,788	529,341
Week ended November 14, 1936.....	662,547	496,910
February, 1916, to November 14, 1936.....	1,276,339,661	1,003,692,584

* At the end of October, 1936, the amount remaining to the credit of investors in Savings Certificates, excluding interest, was £390,178,581.

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, December 2, 1936

ISSUE DEPARTMENT

Notes Issued:—		Government Debt.....	
In Circulation.....	451,587,113	Government Securities.....	11,015,100
In Banking Department.....	57,073,233	Other Government Securities.....	247,668,657
		Other Securities.....	1,303,544
		Silver Coin.....	12,699
		Amount of Fiduciary Issue.....	260,000,000
		Gold Coin and Bullion.....	248,660,346
			508,660,346

BANKING DEPARTMENT

Proprietors' Capital.....		Government Securities.....	
14,553,000	82,432,564	Government Securities.....	82,432,564
Public Deposits.....	3,312,788	Other Securities:—	
10,560,998		Discounts and Advances.....	£8,462,333
Other Deposits:—		Securities.....	£20,175,775
Bankers'.....	£99,119,619	Notes.....	57,073,233
Other Accounts.....	£41,108,442	Gold and Silver Coin.....	510,940
			168,654,845

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

Both Departments	Amount Dec. 2, 1936	Inc. or Dec. on Last Week	Inc. or Dec. on Last Year
Note circulation.....	451,587,113	+ 6,020,149	+ 46,019,804
Public deposits.....	10,560,998	+ 1,494,479	+ 3,487,253
Bankers' deposits.....	99,119,619	+ 1,515,508	+ 4,591,794
Other deposits.....	41,108,442	+ 385,710	+ 3,571,357
Total outside liabilities.....	602,376,172	+ 5,455,468	+ 48,486,420
Capital and rest.....	17,865,788	+ 48,922	+ 16,527
Government debt and securities.....	341,116,321	+ 4,795,073	+ 5,649,125
Discounts and advances.....	8,462,333	+ 1,659,201	+ 2,251,555
Other securities.....	21,479,319	+ 758,454	+ 7,865,287
Silver coin in issue department.....	12,699	+ 3,827	+ 1,526,188
Coin and bullion (bank's reserves).....	249,171,296	+ 195,257	+ 50,031,574
Reserves of notes and coin in banking department.....	57,584,173	+ 6,215,406	+ 4,011,970
Proportion of reserve to outside li- abilities.....			
(a) Banking Department only ("proportion").....	38-2%	- 3-9%	+ 2-1%
(b) Gold stocks to deposits and notes ("reserve ratio").....	41-4%	- 0-4%	+ 5-6%

Issue Department		Banking Department			Gold in or out of Bank	Bank Rate
Date	Notes Issued	Circulation	Public Deposits	Bankers' Deposits	Other Deposits	
1936						
Nov. 11	508,680	446,822	14,918	98,041	41,587	Nil
" 18	508,680	444,905	14,116	96,083	44,675	Nil
" 25	508,680	445,587	12,055	97,604	41,694	Nil
Dec. 2	508,680	451,587	10,581	99,120	41,108	Nil

Issue Department		Both Depts.		Banking Department			
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							
Nov. 11	258,119	1,825	249,574	41%	80,433	8,628	20,286
" 18	258,153	1,833	249,505	41%	78,973	7,395	21,685
" 25	258,181	1,830	249,367	41%	78,160	6,993	20,408
Dec. 2	258,884	1,804	249,171	41%	82,433	8,462	20,176

BANKERS' CLEARING RETURNS

LONDON
(000's omitted)

	Town	Metropolitan	Country	Total
1936				
January 1 to November 18.....	30,407,139	1,792,830	3,118,062	35,318,031
Week ended November 25.....	755,127	40,485	65,238	860,850
Week ended December 2.....	772,040	40,316	65,041	877,397
Total to date, 1936.....	31,934,306	1,873,631	3,248,341	37,056,278
Total to date, 1935.....	29,958,326	1,749,065	2,989,759	34,697,150
Increase or decrease in 1936.....	+ 1,975,980	+ 124,566	+ 258,582	+ 2,359,128
	= 6-6%	= 7-1%	= 8-7%	= 6-8%
Total for year 1935.....	32,443,575	1,887,112	3,229,064	37,559,751
Total for year 1934.....	30,740,117	1,758,528	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%

AUSTRALIAN COMMONWEALTH BANK.—In £'s (000's omitted)

Assets	Dec. 2, 1935	Nov. 2, 1935	Nov. 9, 1935	Nov. 16, 1935	Nov. 23, 1935	Nov. 30, 1935
Gold and English sterling	15,934	16,002	16,002	16,002	16,002	16,002
Other coin, bullion and cash	5,509	5,791	5,828	5,827	5,827	5,894
Money at short call—London	15,543	20,521	19,760	22,368	22,057	22,368
Short-term loans	6,103	8,168	8,827	8,888	8,413	9,092
Securities	70,980	74,667	74,667	74,545	74,545	74,261
Discounts and advances	7,228	8,704	8,412	8,285	8,283	8,476
LIABILITIES						
Notes issued	47,295	47,038	47,038	47,038	47,038	47,038
Reserve premium on gold	3,898	7,753	7,753	7,753	7,753	7,753
Deposits	66,072	71,552	70,354	70,012	72,915	72,485

RESERVE BANK OF NEW ZEALAND.—In £'s (000's omitted)

Assets	Nov. 25, 1935	Nov. 2, 1935	Nov. 9, 1935	Nov. 16, 1935	Nov. 23, 1935	Nov. 30, 1935
Gold	2,801	2,801	2,801	2,801	2,801	2,801
Sterling exchange	17,458	16,216	16,360	16,634	16,503	16,503
Subsidiary coin	210	156	146	143	128	128
Advances to the State	—	4,449	4,292	4,434	5,103	5,103
Investments	1,540	2,248	2,287	2,312	2,307	2,307
LIABILITIES						
Bank notes	9,123	11,564	11,665	11,686	11,797	11,797
Government	5,717	4,235	3,802	3,608	3,547	3,547
Other	5,597	8,544	8,875	9,509	10,008	10,008
Ratio of reserves to sight liabilities	99.1%	78.1%	78.7%	78.3%	76.1%	76.1%

BANK OF CANADA.—In \$'s (000's omitted)

Assets	Nov. 27, 1935	Nov. 10, 1935	Nov. 18, 1935	Nov. 25, 1935
Reserve of which:				
Gold coin and bullion	185,577	192,409	195,165	196,598
Dominion Government securities	181,268	179,164	179,219	179,183
LIABILITIES				
Note circulation	117,318	159,099	169,601	168,706
Deposits:				
Government	93,444	129,665	128,322	126,961
Chartered banks	31,731	20,060	23,215	18,257
Ratio of reserves to notes and deposits	164,716	194,003	204,411	208,421
Ratio of reserves to sight liabilities	62.9%	55.9%	54.7%	55.4%

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

Assets	Nov. 29, 1935	Nov. 13, 1935	Nov. 20, 1935	Nov. 27, 1935
Gold coin and bullion	44,42,17	44,42,17	44,42,17	44,42,17
Rupee coin	58,93,98	67,08,76	67,25,22	67,12,90
Balances abroad	11,25,98	10,76,57	9,93,87	11,12,90
Sterling securities*	66,18,83	67,31,71	67,31,71	67,31,71
Indian Government rupee securities*	25,53,12	23,41,43	23,41,41	23,41,28
Investments	5,19,92	5,32,77	5,69,31	5,76,31
LIABILITIES				
Note circulation	1,60,36,97	1,77,17,23	1,75,96,09	1,74,83,41
Deposits:				
Government	11,88,30	6,62,92	8,41,65	9,15,31
Other	28,16,93	24,80,23	24,71,87	24,93,02
Ratio of gold and sterling to liabilities	56.7%	55.8%	55.2%	55.2%

* Held against notes.

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

Assets	Nov. 29, 1935	Nov. 6, 1935	Nov. 13, 1935	Nov. 20, 1935	Nov. 27, 1935
Gold	66,190,775	64,358,742	64,358,742	64,358,742	64,358,742
Advances on Gold Coin	1,191,200	1,176,400	1,030,501	1,102,146	1,102,146
Commercial Bills	11,217,774	7,052,471	7,361,699	7,981,414	8,994,681
Treasury Bills	1,065,385	1,449,151	1,446,790	1,446,790	1,446,790
Advances on securities	4,357,818	4,278,430	4,555,524	4,141,200	4,166,016
Loans to State without interest:					
(a) general	3,200,000	3,200,000	3,200,000	3,200,000	3,200,000
(b) provisional	12,302,602	12,302,602	12,302,602	12,288,092	12,288,092
Negotiable Bonds	5,800,402	5,639,780	5,639,780	5,639,780	5,639,780
Other assets (excluding forward exch.)	3,746,993	4,040,604	3,870,071	3,803,361	3,732,273
LIABILITIES					
Notes in circulation	82,447,326	86,718,820	86,274,585	85,738,857	86,650,778
Public deposits	2,826,040	3,198,976	3,017,885	2,915,559	2,989,388
Private deposits	9,184,634	9,805,433	10,800,426	12,491,692	12,923,732
Other liabilities	2,510,948	3,774,530	3,643,497	3,454,284	3,288,623
Ratio of gold and securities to sight liabilities	69.9%	64.5%	64.2%	64.0%	63.2%

* The gold stock is based on the franc at 49 milligrams on and after Oct. 2, 1936.

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

Assets	Nov. 30, 1935	Nov. 14, 1935	Nov. 23, 1935	Nov. 30, 1935
Gold	88,151	65,463	65,607	66,097
Of which deposited abroad	21,034	28,166	28,272	28,272
Reserve in foreign currencies	5,256	5,287	5,236	5,409
Bills of exchange and cheques	4,151,138	4,536,692	4,354,242	4,908,339
Silver and other coin	129,036	182,448	206,670	135,040
Advances	78,182	28,672	33,364	67,458
Investments	661,288	523,770	521,715	421,941
Other assets	788,682	610,011	675,635	634,626
LIABILITIES				
Reserves	471,184	473,561	473,561	473,561
Notes in circulation	4,186,124	4,411,291	4,247,680	4,764,152
Other daily maturing obligations	329,108	329,308	329,308	329,308
Other liabilities	292,236	274,191	278,692	287,894
Cover of note circulation	2.23%	1.60%	1.67%	1.53%

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

Assets	Nov. 30, 1935	Oct. 31, 1935	Nov. 7, 1935	Nov. 14, 1935	Nov. 23, 1935	Nov. 30, 1935
Gold	1,391,904	2,408,370	2,452,337	2,465,337	2,533,655	2,581,006
Of which held abroad	223,323	405,130	439,185	453,359	466,595	526,683
Discounts	108,225	96,787	48,252	27,829	22,964	23,068
Bills of the Confederation	72,834	13,800	11,500	8,000	7,500	15,000
Advances	99,578	45,326	44,498	40,704	37,574	41,520
Securities	51,543	39,410	39,410	39,389	39,389	30,300
LIABILITIES						
Notes in circulation	1,322,517	1,412,534	1,382,524	1,358,332	1,344,839	1,403,476
Deposits	337,225	1,231,759	1,205,290	1,245,218	1,297,628	1,279,659

† Gold revalued, by increase of 35.03% from October 7, 1936.

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

Assets	Dec. 2, 1935	Nov. 2, 1935	Nov. 9, 1935	Nov. 16, 1935	Nov. 23, 1935	Nov. 30, 1935
Gold	628,195	569,895	569,895	569,895	569,895	569,895
Silver	19,774	20,285	19,682	19,725	19,932	19,975
Home bills discounted	37,888	22,586	22,487	22,356	22,171	22,499
Loans and advances	136,444	288,129	289,293	292,387	295,148	314,152
In current account	816,906	805,696	783,568	774,544	773,980	805,680
LIABILITIES						
Notes in circulation	42,121	118,099	139,015	151,389	154,614	141,205
Deposits						

BANK OF SWEDEN.—In kronor (000's omitted)

Assets	Nov. 23, 1935	Oct. 31, 1935	Nov. 7, 1935	Nov. 14, 1935	Nov. 23, 1935
Gold reserve	393,211	436,557	436,527	437,009	437,510
Government securities:					
Swedish	78,639	28,678	28,678	28,678	28,678
Foreign	69,806	70,163	70,456	70,456	70,456
Gold abroad not included in the gold reserve	12,190	89,960	89,905	89,893	89,817
Bills payable abroad	372,797	246,699	264,472	12,807	12,910
Balance abroad	177,540	287,290	279,168	281,898	282,850
Advances	31,416	29,962	28,160	28,558	29,581
LIABILITIES					
Notes in circulation	648,621	839,187	812,610	786,704	729,033
Government deposits	276,806	117,401	121,504	189,433	319,612
Private deposits	245,372	382,958	409,188	384,229	333,522

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

Assets	Nov. 23, 1935	Oct. 31, 1935	Nov. 7, 1935	Nov. 15, 1935	Nov. 23, 1935
Cash reserve	1935	1936	1936	1936	1936
Gold coin and bullion	242,459	242,759	242,761	242,796	242,769
Other foreign exchange	126,193	111,877	111,129	105,015	102,528
Bills discounted	228,754	210,022	208,786	209,275	207,368
Federal debt	624,444	624,444	624,444	624,444	624,444
LIABILITIES					
Notes in circulation	852,289	931,992	963,289	860,830	822,954
Deposits	354,448	234,885	305,159	300,229	336,378

† In accordance with Art. 53 of the Statutes.

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

Assets	Nov. 23, 1935	Oct. 31, 1935	Nov. 7, 1935	Nov. 15, 1935	Nov. 23, 1935
Metal reserve	1935	1936	1936	1936	1936
Gold coin and bullion	78,936	78,936	78,936	78,936	78,936
Foreign Exchange	26,463	35,660	36,603	36,757	36,596
Token money	10,649	5,183	5,505	6,122	8,154
Inland bills, warrants and securities	512,005	507,735	482,723	469,073	470,966
Advances to Treasury	74,134	94,159	93,925	94,924	94,824
LIABILITIES					
Notes in circulation	328,323	427,408	385,333	367,790	343,248
Current accounts, deposits, etc.	181,102	156,805	174,497	181,174	213,651
Cash certificates	104,298	92,901	92,901	92,901	92,901
Other liabilities	174,550	167,153	169,526	169,045	168,577

NATIONAL BANK OF CZECHOSLOVAKIA.—In Cz. K.* (000's omitted)

Assets	Nov. 23, 1935	Oct. 31, 1935	Nov. 7, 1935	Nov. 15, 1935	Nov. 23, 1935
Gold	2,690,954	2,591,518	2,590,393	2,591,166	2,590,306
Balances abroad and foreign currency	83,978	464,276	484,188	490,662	498,216
Discounts and advances	1,180,993	1,619,613	1,887,464	1,806,516	1,570,674
State notes debt balance	2,051,259	2,029,476	2,029,113	2,028,851	2,028,402
LIABILITIES					
Bank notes in circulation	5,395,220	5,651,715	5,807,344	5,720,169	5,455,653
Check accounts balance	651,951	503,526	740,255	755,859	819,457

* First Return showing effects of devaluation, October 15, 1936.

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

Assets	Nov. 22, 1935	Nov. 8, 1935	Nov. 15, 1935	Nov. 22, 1935
Cash reserve	1935	1936	1936	1936
Gold at home and abroad	1,415,795	1,595,736	1,595,840	1,597,744
Foreign exchange	29,900	—	—	—
Other foreign exchange	282,312	574,274	567,793	571,329
Bills and advances against security	1,810,207	1,728,010	1,717,456	1,708,412
Government advances	1,680,327	1,662,290	1,662,287	1,662,391
LIABILITIES				
Notes in circulation	4,752,385	5,230,685	5,197,461	5,024,163
Sight deposits	1,493,375	1,611,084	1,630,977	1,850,956
Time deposits	202,600	50,000	50,000	50,000

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

		Nov. 2,	Oct. 10,	Oct. 17,	Oct. 24,	Oct. 31,
ASSETS		1935	1936	1935	1936	1936
Gold and gold exchange	10,811,959	11,609,121	11,646,855	11,725,287	11,784,221	
Commercial bills	5,172,222	6,342,047	6,391,016	6,464,591	6,637,501	
Agric. and urban advances	2,716,687	2,441,445	2,438,798	2,438,894	2,435,048	
Treasury bills issued against losses on credits	4,731,531	5,741,399	5,744,108	5,745,391	5,747,013	
State debt advances to Treasury	5,844,552	5,633,095	5,633,095	5,633,095	5,633,095	
LIABILITIES						
Notes in circulation	22,407,938	24,562,055	24,564,913	24,707,992	24,703,572	
Other sight liabilities	4,857,565	8,603,320	8,967,385	8,763,278	8,956,428	
Long-term liabilities	4,277,552	5,701,178	5,867,433			

(SELLING RATES PER £100 STERLING)

	Sight	Telegraphic
London on —	£ s. d.	£ s. d.
Rhodesia	99 15 0	99 15 0
South Africa	100 2 6	100 2 6

THE BANK OF LONDON AND SOUTH AMERICA, LTD., has received telegraphic advice from the Valencia Branch that the gold surcharge for payment of Spanish Customs duties has been fixed for the period December 1st to 10th at 143.63 per cent.

CENTRAL AND SOUTH AMERICAN EXCHANGE RATES

THE BANK OF LONDON AND SOUTH AMERICA, 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.*	"Official" commercial rate fixed at 50.00 bolivianos per £ as from October 16, 1936.
Colombia.*	Sight rate 175 pesos per 100 United States dollars on November 5, 1936. This rate applies to holders of permits buying in the "open" market.
Ecuador.*	Sight selling rate on New York was maintained in October 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 110 cordobas per 100 United States dollars on November 5th. Open market rate for 70 per cent. of exchange accruing from exports was 175 cordobas per 100 United States dollars, at same date.
Salvador.*	Sight rate on November 11, 1936, was 2.50 colones per United States dollar.
Venezuela.	Sight rate on New York was 3.91 bolívares per United States dollar on November 4, 1936.

* 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		Buying		Selling	
	Australia	New Zealand	Australia (any Mail)	New Zealand (any Mail)	Australia	New Zealand	Australia (any Mail)	New Zealand
T.T.	Air 124	Ord. 125	Air 124	Ord. 125	Air 124	Ord. 125	Air 124	Ord. 125
Sight	124	125	124	125	124	125	124	125
30 days ..	124	125	124	125	124	125	124	125
60 days ..	124	125	124	125	124	125	124	125
90 days ..	124	125	124	125	124	125	124	125

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

GOLD AND SILVER

The following statistics of imports and exports of gold and silver for the week ended December 3, 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†
Channel Islands ..	£ 3,300	...	Denmark	£ 230	...
British S. Africa ..	2,011,932	...	Germany	40,823	...
Tanganyika	7,222	...	Netherlands	5,712	...
Kenya	4,051	...	France	926	...
Sudan	3,833	...	Switzerland	321	5,145
British India	745,215	...	Austria	22,100	2,056
Australia	4,480	100	Yugoslavia	2,978,834	...
New Zealand	420	...	U.S.A.	1,038	360
Germany	25,935	...	Other countries ..	...	...
Netherlands	101,227	1,024			
Belgium	17,965	686			
France	6,840,451	72			
Switzerland	...	4,649			
Morocco	...	2,012			
Argentina	2,670	10,653			
Other countries ..	3,287	1,271			
Totals	9,775,988	3,208	Totals	3,050,782	7,201

IMPORTS AND EXPORTS OF SILVER

Imports			Exports		
From	Bullion*	Coin†	To	Bullion*	Coin†
Channel Islands ..	£ 800	...	Bombay, via other ports	£ 47,566	...
Australia	2,208	4	New Zealand	2,100	1,137
New Zealand	...	8,150	Sweden	1,659	...
Windward Islands ..	4,035	90	Norway	4,073	90
Germany	7,804	94	Denmark	24,350	...
Netherlands	1,029	128	Netherlands	5,262	10
Belgium	39,936	2,605	France	2,474	...
Japan	...	1,047	Switzerland	2,880	...
Other countries ..	...	...	Austria	2,642	600
Totals	54,816	11,649	Totals	93,008	1,558

* 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
Nov. 27	Nil	Nov. 27	Nil
" 28	Nil	" 28	Nil
" 29	Nil	" 29	Nil
Dec. 1	Nil	Dec. 1	Nil
" 2	Nil	" 2	Nil
" 3	Nil	" 3	Nil
Total	Nil	Total	Nil
Movement Nov. 27, 1936, to Dec. 3, 1936 (inclusive) ..	Nil		
Movement during 1936 (January 1 to Dec. 3, 1936 inclusive) ..	£ 7,745,822		
Movement April 29, 1925, to Dec. 3, 1936 (inclusive) ..	£ 48,609,214		
Movement September 21, 1931 (gold standard suspended) to Dec. 3, 1936 (inclusive) ..	£ 88,586,411		
		Total	£ 111,971,869

GOLD MARKET

Messrs Samuel Montagu and Company write on December 2, 1936:—The Bank of England gold reserve against notes amounted to £248,660,346 on November 25th, showing no change as compared with November 18th. In the open market about £1,350,000 of bar gold was disposed of at the daily fixing and was partly taken for New York. Prices continued to be fixed at about dollar parity and showed a decline on the week in sympathy with the weaker tendency of the dollar against sterling. The s.s. "Viceroy of India," which sailed from Bombay on November 28th, carries gold to the value of about £518,000. The Southern Rhodesian gold output for October, 1936, amounted to 64,935 fine ounces as compared with 67,040 fine ounces for September, 1936, and 68,484 fine ounces for October, 1935.

SILVER MARKET

During the past week prices had varied only between 21½d. and 21d. until December 2nd, when increased Indian buying and bear covering orders, possibly stimulated by an advance in the New York silver price, raised quotations to 21½d. for both deliveries. The market responds the more readily to any demand as offerings continue to be moderate, although China sales have been rather more in evidence. The present level seems sufficiently high, but at the same time there is as yet no indication of any selling pressure sufficient to bring about an important decline.

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	
	s. d.	s. d.	d.	d.	Cash	Two Months	Nov. 25	Cents
Nov. 26	141 11½	11 11-63	21	21			Nov. 25	45½
" 27	141 11½	11 11-63	21	21			" 26	Closed
" 28	142 0	11 11-63	21	21			" 27	45½
" 30	141 11	11 11-58	21½	21½			" 28	Closed
Dec. 1	141 7	11 11-67	21½	21½			" 30	45½
Dec. 2	141 8½	11 11-88	21½	21½			Dec. 1	46½
Average	141 10-25	11 11-73	21-083	21-083				
Dec. 3	141 9½	11 11-79	21½	21½				

The highest rate of exchange on New York recorded during the period from November 26th to December 2nd was \$4-91½ and the lowest \$4-89½.

Statistics for the month of November:—

	Bar Silver per oz. std. Cash delivery	Two months' delivery	Bar Gold per oz. fine
Highest price	22½d.	22½d.	142s. 8½d.
Lowest price	20d.	20½d.	141s. 10½d.
Average	21-0500d.	21-0525d.	142s. 3-20d.

COMPANY NEWS

REPORTS AND NOTICES

BANKS

BANK OF MONTREAL.—The statement, dated October 31, 1936, shows total assets \$805,000,000, compared with \$792,000,000 a year ago. Liquid assets amount to \$608,000,000, equal to 83 per cent. of liabilities to the public. Total deposits have increased from \$676,000,000 to \$691,000,000. Profits for the year, after full provision made for bad and doubtful debts, \$3,181,000, compared with \$3,005,000 last year, and equal 4.18 per cent. on capital, surplus and undivided profits. Dividends total \$2,880,000 and \$200,000 is written off bank premises, leaving a balance of \$101,000, which is added to the balance from previous year, making \$2,036,000. From this \$1,000,000 has been transferred to rest account, which now amounts to \$39,000,000, leaving a balance of profit and loss \$1,036,000.

BANCO DE CHILE.—The board of directors has resolved to close the London agency, 94 Gracechurch Street, E.C.3, on December 31, 1936, years. It is requested that customers will close their accounts and withdraw their securities before the date mentioned. The agency will be prepared to carry out the instructions of customers in this connection.

MISCELLANEOUS

VAN DEN BERGHS, LTD.—Meeting at Unilever House, Blackfriars, London, E.C.4, on December 21, 1936, at 12 o'clock noon, to consider resolution "That with a view to the acquisition of the whole or part of the undertaking of Jurgens, Ltd., the capital of the company be increased to £6,637,500 by the creation of 4,500,000 ordinary shares of £1 each ranking *pari passu* in all respects with the existing ordinary capital of the company, and that the name of the company be changed to 'Van den Berghs and Jurgens, Ltd.'"

UNION CINEMA GROUP.—At various class meetings the resolutions submitted were unanimously approved. For technical reasons the extraordinary general meetings of the Union Cinema Company, Ltd., and the National Provincial Cinemas, Ltd., were adjourned until December 16th, and the date for which the extraordinary company meeting of the Oxford and Berkshire Cinemas, Ltd., has been called.

SINGER AND COMPANY, LTD.—The scheme of arrangement and reconstruction dated November 12, 1936, has been approved by overwhelming majorities.

TRUST OF INSURANCE SHARES, LTD.—Sir Bernard Edward Halsey Bircham, K.C.V.O., has been appointed director of Trust of Insurance Shares, Ltd. The appointment was made to fill the vacancy occasioned by the death of Sir James Cooper, K.B.E.

THE BRITISH RAILWAY STOCKHOLDERS UNION, LTD.—The fourth annual general meeting will be held in the Caxton Hall, Westminster at 11.30 a.m. on December 9th. Several matters of importance to stockholders will come up for discussion. The membership of the Union has shown some further expansion amounting to about 4 per cent.

THE EVER READY COMPANY (GREAT BRITAIN), LTD.—The Ever Ready Company (Great Britain), Ltd., offer the preference stockholders of Lissen, Ltd., four Ever Ready ordinary shares of 5s. (to be converted in due course into stock units) equal to a market value £6, for five Lissen preference stock units of £1, equal to a market value £5. Fractions of Ever Ready shares to which Lissen holders become entitled will be paid for in cash on the basis of an Ever Ready ordinary share being worth 30s. The offer is subject to the acceptance by the holders of not less than 90 per cent. in value of the Lissen preference stock, or such lesser amount as the Ever Ready Company (Great Britain), Ltd., may decide to accept. The boards of both Lissen, Ltd., and this company have given the most careful consideration to the transaction, and are satisfied that it is desirable and in the best interests of the businesses.

BRITISH INDIA STEAM NAVIGATION.—The report for year to September 30, 1936, shows net profit £172,036, which compares with £144,855 for preceding year. This profit is, after allowing for £810,000, as compared with £412,000, for depreciation of steamers, and debenture interest, £74,574, as before. The ordinary shareholders are to receive a 2½ per cent. dividend against nothing a year ago. This dividend absorbs £23,930. Carry-forward, £49,841, compared with £46,736 brought on. Fixed assets amount to £7,154,767, compared with £7,784,804. Floating assets stand at £2,263,862, compared with £2,096,212. Current liabilities have been reduced from £1,310,433 to £821,242. Reserve account remains at £1,650,000, and the insurance account at £1,500,000.

ORIENT STEAM NAVIGATION.—Report for year to June 30, 1936, shows operating profit, after charging income tax, was £216,555, compared with £342,223 for preceding year. Profit on sale of investments amounted to £58,057, compared with £191,755. The sum of £200,000 is transferred from general reserve. For preceding year £150,000 was put to general reserve. The sum of £256,629, compared with £219,811, is utilised for depreciation. Special expenditure on "Orontes," "Orford" and "Orama" absorbed £156,383 in the latest accounts against nothing in preceding year. The ordinary dividend is again 5 per cent., free of income tax. Carry forward, £40,461, against £115,166 brought in. Cash reduced from £158,321 to £138,469. Investments in Government and other securities at cost, £1,831,632, against £2,450,166. Total assets, £5,723,682 against £5,913,333.

UNIT TRUSTS ASSOCIATION.—It has been decided that this shall be the new title of The Association of Fixed and Flexible Trust Managers.

PEASE AND PARTNERS, LTD. (New Capital Scheme).—A scheme has been submitted to shareholders to eliminate all fixed charges except the company's perpetual debenture stock and interest upon and redemption of the 5 per cent. debenture stock issue "A" which it is proposed will in future carry interest at 4 per cent. per annum. If the scheme is adopted, these two stocks will involve an annual charge of £39,885 as against a maximum of £148,260, which under the 1932 scheme would be payable in 1939-40. In order to carry out the new proposals, the company intends to create 1,250,000 5 per cent. cumulative £1 preference shares to be issued when the scheme becomes effective.

BORNEO COMPANY.—Capital of Borneo Company will be reduced by £360,000 by cutting 8s. off each £1 ordinary. Preference share arrears will be cancelled. Preference shares will be converted to ordinary holders receiving additional ordinary shares as compensation for cancellation of preferential rights.

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					
Barclays Bank (D. C. & O.) A & B	3½%	...	Same	5½%	5½%
Eagle Star, etc., Insurance Ord.	6½%	Jan. 1	5½%	...	...
Ditto. New Ord.	5½%	Jan. 1	Same	...	...
Sun Life Assurance.	1/7½ p.s.	Jan. 1	Same	...	...
United Insurance (Australia)	8%	...	...	...	...
TEA AND RUBBER					
Assam Doonars Tea	10½%	Dec. 16	Same	...	...
Brahmapootra Tea	5½%	...	Same	...	...
British Indian Tea	2½%	Jan. 5	Same	...	...
Burea Doonars Tea	3½%	...	5½%	...	...
Buret Tea	12½%	Jan. 1	...	...	...
Kampong Kuantan Rubber	6½%	Jan. 14	Same	...	...
Chandapore Tea	5½%	Dec. 22	Same	...	...
Demodora Tea	2½%	...	Same	...	...
Dima Tea	2½%	...	Same	6	6
Hemetic Rubber	5½%	Dec. 16	5½%	...	...
Hope Tea	2½%	Dec. 10	Same	...	...
Hornsey Tea	3½%	Dec. 10	2½%	...	...
Jugra Estate	6½%	Dec. 16	Same	...	...
Meenglas Tea	2½%	Jan. 1	Same	...	...
Pelmadulla Rubber	2½%	...	...	...	...
Rajah Ali Tea	5½%	Dec. 11	10½%	...	...
Rajmal Tea	5½%	Jan. 16	2½%	...	...
Sepinjuri Bheel Tea	2½%	Jan. 1	Same	...	...
Singla Tea	...	...	...	8	6
Semblam Estates (Pref. and Ord.)	...	...	...	4	2½
Stoughton (Perak) Rubber	4½%	...	3½%	...	...
Travancore Rubber	...	...	...	...	...
MINING					
Blackwater Mines	11/ p.s.	Dec. 17	Same	...	...
Clydesdale (Transvaal) Collieries ..	7½%	...	5½%	...	...
Consolidated Gold Fields of New Zealand	...	Dec. 17	...	£6d. p.s.	£6d. p.s.
Ex-Lands Nigeria	10½%	Dec. 31	Same	8½	16½
Golden Horse Shoe (New)	...	...	...	...	...

Name of Company	Interim or Final	Date of Payment	Comparison with Last Year	Total	
				Latest Year	Previous Year
Hongkong Tin	20%†	...	...	4½	20
Killinghall Tin	12½%	...	...	35	17½
Kleinfontein Estates, etc.	13½%	Dec. 1	16½%	...	...
Kramat Pulai Tin	25%	Dec. 19	20%	...	...
Malayan Tin	25%†	Dec. 18	17½%	...	...
Do	10½%	Dec. 18	12½%	...	...
Southern Malayan Tin	12½%†	...	7½%	...	...
Do	7½%	...	Same	...	...
"OTHER COMPANIES"					
Argosy and Sundial Libraries	2½%	Dec. 18	Same	...	...
Associated Breweries	3½%	Jan. 1	2½%	...	...
Associated Clay Industries	3½%	Dec. 11	5½%	...	...
Barnagore Jade	2½%	Dec. 10	Same	...	...
Beer (George and Rigden)	4½%	...	...	15	7
Booker Bros. McConnell and Co.	12½%†	...	...	...	...
Bristol Aeroplane	(a) 7½%	Dec. 7	7½%	...	...
British Columbia Power A	40 c. ps.	Jan. 15	37 cents p.s.	...	...
British Borneo Petroleum	5½%	Dec. 29	Same	...	...
British Tobacco (Australia)	2½%	Dec. 31	1½%	...	...
Broom and Wade	15%†	...	...	2	1½
Buenos Aires Tramways	...	Dec. 16	...	1½	Nil
Burma Electric Supply	...	...	...	7½	5
Card Clothing, etc.	...	...	...	45(m)	40
Carreras (A and B)	30%†	...	25%†	7(a)	6
Central Wagon	(a) 4½%†	...	6%	...	...
Chester's Brewery	7½%	Jan. 15	...	6	...
Cinzano (A. and B. ord.)	12½%	Jan. 6	Same	20	Nil

that while the new ordinary shares issued in July last rank for dividend as from January 1, 1936, including the interim dividend now declared, the new capital can only provide a partial contribution to the earnings of the current year, the effect of which in relation to the total dividend payable for the year 1936 can be more conveniently considered in connection with the final dividend.

THE LIMITED INVESTMENT FUND.—The distribution for the half-year ended November 27, 1936, is 3.80d. per unit, free of tax. The first distribution was 3.80d.,

the total for 51 weeks being equivalent to a gross yield of 4 2s. 6d. per cent. per annum, which figure is arrived at after allowing for all expenses and amortisation of wasting assets.

UNITED STATES STEEL CORPORATION.—United States Steel Corporation has declared a dividend of 7¢ on account of the arrears on the 7 per cent. cumulative preferred stock. The payment will total \$25,219,877 (£5,043,935 at current rates). It will be paid on December 24th to shareholders of record on December 1st.

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
					Prefce.	Ordinary	Rate				
					Amount	Amount	Rate				
Banks											
Barclays Bank (D. C. & O.)	Sept. 30	223,397	401,192	624,589	109,373	133,467	5½	252,846(k)	128,903	353,401	5½
Bank of London & S. America	Sept. 30	167,274	252,851	420,125	...	106,200	3	145,000	168,925	209,913	3
British Overseas Bank	Oct. 31	66,770	62,377	129,147	...	60,000	6	...	69,147	60,131	6
Breweries											
Cheltenham Original	Sept. 30	32,720	89,252	121,972	26,242	31,500	14	30,010	34,220	71,472	13
Green (J. W.), Limited	Sept. 30	34,985	(g) 81,267	116,252	22,608	40,933	17½	16,022	36,689	86,095(h)	15
Phipps (P.) and Company	Sept. 30	77,873	158,015	235,888	8,750	108,615	15½	40,000	78,523	145,108	13½
Yate's Castle Brewery	Sept. 30	14,537	36,466	51,003	7,500	22,500	15	5,000	16,003	35,525	17½(h)
Younger (Robert)	Sept. 30	19,685	19,737	39,422	5,000	12,000	15½	2,500	19,922	17,809	12½
Wolverhampton and Dudley	Sept. 30	116,396	250,135	366,531	5,250	150,000	15	80,000	131,281	230,486	14
Financial, Land, etc.											
Mercantile Credit Company	Sept. 30	12,616	42,128	54,744	5,919	16,292	12½	...	32,533	30,922	7½
New Zealand Loan, etc.	June 30	55,709	88,262	143,971	75,000	...	...	...	68,971	17,045	Nil
Taylor's (Cash Chemists) Trust	Sept. 26	12,918	53,415	66,333	20,267	24,750	7.377 (b)	...	13,066	48,588	6.158b
Hotels, Restaurants, etc.											
Aerated Bread Company	Oct. 3	44,604	187,333	231,937	36,604	48,876	5	98,120	48,337	177,255	5
Callard, Stewart and Watt	Oct. 3	865	12,157	13,022	13,125	...	...	Dr. 17,000	16,897	7,240	Nil
Iron, Coal and Steel											
Atlas Steel Foundry	Sept. 30	1,558	22,386	23,944	...	5,625	15	15,850	2,469	12,146	7½
Brockhouse (J.) and Co.	Sept. 30	14,722	72,300	87,022	1,153	50,435	16	2,250	33,184	41,642	10
Dorman, Long and Company	Sept. 30	5,010	877,710	882,720	238,803	71,846	14(b)	373,235	148,967	596,509	Nil
Holroyd (John) and Co.	Sept. 30	2,426	17,402	19,828	...	49,869	6	...	...	...	...
Lister (R. A.) and Company	Sept. 30	58,805	103,893	162,698	13,837	11,438	15	3,563	4,827	(a)	(a)
Mitchell, Shackleton & Co.	Sept. 30	...	17,989(m)	17,989	...	59,685	16	27,000	62,176	75,827	10
Motor Cycle and Aviation											
Associated Equipment	Sept. 30	244,432	339,646	584,078	...	114,500	7½	214,578	255,000	207,272	6½
Bluemel Bros.	Sept. 30	9,027	13,855	22,882	4,200	9,000	10	500	9,182	16,982	10
Raleigh Cycle Holdings	Nov. 30	2,334	262,223	264,557	45,750	214,454	22½	...	4,353	191,233	15
Oil											
Anglo-Ecuadorian Oilfields	June 30	51,639	168,520	220,159	...	114,375	10	50,000	55,784	129,570	7½
British Burmah Petroleum	July 31	Dr. 113,799	47,079	Dr. 66,720	...	...	...	Dr. 67,543	823	Dr. 56,754	Nil
Steaua Romana (British)	June 30	30,880	97,589	128,469	...	61,000	4	35,500	31,969	90,776	4
Rubber											
Lumut	Sept. 30	26,393	13,130	39,523	...	12,094	7½	1,000	26,429	10,345	5
Kuala Lumpur	June 30	14,667	19,380	34,047	...	15,000	3½	5,580	13,467	17,084	3½
Shipping											
British India Steam	Sept. 30	46,736	172,035	218,771	145,000	23,930	2½	...	49,841	144,855	Nil
Orient Steam Navigation	June 30	115,166	116,224	231,390	82,260	52,040	5½	56,629	40,461	(h) 53,397	5½
Peninsular and Oriental	Sept. 30	158,885	1,213,910	1,372,795	152,000	183,701	4	885,000	152,094	1,020,944	Nil
Shops and Stores											
Finlay & Co.	Sept. 30	32,122	61,340	93,462	1,906	42,700	16	16,500	32,356	56,651	15
Jones (A.) & Sons, Boot-makers	Sept. 30	569	6,501	7,070	4,062	1,500	6	668	840	5,818	5
Taylor's (Cash Chemists) London	Sept. 26	5,211	35,715	40,926	17,297	8,250	2.885 (b)	...	6,804	5,825	47,417
Taylor's (Cash Chemists) Midland	Sept. 26	11,935	29,472	41,407	6,635	12,000	3.206 (c)	...	5,782	12,224	27,740
Taylor's Drug Company	Sept. 26	6,730	61,744	68,474	15,375	4,766	12½	...	11,535	7,064	54,424
Whites (Timothy) & Taylors	Sept. 26	36,895	351,236	388,131	96,370	111,580	30	137,859	42,322	217,892	22½
Tea											
Associated Tea of Ceylon	June 30	1,134	3,999	5,133	3,600	...	...	1,383	150	5,136	3
Textiles											
Hillingworth, Morris and Co.	Sept. 30*	89,238*	29,465	118,703	35,856	...	...	7,638	75,209	(a)	(a)
Trusts											
Dundee & London Investment	Oct. 31	12,114	18,769	30,883	11,625	4,650	3	...	14,608	18,758	2½
Scottish Investment	Nov. 5	13,375	64,654	78,029	51,890	4,805	2½	7,500	13,834	60,962	1½
Stockholders Investment	Oct. 31	16,051	23,313	39,364	22,500	...	...	...	16,864	14,220	Nil
Other Companies											
Aero Engines	June 30	...	Dr. 11,851	Dr. 11,851	...	...	...	...	...	...	...
Angostura Bitters	Sept. 30	6,597	17,931	24,528	8,500	14,450	17	...	1,578	24,751	(a)
Barton and Sons (1935)	Oct. 31	...	19,891	19,891	...	13,125	7½	6,500	266	(a)	(a)
British Electric Transformer	Sept. 30	1,608	52,106	53,714	9,531	42,500	42½	...	1,683	47,345	375½
British Tyre and Rubber	Sept. 30	35,586	123,177	158,763	17,297	68,625	10(p)	36,765	36,076	108,931	9½(w)
Carreras Limited	Oct. 31	1,282,834	1,164,167	2,447,001	65,000	797,204	45(v)	67,324	1,517,473	898,990	40
Crittall Manufacturing	Aug. 31	...	223,733	223,733	59,063	50,000	20	101,466	13,204	183,447	Nil
Crompton Parkinson	Sept. 30	63,430	353,858	417,288	43,658	62,435	12½	231,963	78,232	243,810	12½
Mentmore Manufacturing	Oct. 10	...	12,487	12,487	3,368	6,129	10	...	2,990	(a)	(a)
Power-Gas Corporation	Sept. 30	12,144	23,600	35,744	...	18,000	6	4,700	13,044	17,005	5
Southend Stadium	Sept. 30	1,731	2,713	4,444	...	...	...	2,259	2,185	1,723	Nil
Tarran Industries	Sept. 30	1,671	26,898	28,569	2,261	12,000	8	7,634	6,674	16,501	8
Vactric, Limited	Sept. 30	3,221	31,673	34,894	4,452	19,062	25	7,868	3,512	28,702	22½

† Free of income tax. (a) No comparable figure. (b) Paid on preferred ordinary shares. (c) Paid on deferred ordinary shares.
 (d) Absorbed £29,656. (e) Absorbed £37,500. (f) Includes profit on sale of investments, £191,755. (g) Includes profit on sale of investments, £58,057.
 (h) Includes profit on sale of investments, £16,781. (i) Includes profit on sale of investments, £16,781. (j) Includes profit on sale of investments, £16,781.
 (k) Includes £177,846 Centenary Grant to Staff and Pensioners. (l) Includes £177,846 Centenary Grant to Staff and Pensioners. (m) Includes £177,846 Centenary Grant to Staff and Pensioners. (n) Includes £177,846 Centenary Grant to Staff and Pensioners.
 (o) Includes £177,846 Centenary Grant to Staff and Pensioners. (p) Includes £177,846 Centenary Grant to Staff and Pensioners. (q) Includes £177,846 Centenary Grant to Staff and Pensioners. (r) Includes £177,846 Centenary Grant to Staff and Pensioners.
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 (w) Includes £177,846 Centenary Grant to Staff and Pensioners. (x) Includes £177,846 Centenary Grant to Staff and Pensioners. (y) Includes £177,846 Centenary Grant to Staff and Pensioners. (z) Includes £177,846 Centenary Grant to Staff and Pensioners.

THE BRITISH OVERSEAS BANK, LIMITED.

ESTABLISHED 1919

Report by the Board of Directors to the SEVENTEENTH ANNUAL GENERAL MEETING of SHAREHOLDERS to be held in the BANK PREMISES, 33 GRACECHURCH STREET (LOMBARD COURT), LONDON, E.C.3, on Tuesday, the EIGHTH day of DECEMBER, 1936, at 12 noon.

The Directors submit to the Shareholders the Balance Sheet of the Bank, as at 31st October, 1936, and Profit and Loss Account, together with copy of the Auditors' Certificate.

The Profit, after allowing rebate of interest and providing for all bad and doubtful debts (other than provided for out of Contingencies Account), for the year ended 31st October, 1936, amounts to £62,376 9 7.

Balance available from last account £66,770 1 6.

Making a total of £129,146 11 1.

which has been appropriated as follows:—

In payment of a Dividend on the "A" Ordinary Shares at the rate of Six per cent. per annum (less Income Tax) for the year ended 31st October, 1936, which together with Income Tax thereon amounts to £60,000 0 0.

Leaving a Net balance to be carried forward to next year of £69,146 11 1.

During the year, as already announced, the Bank incorporated the business of Messrs. Fredk. Huth and Company, established in 1899. Your Directors are of the opinion that this connection, with the experience and tradition of many years behind it, is bound to be advantageous to our own institution. Consequently they are glad to report that two former Partners of Messrs. Fredk. Huth and Company have become associated with the Bank; Mr. Lewis Huth Walters, as an Advisory Director, and Mr. Louis Ernest Meinertzhagen as a Member of the Board. A number of the staff have also entered our service.

The term of office of Sir James Caird, Bart., as Deputy Chairman having expired on 31st October, 1936, the Right Hon. Lord Aberconway, C.B.E., has been appointed to succeed him for the current financial year.

The Directors retiring by rotation are The Right Hon. Lord Aberconway, C.B.E. and Mr. Dudley Ward, C.B.E., who, being eligible, offer themselves for re-election. In accordance with Article 91, Mr. Meinertzhagen's appointment requires confirmation by the Shareholders. The Auditors, Messrs. George A. Touche & Company, and Messrs. McClelland, Ker & Company, also retire, and, being eligible, offer themselves for re-appointment.

By Order of the Board, A. E. THORNE, Secretary.

London, E.C. 30th November, 1936.

BALANCE SHEET, 31st October, 1936.

LIABILITIES		£	s.	d.	ASSETS		£	s.	d.
Capital: Authorised					Cash in Hand and at Bankers		255,893	14	7
300,000 "A" Ordinary Shares of £5 each		1,500,000	0	0	Money at Call and Short Notice		1,259,943	5	5
300,000 "B" Ordinary Shares of £5 each		1,500,000	0	0	Balances with Bankers Abroad		456,752	13	5
400,000 Shares of £5 each which may be issued in whole or in part as "A" or "B" Ordinary Shares		2,000,000	0	0	Bills Discounted		973,461	16	5
		5,000,000	0	0	Government Securities		446,345	0	6
Subscribed and Paid in Full:					Investments in Subsidiary Companies		59,084	9	1
200,000 "A" Ordinary Shares of £5 each		1,000,000	0	0	Other Investments, including Shareholding Interests in Foreign Banks		585,304	10	0
200,000 "B" Ordinary Shares of £5 each		1,000,000	0	0	Bankers Industrial Development Co., Ltd. One "A" Ordinary Share of £100,000, £100 Paid		100	0	0
		2,000,000	0	0	Advances to Customers and Other Accounts		1,956,870	8	2
Current, Deposit and Other Accounts, including provision for Contingencies, and for Bad and Doubtful Debts		3,982,509	8	2	Amounts owing from Subsidiary Companies		33,485	5	4
Amounts owing to Subsidiary Companies		12,681	18	7	Liability of Customers for Acceptances, etc. (per contra)		4,078,285	3	9
Reserve Fund		100,000	0	0	Bank Premises—Freehold, at cost, less amounts written off		337,078	14	11
Investments Depreciation Reserve		150,000	0	0			10,392,583	1	7
Acceptances, etc., for Account of Customers (per contra)		4,078,285	3	9					
Balance of Profit and Loss Account		69,146	11	1					
Notes.—(1) Contingent Liability on account of Endorsements on Bills Discounted, £405.									
(2) "Bills Discounted," "Advances to Customers" and "Liability of Customers for Acceptances" include the balances which come under European "Standstill" Agreements and Exchange Restrictions, and also those due by Customers in Spain									

ARTHUR C. D. GAIRDNER, Chairman.
 ABERCONWAY, Deputy Chairman.
 NIGEL L. CAMPBELL, Director.

A. E. THORNE, Secretary.

COMMERCE AND TRADE

SURVEY OF COMMODITY MARKETS

ALTHOUGH the general tendency of commodity prices in this country remains upwards, individual movements have been somewhat irregular this week.

After a period of quietude, wheat quotations steadily advanced in response to strong Italian buying and the anticipation—for which there is no official confirmation—that the new Food (Defence Plans) Department will proceed to accumulate stocks of this cereal. Flour and other grains advanced in sympathy. The firmer tone of the market in oilseeds and their products was well maintained, and prices scored a renewed advance. Textile fibres, too, were frequently dearer, although a recovery in American cotton was counterbalanced by a sharp drop in Egyptian sakel.

The market in base metals was rather reactionary. Copper fell back owing to liquidation by weak bulls, while lead eased in response to profit-taking. Tin fluctuated heavily and closed well below the week's best owing to disappointing November statistics. Rubber, however, was a more active market, and prices were a shade higher in consequence of a good demand; attention in this market is now concentrated on the meeting of the International Committee to be held on December 15th, when it is commonly expected that a further increase in production quotas will be recommended. Meanwhile, coal is an improving market, and iron and steel are as active as ever.

The decision of the International Tea Committee, upon which we comment in a Note of the Week, to leave the export quotas for the 1937-38 season unchanged, at 82½ per cent. of standard, had little effect in Mincing Lane. The steep rise in the price of cocoa continued, but coffee and sugar showed little change. On the London Provision Exchange, butter and cheese were cheaper, but bacon quotations remained unaltered. Egg prices showed a tendency to sag.

In the United States, the tendency of prices was strongly upward. Thus, Moody's index (December 31, 1931 = 100) rose to 194.7 on Wednesday, against 189.7 a week earlier, 181.3 a month ago, and 166.8 on the same day last year.

COAL

SHEFFIELD.—There is a steady home demand for industrial fuels and the colder weather has improved the demand for household coal. Small coal continues in short supply and there is an active demand for gas coal. Coke works are working as fully as supplies of coking coal permit and quotations are strong all round. Export business is rather quieter and there is a fair supply of all classes of coal.

NEWCASTLE-ON-TYNE.—The increase in the French coal import quota for December and the news of the quantities of Durham coal to be supplied to Italy under the trading agreement has further increased the strength of the market in all classes of coal in this area. Durham is to supply 300,000 tons of gas and coking coal in equal quantities to Italy during January/March, and whilst the gas coal may not be so difficult to obtain, production of coking coal will have to be increased. The current position of all classes is very firm and there is little free coal available this year.

GLASGOW.—The collieries in shipping areas are well booked until well after the turn of the year, and are mainly concerned with delivery problems. Tonnage is now in rather better supply, but still short of requirements. An expanding tendency continues in the home market, with industrial, public utility and household demands brisk. On occasion collieries are still rendered idle by wagon shortage, but this position is also improving. Prices all round are firm.

CARDIFF.—Although the South Wales coalfield joint audit for the three months ended October showed a debit balance of £1,944, it was the most favourable for the past nine months. Compared with the previous quarter, there was an increase of nearly 3d. per ton in the average pithead proceeds, and an increase of 6½d. per ton compared with the corresponding period in 1935; costs of production were about 2½d. per ton less than in the previous quarter, but 4d. per ton more than a year ago, mainly as a result of the wages increase last January. The economic wage certified by the auditors was 5.03 per cent. above the standard, but under the present agreement the workmen are entitled to a minimum wage of 25 per cent. above the standard, and this remains in operation for the next three months.

The coal market has been strengthened by the doubling of the French import quota and the resumption of trade with Italy, and shipments are likely to show improvement during the next few months. Exports in the foreign and coastwise trades last week totalled 366,700 tons, compared with 431,200 tons the previous week, and 405,378 tons in the corresponding week of 1935. Prices of practically all classes of small coals are firmer, and coking coals are now quoted up to 16s. dry nuts up to 27s., and washed dry duff up to 14s. 6d. per ton. Furnace coke has also slightly hardened to 25s. 6d., and the ex-ship price of Portuguese pitwood has increased from 22s. 6d. to 24s. 9d. per ton. It is estimated that the Government's Railway Freight Rebates Bill will add something between £250,000 and £300,000 to transport and shipment costs in the South Wales coal export trade. Among the inquiries in the market are 250,000 tons of large and 40,000 tons of small coal for the French State Railways, 20,000 tons for the Paris-Orleans Railways, and 50,000 tons of bunker coals for a Portuguese shipping company.

IRON AND STEEL

LONDON.—The weekly report of the London Iron and Steel Exchange indicates that there has been no relaxation of activity in the iron and steel markets; the problem with which producers in all departments are faced is to meet the requirements of their customers. It is difficult to find firms able to accept fresh business for several descriptions of iron and steel owing to the congested state of their order books, and there is a general tendency to extend the periods required for delivery.

The stringency which has ruled in the pig iron market for some time shows no signs of relaxing, although it is expected that more furnaces will be put into blast shortly if the outlook regarding supplies of fuel and ore

make this course practicable. The price of foundry iron has been increased by 5s.-6s. per ton, and it is expected that a rise in quotations for other descriptions will be announced in the near future.

In the semi-finished steel department it is not easy to place orders for home-manufactured material, but some relief has been afforded by increased imports of foreign steel. Many producing works have retired from the market for the time being, as they have sold their output as far forward as they care to commit themselves.

Demand for finished steel continues in excess of the capacity of the producing works, although the rationing system has helped to alleviate the difficulties.

SHEFFIELD.—Business in the iron and steel market continues brisk. The increase of 6s. per ton in the official price of forge, foundry and basic pig iron has not come as a surprise, though it was felt that a change would be unlikely until the close of the year. The increase has in no way affected the volume of business, and any small parcels are taken up at the new prices. Derbyshire production has increased with the starting of 2 modernised blast-furnace at Staveley which has an output of 1,500 tons per week. This will relieve the pressure to some extent, but will not allow for the building up of stocks at furnaces. Lincolnshire makers continue to be off the market in this district. The new quotations, delivered Sheffield, are: Lincolnshire and Derbyshire forge, £3 18s. 6d. to £4 0s. 6d.; foundry, £4 3s. 6d.; basic, £4 3s. 6d. per ton. There is no easing in the demand for East and West Coast hematite, and rationing is in operation. So far there has been no rise in prices. Premiums are being paid for parcels for early delivery, but on the whole makers are not anxious to add to their commitments. In finished iron the increased business is maintained. Demand for crown bars is on the upward grade, and common and best bars show good bookings. The demand for acid and basic steel billets continues unabated. Basic billets are in such request that users' requirements cannot be fully met. The position in acid billets is easier than that in basic billets. Wire rods and strip business is good. Structural steel is in active request and stainless steel sheets remain firm. Colliery steel prices have been advanced by 10s. per ton in the case of arches and roofing bars, and by 7s. 6d. per ton in the case of rails. The price of foundry cast-iron scrap is moving up in sympathy with the higher price of pig iron, and the quotation is now around 70s. per ton delivered.

GLASGOW.—The position in the West of Scotland shows little change. Every branch of the industry is working at capacity and all are expecting a long spell of activity, provided supplies of their raw materials are available. Demand for shipbuilding material is on a very large scale. Structural material is in heavy request, both for steel structures and for steel frames of various kinds, which are largely manufactured in Glasgow. Tube makers are exceptionally busy and all plant in this district is now in operation. Sheet makers are working at capacity, and there is a decided improvement in the amount of export business now coming forward. Jobbing galvanisers have secured some fair contracts recently and work on hand should ensure regular employment for several weeks at least. At the moment the outlook for the industry in the West of Scotland is particularly encouraging.

MIDDLESBROUGH.—Statistics of shipments of iron and steel from the Tees during November show an increase of 3,525 tons over the previous month. The total quantity of pig iron, manufactured iron and manu-factured steel shipped during November was 43,150 tons, including pig 34,558 tons. The total quantity of pig iron shipped during November went coastwise, chiefly to Scotland, and 2,134 tons to foreign destinations. Of the month's steel shipped, 14,238 tons went coastwise, and 20,320 tons to overseas destinations.

The price of Cleveland foundry pig iron was advanced towards the end of last week, but owing to the fact that makers had sold their output ahead, they will not reap the benefit of this advance in price for three or four months. For delivery locally, the increase in price is 6s. per ton, making the minimum for No. 3 quality 81s. per ton, delivered in this district. The ruling being 84s. per ton Scotland is 9s. per ton, the minimum price now destination.

Very little business is passing in East Coast hematite pig iron. Makers are well sold ahead, and before they enter into further commitments, it is expected that the price will be increased by about 10s. per ton. It is 85s. per ton, delivered locally.

Pressure is being exercised by customers to get early deliveries of constructional steel, shipbuilding material, etc. Manufacturers are doing their utmost to meet requirements, but in view of rising costs, they are not only two cargoes of ore have arrived from Spain during November, several months, making the total quantity imported during November 191,986 tons, compared with 153,736 tons during October. Blast furnace coke 24s. 6d. per ton, delivered furnaces here. Heavy steel melting scrap is readily taken up at 60s. per ton, with merchants inclined to hold for more.

CARDIFF.—Firm conditions continue to prevail in the South Wales iron and steel trade. Although schedule prices of tinplates are nominally unchanged, makers are obtaining from 9d. to 1s. premium on new contracts, while quotations for galvanised sheets have been increased by 5s. per ton to £12 15s. Exports of tinplates, although not quite as heavy as in the previous week, were 44,500 boxes more than in the corresponding period last year, while there was also a good inland demand. Quotations for steel bars are unchanged, but they are likely to be increased early in the new year.

OTHER METALS

COPPER.—After an early improvement, prices again showed a reactionary tendency, the standard cash quotation closing on Wednesday at £43 6s. 3d. per ton, a loss of 10s. on the week. Liquidation by weak bulls was the main factor involved, but it is not expected that such sales show the usual end-of-the-year quietude. The market is, however, expected to prevail in the United States—a development which was to be expected, in view of the volume of purchases in recent weeks.

Sales on the London Metal Exchange: 800 tons on Monday, against 650 tons last week; 3,800 tons on Tuesday, against 1,275 tons last week; 2,100 tons on Wednesday, against 900 tons last week. Domestic spot was quoted at 10.47½ cents per lb. in New York on Wednesday, against 10.45 cents a week ago and 10.40 cents a month ago. Wednesday's official closing price for standard cash in London was £43 6s. 3d., £43 7s. 6d., compared with £43 16s. 3d. to £43 18s. 9d. a week ago. Stocks of refined copper in British official warehouses at the end of last week, at 44,732 tons, show a decrease of 577 tons, while stocks of rough copper, at 767 tons, show a decrease of 191 tons.

LEAD AND SPELTER.—Following last week's improvement, a natural reaction occurred this week. Despite a fair home demand for spelter, the margin between the price of this metal and that of lead still amounted on Wednesday to £6 10s. per ton in favour of lead. Formerly it was normal for spelter to be the dearer of the two.

Sales of lead on the London Metal Exchange: 1,000 tons on Monday, against 4,350 tons last week; 1,550 tons on Tuesday, against 3,000 tons last week; 2,000 tons on Wednesday, against 1,900 tons last week. The New York quotation on Wednesday was 5.20 cents per lb., against 5.20 cents a week ago and 4.90 cents a month ago. The official closing quotation in London for soft foreign for shipment during the current month was £22 15s. per ton, compared with £23 3s. 9d. a week ago.

Sales of spelter on the London Metal Exchange: 1,400 tons on Monday, against 2,750 tons last week; 2,300 tons on Tuesday, against 2,600 tons last week; 1,650 tons on Wednesday, against 4,200 tons last week. Wednesday's quotation in East St. Louis was 5.05 cents per lb., against 5.05 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 £16 5s. per ton, against £16 17s. 6d. last week.

TIN.—After wide fluctuations, the cash price closed on Wednesday £2 per ton lower on the week, mainly in consequence of disappointing November statistics. The visible supply last month, according to Messrs A. Strauss and Company, showed a surprisingly large increase of 4,181 tons to 21,133 tons. This was mainly due to larger new supplies, which rose from 9,020 tons in October to 13,708 tons in November. At 9,896 tons, Straits shipments showed an increase of no less than 3,692 tons; while deliveries, at 8,374 tons were only 404 tons up on the month. United States shipments, which had been expected to register an increase, were actually 660 tons below the October level.

Meanwhile, the October tin mines production figure, published by the Metallgesellschaft, rose by 2,218 metric tons to 16,891 metric tons, a figure which is, however, still 232 tons below the level of October, 1935. The rise was due to enhanced production in Malaya, the Dutch East Indies and Siam, output in Bolivia and Nigeria having fallen considerably. Since the British market is mainly dependent on tin from the two latter countries, new supplies in London during the next six weeks—when the ore mined in October will appear as metal—will not be too abundant.

Sales of tin on the London Metal Exchange: 225 tons on Monday, against 275 tons last week; 350 tons on Tuesday, against 190 tons last week; 275 tons on Wednesday, against 375 tons last week. The New York quotation on Wednesday was 51.25 cents per lb., against 52.50 cents a week ago and 47.40 cents a month ago. Wednesday's official closing quotation in London for standard cash was £231 5s. to £231 15s. per ton, compared with £233 5s. to £233 10s. a week ago. Stocks of tin in London and Liverpool at the end of last week totalled 1,273 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 £14 5s. per flask of 76 lbs., the same as last week. Chinese antimony was quoted at £56 per ton ex warehouse, the same as last week. Chinese wolfram for "December-January" shipment was quoted at 31s. 6d. to 32s. 6d. per unit, c.i.f., as against 29s. 6d. to 30s. 6d. per unit for "November-December" last week. Refined platinum at £9 15s. per ounce remains unchanged.

TEXTILES

COTTON.—Manchester. The market continues more cheerful. After a short period of quieter business, partly due to higher prices, demand has shown signs of reviving again and some producers have had an encouraging week as regards sales. Business has been stimulated by the upward movement of raw cotton prices. Consumption of raw cotton continues on a large scale, especially in the United States. There is some uncertainty concerning the policy of the United States Government with regard to crop control during the next season, and the disposal of loan cotton. It is not anticipated that the next Government estimate of the yield, due to be published on Tuesday next, will show much change, compared with the 12,400,000 bales forecast at the beginning of November. The Egyptian Sakel futures market in Liverpool has been excited, there being wide fluctuations in the price of the November position.

Without there being any general buying movement in American yarns, a fair amount of business has been done, chiefly in coarse counts. Egyptian spinners have held firmly to the higher quotations, and on the whole a steady trade has taken place.

A fairly encouraging turnover has again taken place in piece goods. Quotations have tended to go against buyers, partly owing to the wages advance granted to the operatives. Inquiry for India has improved somewhat, a few more sales being put through in light goods and fancies. Very little support has come from China, but printed and dyed goods have again moved off freely for Java and Singapore. Quite a number of useful lines have been booked in split printers and sateens for South America. A steady business has been done in printed and coloured goods for West Africa. Heavy and fine fabrics have been sold for the Continent and the Dominions. The turnover for the home trade has been encouraging, some substantial contracts being reported in sheetings, pillow-case cloths and poplins, while Government contracts have been arranged in aeroplane and tent materials.

		1936				Corresponding Date	
		Nov. 11	Nov. 18	Nov. 25	Dec. 2	1934	1935
Raw Cotton—Mid. American.....	per lb.	6.79	6.80	6.73	6.82	7.04	6.68
Sakellaridis Fully Good Fair.....							
Yarns—32's twist.....	per lb.	11.64	11.15	11.85	11.11	9.18	10.23
" 40's twist.....	per lb.	11.11	11.11	11.11	11.11	10.11	11.11
" 60's twist (Egyptian).....	per lb.	17.17	17.17	17.17	17.17	16.11	17.11
32-in. Printers, 116 yds., 16 by 16, 32's and 30's.....	s. d.	18 9	19 0	19 0	19 0	18 6	18 1½
36-in. Shirtings, 75 yds., 19 by 19, 32's and 40's.....	s. d.	26 3	26 8	26 8	26 6	4 0	25 1½
38-in. ditto, 88 yds., 18 by 18, 10 lb.....	s. d.	10 5½	10 6½	10 6½	10 6½	0 9	10 6
38-in. ditto, 87½ yds., 16 by 16, 8½ lb.....	s. d.	9 5½	9 6½	9 6½	9 6½	9 8	9 6

JUTE.—Dundee. Business continues quite satisfactorily, though the uncertain movements of raw jute tend to make buyers more cautious. Prices of all jute goods are being maintained at recent levels, with the raw material fluctuating within narrow limits. The Indian Jute Mills are able to dispose of their greatly increased production, and stocks in Calcutta are not accumulating, being approximately at the level at which they stood

before the mills extended their working hours from 40 to 54 per week. It is reported that some of the outside mills are being compelled to restrict their output because they cannot afford to accept the low prices which the Associated Mills are taking, the latter having bought their raw material more cheaply. Some mills were caught by the recent advance in raw jute, and losses are being made. Nevertheless, there is still no news of any fresh move towards a settlement of the working hours question between the Indian Jute Mills' Association and the "outside" mills. The current consumption of raw jute is much greater than a year ago. At least 1½ million more bales, or a total of about 11 million bales, will be required to meet the needs of the world this season, yet the forecast of last September indicated a crop of only 8,711,000 bales. Much depends upon the accuracy of these forecasts, and, though stocks in consumers' hands are large, the general desire is to maintain these at a fairly high level.

The market in raw jute has been quiet, with a firm undertone. Daisee ½ fell to £18 15s. per ton for the full group, but quickly recovered to £18 17s. 6d., and single marks are offered at from £19 5s., with fours at from £17 10s., Toosa ½ at from £19 12s. 6d., and fours at £18 17s. 6d. per ton, December-January. Good First Marks dropped to £21 17s. 6d., but are firm again at £22 and good Lightnings are offered at £19 17s. 6d., and Hearts at £18 17s. 6d., December-January.

Little business is being done in jute yarns, but prices are very firmly held at 2s. 1½d. for common 8 lb. cops and 2½d. for 8 lb. spools. Twist is firm at 3½d. to 3½d. for 3-ply 8 lb., and sacking yarns are unchanged at 2½d. for 24 lb. web and 3½d. for 8 lb. chains. Rove is usually quoted at £20 10s. for 48 lb. and £16 10s. for 200 lb., and quotations for Rio yarns are well maintained. Carpet yarns are firm at 3½d. for 14 lb. warp.

A good inquiry prevails for jute cloth, but business is mostly confined to small lots. Orders for these, however, are quite numerous, and prices are firm at from 2½d. for 10 oz. 40 in. and 2½d. for 8 oz. Linoleum hessians are very firm, makers being well supplied with orders, and heavy goods are in quiet but steady demand.

Calcutta hessians are quoted at 17s. 2d. for 10 oz. 40 in. December, and at 17s. January-June, with 8 oz. at 15s. 7d. December-June.

GRAIN MARKETS

WHEAT.—After a period of quietude, the market has presented a much more active appearance and prices have steadily advanced. Two factors have been mainly responsible for this movement. On the one hand, Italy has again been an active buyer of new crop Southern Hemisphere wheat and, on the other, the market reacted bullishly to the announcement that a new Food (Defence Plans) Department is to be constituted. But the expectation that the new department will proceed to create a reserve of wheat is without official confirmation.

On Wednesday last, "December" futures were quoted in Chicago at 12½ cents per bushel, against 11½ cents the week before and 11½ cents a month ago. Quotations in London, Wednesday: No. 1 Northern Manitoba, ex ship, 46s. 6d. per 496 lbs., against 43s. 3d. a week ago; No. 2 Northern Manitoba, ex ship, 46s., against 43s. a week ago. According to the *Corn Trade News*, total shipments of wheat and flour last week totalled 1,416,000 quarters, against 1,124,000 in the previous week and 1,268,000 quarters in the corresponding week a year ago.

FLOUR.—Prices have risen in sympathy with wheat. Wednesday's London quotations (excluding quota payments) were: Straight run, delivered Home Counties, 37s. per 280 lbs., against 36s. a week ago; delivered inner London, 36s. 6d., as compared with 35s. 6d. a week ago. Manitoba patents, ex store, 34s. 6d. to 36s., against 33s. to 34s. 6d. a week ago. Australian, ex store, 32s. to 32s. 6d., against 31s. 6d. to 32s. a week ago.

BARLEY.—Barley has advanced in common with other grains. "December" futures were quoted at 64½ cents per bushel in Winnipeg on Wednesday, against 62½ cents a week ago. Quotations per 448 lbs. in London on Wednesday were: "English feed" (new), at farm, 28s. to 29s., as against 28s. to 29s. a week ago; "English malting" (new), at farm, 34s. to 35s., against 34s. to 35s. a week ago; Californian (new), ex ship, 48s. to 58s., against 47s. to 58s. last week; Chilean, brewing, ex ship, 37s. to 42s. 6d., against 36s. 6d. to 42s. a week ago.

OATS.—On Wednesday, "December" futures were quoted at 46 cents a bushel in Chicago, against 45½ cents a week ago and 41½ cents last month. Quotations in London, Wednesday: "English Black" (new), at farm, 21s. to 22s., per 336 lbs., against 20s. to 21s. a week ago; "English White" (new), at farm, 21s. to 22s., against 20s. to 21s. a week earlier; mixed Canadian feed (Vancouver), landed, 22s. 3d. per 320 lbs., compared with 21s. 6d. last week.

MAIZE.—The market has been firm throughout the period under review and prices are higher. "December" futures were quoted on Wednesday at 108½ cents per bushel in Chicago, against 105½ cents a week ago and 95½ cents last month. Quotations in London, Wednesday: "Plate," landed, 24s. per 480 lbs., compared with 22s. 6d. a week ago; "Plate," ex ship, 23s., as against 21s. 6d. a week ago; "Plate," "December," 23s., as against 22s. a week ago; yellow maize meal, ex wharf, was quoted at £6 5s. to £6 7s. 6d. per ton, as against £6 2s. 6d. to £6 7s. 6d. last week.

BARCLAYS BANK

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TRUSTEE DEPARTMENT

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BARCLAYS TRUST COMPANY OF CANADA
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AMERICAN WHEAT MARKETS.—The following table shows wheat quotations for selected weeks in 1934-36:—

NEAREST FUTURE	Jan. 3, 1934	Jan. 2, 1935	Dec. 4, 1935	Dec. 31, 1935	Nov. 25, 1936	Dec. 2, 1936
Winnipeg (No. 1, Manitoba)	85½	82½	84½	84½	105½	115½
Chicago (No. 2, Winter)	84½	88½	96	75½	117½	124½

The visible supply of wheat in Canada amounts to 73,454,000 bushels, against 79,611,000 bushels last week, and 142,073,000 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 November 28	283,375	331,556	348,293	274,372
13 weeks to November 28	4,843,404	5,853,532	5,807,465	4,153,563
Average price of English wheat per cwt.	s. d. 4 7	s. d. 4 11	s. d. 5 8	s. d. 8 5

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
November 26, 1932...	Cwts. 302,111	Cwts. 427,915	Cwts. 47,352	s. d. 5 5	s. d. 7 2	s. d. 5 10
November 25, 1933...	283,375	367,848	47,957	4 7	9 2	5 3
December 1, 1934...	331,556	363,718	54,291	4 11	8 10	6 9
November 30, 1935...	348,293	399,343	50,283	5 8	8 4	6 1
November 21, 1936...	293,522	456,238	61,621	8 6	9 8	6 10
November 28, 1936...	274,372	534,339	53,814	8 5	9 8	6 10

OTHER FOODS

BACON.—Demand has been quiet for English, slow for Irish and fairly steady for other descriptions. Prices remained unchanged 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, 88s. to 90s.; Canadian, 80s.; Danish, 90s.; as against 88s. to 90s., 80s. and 90s. last week. Arrivals in London last week included Danish, 11,618 bales; Canadian, 7,546; Dutch, 1,994; Lithuanian, 1,427; and Polish, 2,589; as against 12,085, 7,408, 2,232, 1,350 and 2,277 bales, respectively, in the previous week.

BUTTER.—Butter has been in quiet demand this week, with prices showing an easier tendency. Quotations (per cwt.) on the London Provision Exchange on Wednesday were: New Zealand, finest salted, 104s.; Australian, choicest salted, 102s. to 103s.; Danish, 118s., compared with 107s., 106s. and 118s. to 120s., respectively, a week ago.

BASIC PIG PRICES.—The Pigs Marketing Board announces that, in accordance with the provisions of the present contract between feeders and curers, the ascertained price of green Wiltshire style bacon is 90s. 2d. per cwt., the ascertained value of offals is 9s. 6d., and the ascertained cost of feeding stuffs 9s. 1d. per cwt. In accordance therefore with the price schedule embodied in the contract, the price of the Class I, grade C pig for the month of December is 12s. 1d. per score. The curers will also pay to the Board 2d. per score on every pig delivered and accepted 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. Fluctuations in the basic price (per score lbs.) during the past two years have been as follows:—

	1935	1936
January.....	s. d. 11 3	s. d. 9 11
February.....	11 5	10 8
March.....	11 11	11 5
April.....	11 0	11 7
May.....	10 11	11 4
June.....	11 5	11 0
July.....	11 9	11 4
August.....	11 4	11 6
September.....	11 0	11 11
October.....	10 2	12 0
November.....	11 4	12 2
December.....	10 2	12 1

Meanwhile, the response to the 1937 contract, the terms of which were discussed in a Note of the Week in *The Economist* of November 7th last, has disappointed the Board. It has therefore decided to extend the date for the receipt of contracts until Monday, December 14th, 1936. A minimum of 400,000 more pigs is required to bring the total under contract up to 2,200,000. If this number is not forthcoming, the Bacon Marketing Board has power to pass a resolution declaring the contract for 1937 void. The Pigs and Bacon Marketing Schemes would then come to an end.

CHEESE.—Although English remained a firm market this week, other descriptions have been in quiet demand. Quotations (per cwt.) on the London Provision Exchange on Wednesday were as follows: English, finest farmers, 82s. to 88s.; Canadian, finest coloured, 70s. to 72s.; and New Zealand, finest coloured, 63s. to 64s., against 82s. to 88s., 72s. to 73s., and 70s., respectively, a week ago.

COCOA.—The rise in prices has continued unabated this week. The spot quotation in New York on Wednesday was 11½ cents per lb., as against 10½ cents per lb. last week. In London, on Wednesday last, good fermented new crop, "December-January," was quoted 48s. 9d. per 250 kilos., c.i.f. Continent, against 45s. 1½d. a week ago. Last week's movements of cocoa in London were as follows: Landed, 853 bags; delivered, for home consumption, 5,681 bags; exported, 344 bags; stocks, 106,078 bags, against 121,984 bags a year ago.

COFFEE.—After a week of firm trading, prices in New York show no change. The London spot market has been quietly steady. On Wednesday,

Rio No. 7 (cash) was quoted at 8½ cents per lb. in New York, as compared with 8½ cents per lb. last week and 8½ cents per lb. a month ago. Movements of coffee in London last week were as follows: Brazilian, landed, 146 cwt.; delivered, for home consumption, 134 cwt.; exports, nil; stocks, 9,474 cwt., against 12,258 a year ago. Central and South American, landed, 2,709 cwt.; delivered, for home consumption, 2,013 cwt.; exported, 933 cwt.; stocks, 54,988 cwt.; against 74,856 last year. Other kinds: landed, 8,641 cwt.; delivered, for home consumption, 3,474 cwt.; exported, 1,110 cwt.; stocks, 91,085 cwt., against 109,586 last year.

EGGS.—With abundant supplies and a rather quiet demand, all varieties except English were rather easy this week. At Smithfield, on Wednesday, English (ordinary packing, Grade I, about 15-15½ lb.) realised 19s. to 20s. per 120, as against 18s. 6d. to 19s. 6d. last week, while Danish (15½ lb.) made 15s. 3d. to 15s. 6d.; as against 15s. 3d. to 15s. 6d. last week.

FRUIT.—Business at Covent Garden has shown a slight improvement with the passing of November, and demand is expected to improve from now until Christmas. According to *The Fruitgrower*, a steady demand for apples has been in evidence, with prices showing a firmer tendency. Pears also continue a consistent trade. With a better inquiry in evidence, hot-house grapes are a point firmer in price. The South African deciduous fruits now to hand, says this authority, are earlier than usual and are rather immature. Oranges enjoy a steady sale, with prices showing little alteration; but supplies from Valencia have been interrupted by the Spanish civil war and prices may accordingly show some increase for the Christmas trade. Meanwhile, grapefruit remains a dull item, but lemons have firmed up a little.

MEAT.—Supplies at Smithfield were slightly reduced in consequence of a strike among the shophmen and prices were consequently marked up in some instances. On Wednesday last, Argentine chilled hindquarters were quoted at 4s. to 4s. 4d. per 8 lbs., as compared with 3s. 10d. to 4s. a week ago. New Zealand frozen mutton was 3s. 2d. to 3s. 10d. per 8 lbs., against 3s. to 3s. 8d. a week ago. According to the Smithfield Market official report, supplies during last week amounted to 9,870 tons, an increase of 71 tons on the corresponding week last year. Beef and veal bacon 1,119 tons, as compared with 5,098, 2,515 and 1,159 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, 40 tons; delivered 5 tons; stocks, 1,817 tons, against 1,457 tons a year ago. White, landed, 95 tons; delivered, 40 tons; stocks, 11,840 tons, against 14,207 tons a year ago.

RICE.—The spot price of Burma No. 2, cleaned, was 9s. per cwt., ex warehouse, on Wednesday, as compared with 9s. per cwt. a week ago, at 8s. 4½d. per cwt., against 8s. 3d. last week. Movements in London during the past week were as follows: Landed, 12 tons; delivered, 146 tons; stocks, 1,819 tons, against 5,957 tons a year ago.

SUGAR.—After a period of steadiness, the New York market abruptly showed a firmer tendency on Wednesday and the spot price was marked showing little change. The London spot market again had a quiet tone, with quotations cents per lb., as compared with 3-65 cents per lb. last week and 3-50 cents per lb. a month ago. Wednesday's sales of raw sugar in London included 40 tons. The movements of raw sugar at public warehouses in London and Liverpool last week were as follows: Imports, 22,197 tons, against 22,047 tons last week, and 3,291 tons in the same week of last year; deliveries 15,947 tons, against 15,837 tons last week and 15,456 tons last year; stocks, 146,126 tons, against 139,876 tons last week and 190,368 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 ended	Northern India	Southern India	Ceylon	Java	Sumatra	Africa	Total
Nov. 28, 1935.....	12-74	12-40	13-71	12-77	10-04	11-70	12-93
Oct. 22, 1936.....	13-24	12-08	13-98	11-32	10-07	11-59	12-93
Oct. 29, ".....	12-99	12-12	14-61	11-61	10-03	11-62	13-24
Nov. 5, ".....	13-03	12-51	14-85	11-93	10-12	11-97	13-40
Nov. 12, ".....	12-80	12-21	14-92	11-79	9-75	12-07	13-30
Nov. 19, ".....	12-69	12-27	14-72	11-58	10-24	12-07	13-12
Nov. 26, ".....	12-87	13-44	14-70	11-85	10-13	11-77	13-09

The quantities catalogued for the public auctions in Mincing Lane this week comprised 52,122 packages of Indian and 20,826 packages of Ceylon tea. The Indian grades encountered a good general demand and a firm tone prevailed, with low mediums showing a slight upward tendency. On the other hand, common Ceylon sorts were firm, but plain mediums national Tea Committee fixed the export quotas for the 1936-37 season (commencing April 1st next) at 82½ per cent. of standard, the same as at present. We comment upon this decision in a Note of the Week.

VEGETABLES.—The Covent Garden Market has shown few new features this week. According to *The Fruitgrower's* report, a few English tomatoes are still arriving, but trade now is with Canary Islands. The few now arriving from the West of England, while supplies are also being received from Argentina. House grown and Madeira beans are firmer. Cauliflowers and sprouts are doing better, but cabbage and savoy remain plentiful and cheap. Celery is in steady demand and onions show a slight advance. Meanwhile, following the alteration in the middle regulations, with prices inclined easier. At the Borough on Tuesday, however, best market.

MISCELLANEOUS COMMODITIES

VEGETABLE OILS AND OILSEEDS.—The improved tone in the market for oilseeds is maintained. Linseed is again firm and active on a renewed demand for early shipment, but business in new crop Plate is restricted owing to uncertainty regarding the continuance of the guarantee price to growers. Interest, however, is mainly centred on Indian varieties. Reports concerning harvesting conditions in Argentina continue favourable and a yield of at least two million tons is confidently expected. The quantity remaining available for export is stated by the Argentine Board of Agriculture to

have been 132,000 tons on November 28th, which is much more than the market had been led to expect. The United States is taking fair quantities to supplement short domestic supplies, and is expected to continue to rely upon outside sources for some time to come. The quantity afloat for Europe has increased to 134,700 tons, including 14,300 tons from India. The market in linseed oil remains steady, but not very active. The current quotations for delivery forward to August next year is around £25 5s. per ton, naked, ex Hull.

Forward conditions for Egyptian cottonseed have continued with a good demand for black at constantly rising prices, £8 10s. now being quoted for shipment to April. Cotton oil is firm, but export demand is poor. Refined oil, ex Hull, has now advanced to £30 10s. per ton, prompt. Oilcakes are in improved demand and are generally firm.

RUBBER.—The market has been steady to firm and prices are slightly higher on the week. Meanwhile, with the continued decline in United Kingdom stocks, it is considered probable that the International Committee will recommend a further increase in the quotas at its meeting on December 15th. The spot price in New York on Wednesday was 18½ cents per lb., compared with 18½ cents per lb. a week ago and 17½ cents a month ago. Wednesday's official buyers' price for standard ribbed smoked sheet on the spot in London was 8½d. per lb., as against 8½d. on the corresponding day last week. In forward positions, business has been done at 8½d. for "January-March" shipment, as against 8½d. to 8½d. a week ago. Stocks in London and Liverpool at the end of last week totalled 89,228 tons, against 91,568 tons a week earlier. A year ago stocks amounted to 166,396 tons.

WHOLESALE COMMODITY PRICES

UNITED KINGDOM

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

LONDON, December 2nd		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	per cwt.	9 0	9 8
Wheat—		English King Edward	per cwt.	9 0	9 8
No. 2, N. Man. 49b lb.	46 0	SPICES—			
Eng. Gas. av., per cwt.	8 5	Pepper, per lb.—			
Barley, Eng. Gas. av.	9 8	Black Lampong	0 2½		
Oats, ...	6 10	White Muntok	0 5		
Maize, La Plata, landed	24 0	Cinnamon—1st sort, per lb.	0 8½		
480 lb.	24 0	Cloves—Zanzibar per lb.	0 8½		
Flour, Lon. stan. ex mill, ...	35 3	Ginger—per cwt.	60 0		
280 lb.	35 3	African	57 6	85 0	
Rice, No. 2 Burma, per cwt.	8 4½	Jamaica, ord. to good	2 0	2 8	
MEAT—		Mace.....per lb.	0 11		
Beef, per 8 lbs.—		Notnaga, 63's			
English long sides	3 6 4 6	SUGAR—			
Argentine chilled hinds	4 0 4 4	(Duty, 11/8 per cwt.)			
Mutton, per 8 lbs.—		Centrifugal, 98% prpt.	4 9		
English wethers	5 4 6 0	Whitely, c.i.f. U.K./Cont.	16 9	18 9	
N.Z. frozen	3 2 3 10	B.W.I., crystallised			
Lamb, per 8 lbs.	4 8 5 6	Java, white, c. & f. India	Nominal.		
N.Z. frozen	6 4 6 10	Oct.-Dec.			
Pork, English, per 8 lbs.	6 4 6 10	REFINED—London—			
OTHER FOODS		Yellow Crystals	18 0		
English	88 0 90 0	Cubes	22 3	22 9	
Irish	83 0 91 0	Crushed	20 6		
Danish	90 0	Granulated	18 4½	19 3	
Dutch	88 0	Home Grown	18 1½	18 6	
HAMS—		TEA—			
Canadian	92 0 93 0	Indian—per lb.—			
United States	92 0 94 0	Pekoe	0 11½	1 1½	
BUTTER—		Broken Pekoe	0 11½	1 4	
Australian	102 0 103 0	Orange Pekoe	0 11½	1 11½	
New Zealand	104 0	Broken Orange Pekoe	0 11½	2 11	
Danish	118 0	Ceylon—per lb.—			
CHEESE—		Pekoe	1 0	2 1½	
Canadian	70 0 72 0	Broken Pekoe	0 11½	1 7	
New Zealand	63 0 64 0	Orange Pekoe	1 0½	2 0	
English Cheddars	62 0 68 0	Broken Orange	1 0	2 2½	
Dutch	48 0 53 0	TOBACCO—			
COCOA—		(Duty, 9/6-10/8½ per lb.)			
(Duty, British grown, 11½/16, foreign, 14/- cwt.)		Empire growth, 7½/16			
Acro, f.f.	49 0 49 6	8½/16 per lb.)			
Trinidad	65 0 70 0	Various leaf—			
Grenada	60 0 64 0	Common to fine.....	0 8	2 6	
COFFEE—		Rhodesian leaf	0 7	1 10 4	
(Duty, British grown 4½/16, foreign, 14/- cwt.)		Nyasaland leaf.....	0 7	1 4	
Santos sup. c. & f. cwt.	45 0	strips	0 5	1 4	
Colombian, good	52 0 62 0	East Indian leaf	0 6	1 6	
Costa Rica, med. to good	50 0 78 0	strips			
East Indian	60 0 68 0	TEXTILES			
Kayra, medium	54 0 66 0	COTTON—			
EGGS—		Mid-American	d. 6-82		
English	19 0 20 0	Sakellaridis, f.g.f.	11-11		
Danish	15 3 15 6	Yarns, 32's twist	17½		
FRUIT—		80's twist	£ s. d.		
South African	10 0 15 0	FLAX—			
Brazilian	10 0 15 0	Livonian ZK	71 0		
Lemons, Malaga	10 0 12 0	Pernau HD	71 0		
Sicilian	10 0 18 0	Siamet Medium 1st sort	80 0 81 0		
Apples: Amer. (var.) boxes	22 0 27 0	HEMP—			
" (var.) boxes	8 6 12 6	Italian P.C.	64 0		
" Australian	9 0 11 0	Manilla, Dec.-Feb. "J2"	32 0		
Valencia, case	10 0 25 0	Sisal, African leaf	24 0 27 0		
Egyptian, bags	8 0 14 0	JUTE—			
Grapes, Almeria, barrels	8 0 14 0	Native 1st mks.	per ton		
Grapefruit, Jaffa	8 0 14 0	c.i.f. H.A.R.B.	£18/13/9		
" Amer.	8 0 14 0	Dec.-Jan.	£19/0/0		
LARD—		Dalce 2/3 c.i.f. Dundee	s. d. s. d.		
Irish bladders	68 0 76 0	Dec.-Jan.	6 3 8 9		
U.S.	67 0 69 6	SILK—			
INDIGO—		Canton	8 6 4 6		
Bengal, gd. red.-vio. to fine	5 6 6 0	Tussah	8 6 9 9		
LEATHER—		Japan	8 0 9 6		
Sole Bends 8/14 lb.—		Italian—raw, fr. Milan			
per lb.	1 2 2 5	Dec.-Jan.			
Bark Tanned Sole	2 4 3 4	Dalce 2/3 c.i.f. Dundee	£19/0/0		
Shoulders fr. DS Hides	0 6½ 0 9½	Dec.-Jan.			
Do. Eng. or WS do.	0 10 1 7	SILK—			
Bellies from DS do.	0 4½ 0 7½	per lb.	6 3 8 9		
Do. Eng. or WS do.	0 5½ 0 9	Tussah	8 6 4 6		
Drying Hides	1 6 2 0	Japan	8 6 9 9		
Ro. Eng. Calif, 20/30 lb.	3 6 4 6	Italian—raw, fr. Milan			
Aust. Bends	1 1½ 1 6	Dec.-Jan.			
VEGETABLE OILS—		Dalce 2/3 c.i.f. Dundee	£19/0/0		
Linseed, naked, p. ton net	25 5/0	Dec.-Jan.			
Rape, refined	34/10/0	SILK—			
Cotton-seed, crude	28/10/0	per lb.	6 3 8 9		
Coconut, crude	29/12/6	Tussah	8 6 4 6		
Palm	24/10/6	Japan	8 6 9 9		
Oil Cakes, Linseed, Eng., per ton	8/10/0	Italian—raw, fr. Milan			
Oil Seeds—Lard	11/2 6	Dec.-Jan.			
La Plata, p. ton, Jan.	13/13/9	Dalce 2/3 c.i.f. Dundee	£19/0/0		
Calcutta—per ton	s. d.	Dec.-Jan.			
Turpentine, per cwt.....	41 9	SILK—			
PETROLEUM PRODUCTS—		per lb.	6 3 8 9		
Motor Spirit, No. 1, London	1 5	Tussah	8 6 4 6		
Petroleum, Amer. rfd. bri. London...per gal.	0 8½	Japan	8 6 9 9		
Fuel oil, in bulk, for contracts, ex instal.,		Italian—raw, fr. Milan			
Thames	0 8½	Dec.-Jan.			
Oil of Turpentine ... per gal.	0 4½	Dalce 2/3 c.i.f. Dundee	£19/0/0		
Diesel	0 4½	Dec.-Jan.			
ROSIN—		SILK—			
American	per ton 19/10/0	per lb.	6 3 8 9		
RUBBER—		Tussah	8 6 4 6		
St. ribbed smoked sheet	s. d. s. d.	Japan	8 6 9 9		
per lb. 0 8½		Italian—raw, fr. Milan			
Fine Hard Para	1 0	Dec.-Jan.			
SHELLAC—		Dalce 2/3 c.i.f. Dundee	£19/0/0		
TN Orange	per cwt. 50 0 55 0	Dec.-Jan.			
SHELLS—		SILK—			
W. Aust. M.-P. ..	£ s. d.	per lb.	6 3 8 9		
2 10 9 10		Tussah	8 6 4 6		
TALLOW—		Japan	8 6 9 9		
London town	per cwt. 25 6	Italian—raw, fr. Milan			
TIMBER—		Dec.-Jan.			
Swedish u/s 3 x 8 ... per std.	20 0 0	Dalce 2/3 c.i.f. Dundee	£19/0/0		
" 2½ x 7	19 10 0	Dec.-Jan.			
Can. Spruce, Dia. ... per std.	22 10 0	SILK—			
Pine	per std. 9 10 0	per lb.	6 3 8 9		
Rio Dals	per std. 32 0 0	Tussah	8 6 4 6		
Teak	per std. 26 0 0	Japan	8 6 9 9		
Honduras Mang. logs	c. it. 0 12 0	Italian—raw, fr. Milan			
African	" 0 6 0	Dec.-Jan.			
Amer. Oak Boards	" 0 6 0	Dalce 2/3 c.i.f. Dundee	£19/0/0		
" Ash	" 0 6 0	Dec.-Jan.			
English Oak Planks	" 0 6 0	SILK—			
" Ash	" 0 7 0	per lb.	6 3 8 9		
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† 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)

	Dec. 4, 1935 Cents	Nov. 4, 1936 Cents	Nov. 25, 1936 Cents	Dec. 2, 1936 Cents		1935 Cents	1936 Cents	1936 Cents	1936 Cents
Wheat, No. 2, Winter, nearest future, Chicago, per bushel ...	96	114½	117½	124½	Sugar, Cuban Centrifugals, 98 deg., spot, per lb.	12-25	12-25	12-25	12-25
Maize, nearest future, Chicago, per bushel	56½	95½	105½	108½	Cotton, middling, spot, per lb. Rubber, smoked sheet, spot, per lb.	12½	17 15	18½	18 15
Oats, nearest future, Chicago, per bushel	25½	41½	45½	46	Petroleum, Mid-Continent crude 33 deg., to 33-90, at well, per barrel	94	104	104	104
Rye, nearest future, Chicago, per bushel	47½	82½	95	97½	Copper, "Electrolytic," Domestic, spot, per lb.	8-62½	10-40	10-45	10-47½
Barley, nearest future, Chicago, per bushel	43	80	87½	(a)	Copper, "Electrolytic," Export prompt, per lb.	8-85	10-62½	10-17½	10-70
Coffee, Rio No. 7, cash, per lb....	6½	8½	8½	8½	Spelter, East St. Louis, spot, per lb.	4-85	4-85	5 05	5-05
" Santos No. 4, cash, per lb.	8½	10	10½	11	Lead, spot, per lb.	4-50	4-90	5 20	5-20
Cocoa, Accra, nearest future, per lb.	4-82	8-18	9-83	10-61	Tin, " Straits," spot, per lb.	51-50	47-40	52-50	51-25
				(a) Nominal.					



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(With this Issue appears a Special Survey of India To-day)

MONARCHY AND PEOPLE

ENGLISH history can furnish no precedent to the events of the past fortnight. The climax came with the message which King Edward sent to Parliament on Thursday and with the Prime Minister's statement that followed—both of which will be found on later pages of this issue. Never, even in the most stirring days of war or revolution, has the House of Commons witnessed a more historic scene. Kings of England have been forced off the throne in the past, and Parliament has always played some part. But never before has a King of England voluntarily renounced his Crown when the overwhelming majority of both Parliament and people wanted him to stay. Even for an involuntary abdication it is necessary to go back to the troubled days of the fourteenth century.

The crisis arose, as the whole world now knows, from the King's wish to marry Mrs Ernest Simpson, a lady of American birth, who obtained a decree *nisi* of divorce from her second husband at Ipswich Assizes as recently as last October. The King told the Prime Minister in November of his intention to marry. But, presumably recognising that the opinion of his people would prevent him from making her his Queen (as would automatically follow from his marriage in the present state of the law of England), he subsequently asked his Ministers for advice on the possibility of introducing legislation to permit him to contract a morganatic marriage. In accordance with the recently, but none the less firmly, established constitutional practice of the British Commonwealth of Nations, any such legislation would have to be enacted not only by the Parliament at Westminster, but also by the Parliaments of Canada, Australia, New Zealand, South Africa and the Irish Free State. These issues are discussed in a succeeding article.

His Majesty's request was considered by the British and Dominion Governments, and, as a result of these deliberations and consultations, Mr Baldwin informed the King

that the Governments were not prepared to introduce legislation of this character. A somewhat unusual request for advice had been made, in due constitutional form, by the King; and the Cabinet, in accordance with their responsibility, had given their advice. This question was the only one on which the Cabinet were asked for advice, or have expressed it. But when the King received a negative answer to the compromise proposal he had put forward, only two possibilities remained to him: either to abandon the proposed marriage or to abdicate.

At this moment the British Press, which had hitherto refrained from reproducing the stories that were filling the columns of American and other foreign newspapers, broke its self-imposed silence. The King had, therefore, to take his fateful decision in the full glare of the world's insistent attention. It cannot be doubted that this tremendous publicity hastened his decision and may even have influenced the side on which the balance of his decision fell.

Faced with the cruel dilemma of choosing between his affections and the Crown, Edward VIII hesitated for many days. In the end his "final and irrevocable decision" was to abdicate. The necessary legislation is before Parliament as we write; and before the week is out the Throne will have passed to the Duke of York.

Our regrets, though due as a tribute to a man who has been faced with a painful choice and has decided bravely, cannot alter the issue. The die is cast; and nobody will wish to look backward. King Edward VIII has gone into history. His going has been in no sense forced. On the contrary, Mrs Simpson herself offered to withdraw; and the whole Empire showed in an unmistakable way that it would have preferred King Edward to remain. But, in deciding to abdicate, the King may well have thought not only of his personal happiness but also that his departure would enable his people and his successor to forget the

slander and insinuations levelled at himself, and so to re-establish the prestige of the Crown.

We are far too close to the events to anticipate the verdict of history upon them. King Edward's abdication will clearly go down to history as an unparalleled act of renunciation for the sake of love. But we believe that the future historian, if he is not blinded by the romantic aspects of the affair, will also judge that, in abdicating, King Edward acted wisely.

What, then, may we say of the position that faces the new King? One thing is clear: the constitutional position of the Monarch is entirely unaffected by what has occurred. Indeed, there has been no constitutional crisis. That could only have arisen if King Edward had shown any indication of an intention to reject his Ministers' advice or to bring about a change of Government and a dissolution of Parliament on a non-political matter purely personal to himself. There was a certain amount of ill-advised talk of a party of "King's friends." There were certain tentative gestures by extremist politicians towards an agitation in the supposed interests of the King. But Mr Baldwin told Parliament that King Edward himself never gave the slightest countenance to these movements; and, in any case, the attachment of the British people to the democratic doctrine of ministerial responsibility is so firm that they could not possibly have succeeded.

On the more personal side of the Monarch's position, it is very difficult as yet to say how much has been changed by the events of the past two weeks. For many decades the attachment of the British people to the institution of monarchy has had a much larger element of realism in it than has usually been appreciated outside the Empire. A great deal of sentimental affection has, it is true, adhered to the person of the Monarch, but no more than is paid in other countries to a flag or to a constitution. The mystical element has long ago entirely disappeared; there are no vestiges of Divine Right left in the accepted political philosophy of the British peoples. Fundamentally, the British attitude has been that hereditary monarchy, with all its defects, will hold the field until some better method of symbolising the State is evolved. That in the last four reigns the monarchy has also been extremely popular has been almost entirely due to the varied personalities of the monarchs who have occupied the throne. King George V personified the kindly, tolerant father of a family. He became a vivid personality through the very completeness of his self-effacement. King Edward VIII was popular, as no King before has been on the day of his accession, because of his simplicity, his directness, his very clearly-shown knowledge of, and sympathy with, the least fortunate of his subjects. The popularity of the Throne now rests with the new King and with his Queen. Their task is not easy, for their every movement will henceforth be in the public eye, and they will be deprived even of the opportunity to explain or excuse their mistakes. The British people will be their judges; but they should also be their advocates, for the national unity a popular King inspires is an asset which Britain cannot afford to forego.

Nor can it yet be said what effects King Edward's abdication has had upon the links between the different British countries. It is frequently declared that the King is the only remaining link between the Mother Country and the Dominions. But that is hardly true. The King is the only remaining visible symbol of unity in the Empire. But the unity he symbolises is something far more real. The countries of the British Commonwealth of Nations remain in close association with each other because they each find advantages in the association. So long as those advantages remain, changes in the symbol will not affect the underlying reality. Indeed, the crisis has shown the new Commonwealth Constitution, as set up by the Statute of Westminster, working as a reality in its first test.

For a fortnight the crisis has filled the British people with anxiety. But in the end it becomes again what it was in the beginning, a personal matter. Sympathy with the departing King, and a welcome to the new King, will not obscure the relief felt on every hand at the knowledge that it has been possible to avert the danger of a serious conflict of loyalties where only unity should reign.

THE WESTERN FRONT

THE aggressiveness of the three Fascist Powers is beginning to produce unintended results in unexpected quarters. Perhaps this is what usually happens when reckless people take to swinging sledge-hammers about. Last week we were listening to the din of the blows which our three harmonious blacksmiths were raining upon the devoted frame of Communism; and we do not suppose that they will be discouraged by their failure to make any visible dent in the carapace of that armour-plated leviathan. We suspect that their first concern is to make a cheerful noise in the ears of their own subjects in order to distract attention from the hardships of a totalitarian winter.

Yet a hammer which fails to break one object into pieces may succeed in welding other objects together. At the moment it looks as though the antics of the German, Italian and Japanese propaganda departments were having the unlooked-for effect of consolidating the links between Great Britain, France and Belgium. While the three Fascist Powers may not mind the ineffectiveness of their gestures towards Russia, Germany, at any rate—and perhaps Italy, too—will not be best pleased if the only concrete result of her present handiwork is to consolidate in the West a *bloc* of democratic countries which will be a match for her if she means mischief.

This now rapid process of consolidation on the Fascist Powers' Western front was notably advanced by the declaration which was made in the French Chamber by the Foreign Minister on December 4th:—

"I wish to state," said M. Delbos on this occasion, "that all the forces of France by land, sea and air would be spontaneously and immediately used for the defence of Great Britain against an unprovoked aggression."

No statement could have been more welcome to British ears or more timely in the cause of peace.

Indeed, M. Delbos' statement is manifestly so important that we cannot be content to remain uncertain of its scope. In seeking light on this, we note at a later point in his speech the French Foreign Minister went on to state that the guarantees which he had just given to Great Britain held good for Belgium, too. With this cue to help us, we perceive M. Delbos was phrasing his guarantee in the terms used by Mr Eden on November 27th when, in M. van Zeeland's presence, the British Foreign Secretary re-affirmed that the independence and integrity of Belgium were a vital interest for this nation and that Belgium could count upon our help were she ever the victim of unprovoked aggression.

The striking feature which is common to Mr Eden's guarantee to Belgium and to M. Delbos' guarantee to Great Britain is that their scope is very wide indeed, at any rate to the layman's eye. At first sight, the guarantee is apparently absolute; unconditional either upon renewal of the Locarno Pact or upon prolongation of the present provisional British guarantee to Belgium and France pending an attempt to revive the Locarno Pact on a new basis. Secondly, the guarantee apparently applies to aggression from any quarter, and not merely to aggression on the part of Germany. In the third place, there is no express geographical limitation of the guarantee to the special case of aggression in Europe, as there was at Locarno.

For our part we hope that both Mr Eden's pledge of November 27th and M. Delbos' of December 4th are to be taken as being independent of Locarno, and also as differing from Locarno in being free from any geographical limitation. In concrete terms, we hope that we have bound ourselves to go to Belgium's help if German "volunteers" were to land one day in the Belgian Congo as they have lately been landing in Spain. Similarly we hope that the French have bound themselves to come to our help if Hong-kong were to be bombarded by the Japanese, just as surely as if London were to be bombed by the Germans.

But these declarations arouse several misgivings in our minds. For, as we have repeatedly observed in recent weeks, the European peace to-day is fragile; and no declarations, even if they amount to alliances, can restore to a disintegrating continent the vital cement of a comprehensive

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system of collective security against aggression. We see in Spain, we have seen in Abyssinia, a projection of the fate which may be in store for Europe. The only real safeguard against that fate is a system which we all thought the League would provide. The democratic Great Powers of the League have failed to arrest militant dictatorships; and the League has consequently failed as a repository of security. Now come these unilateral declarations, like last-minute expedients before an inevitable catastrophe. It is not "carping criticism" to remark that, if war engulfs Europe—as it surely will in the long run, once it is tolerated, in default of a collective system of resistance to aggression—these declarations will scarcely amount to more than partial military arrangements for the conduct of a war which could not be prevented. That is the supreme danger which faces the three Western democracies to-day. Their solidarity does nothing to prevent war.

Even that solidarity is not equally shared. Belgium's position is anomalous. While it is possible that Great Britain and France may now be going beyond the terms of the Locarno Pact in their commitments to assist one another and also to assist Belgium, it is certain that Belgium will insist on diminishing the commitments by which she is at present bound. At present, Belgium is bound, by the provisional continuation of the Locarno obligations as between Belgium, France and Great Britain, to come to the assistance of France if France were to be the victim of unprovoked aggression on Germany's part. The Belgian Prime Minister, M. van Zeeland, speaking in the Chamber on December 2nd, declared that Belgium would scrupulously fulfil all her obligations under both the Locarno Pact and the League Covenant. But he at once proceeded to limit these obligations in a drastic way. In regard to the Covenant he said that from now onwards, until the terms of the Covenant had been defined and limited, particularly in the matter of Article 16, the Belgians would not accept any interpretation save that which they proposed, in the plenitude of their sovereignty, to give to the Covenant themselves. In regard to Locarno, he pointed out that the present continuation of it on the original terms was only provisional; and he announced that, when a new permanent arrangement came to be negotiated, Belgium would no longer give either to France or to Germany the guarantee to which the Locarno Pact had committed her. Thus, while France is now prepared to give a reciprocal guarantee to Great Britain in exchange for the British guarantee to France, Belgium is only willing to receive French and British guarantees without giving any Belgian counter-guarantee to her own guarantors. This is scarcely a reassuring innovation for Western security. It is a long lapse from the League idea.

Meanwhile, Germany has brought France and Great Britain, at any rate, more closely together to-day than they have been at any date since November 11, 1918. The prospects of Anglo-French solidarity are made still brighter by M. Blum's proven firmness in the saddle. In the division in the French Chamber on December 5th, M. Blum's

foreign policy was approved by 350 votes to 171. While the 72 Communist members of the Popular Front abstained from voting as a protest against the results of the policy of non-intervention in Spain, some 40 members of the Opposition, led by M. Flandin, voted in M. Blum's favour. After the Prime Minister had announced that he was not going to resign, the Communists came to heel. M. Blum's duration in office, together with President Roosevelt's re-election, has given our Western democracy a new chance of showing its mettle. But it has still a long road to travel.

POLICY IN THE STEEL INDUSTRY

TARIFFS, trade recovery and re-armament have jointly effected a spectacular transformation in the fortunes of the British iron and steel industry during the past four years. Lord Greenwood informed the shareholders of Dorman Long last Tuesday that their company had increased its output, in the year to September 30, 1936, as compared with 1932, by 127 per cent. in pig iron, 137 per cent. in steel ingots and 128 per cent. in rolled steel. These figures are reasonably representative of progress in the industry as a whole. If comparison be made, not with the depth of depression but with the relatively prosperous year 1929, the industry's record is still impressive. The total British output of pig iron has this year fully regained its pre-depression level. Production of steel ingots and castings has exceeded the 1929 figure by 19 per cent., and production of finished steel products by 8 per cent. Consumption of finished steel has been as much as 26 per cent. greater than in 1929.

The following table epitomises the changes in the industry during recent momentous years:—

BRITISH IRON AND STEEL TRADE

(Monthly averages in 000's tons)

	1929	1931	1932	1933	1934	1935	1936
Production—							
Pig iron	632.4	314.4	297.8	344.6	497.4	535.5	633.0**
Steel ingots and castings	803.0	435.5	438.5	585.3	737.5	820.2	957.5**
Finished steel products*	635.4	390.1	369.0	433.2	536.5	586.3	685.4*
Imports—							
Pig iron and ferro-alloys	12.8	25.5	12.7	10.1	13.6	10.7	24.2
Semi-products†	82.6	104.2	61.6	26.2	37.9	130.5	52.8†
Finished steel products‡	118.9	91.3	52.8	39.3	56.9	49.2	49.9
Total iron and steel imports§	235.2	237.1	132.8	80.9	113.9	96.0	133.2
Exports—							
Finished steel products¶	277.7	127.6	130.2	124.5	143.5	149.6	135.1
Total iron and steel exports	365.0	164.9	157.3	160.2	187.5	196.8	179.2
Apparent consumption—							
Finished steel products§§	476.6	353.8	291.6	348.0	449.9	485.9	600.2
Index (1929 = 100).....	100	74.3	61.2	73.1	94.5	102.0	126.0

* Excludes tubes, but includes tube strip. † Partly estimated. ‡ Bloms, billets and slabs, sheet and tinplate bars. § Iron bars, rods and angles, steel angles, shapes and sections, wire rods, castings and forgings, girders, beams, joists and pillars, hoop and strip, tubes, pipes and fittings, railway material, plates and sheets, galvanised sheets, tinplates, wire. || Includes also certain other products, such as wire manufacture, screws and bolts, hollowware, etc. ** January-September. †† January-June.

The most striking conclusion suggested by even a cursory glance at these figures is that recovery in home production and consumption has been unaccompanied by any proportionate revival in foreign trade. The industry's total activity to-day is appreciably greater than in 1929, but the volume of total imports and exports remains at about one-half of the pre-depression level. The contemporary boom in British steel is decidedly a domestic phenomenon. Can concentration on home demand be carried to excessive lengths? Should the industry neglect the recent exhortation of the President of the Board of Trade not to overlook its export markets in a rush for home orders? In plain terms, is there a point at which the maintenance of exports of finished products is of greater moment to the industry than the exclusion of imports of semi-finished products?

The importance of these questions can best be appreciated by recapitulating the recent history of the relations between the British steel industry and the International Steel Cartel, of which, last August, Great Britain became a full member for four years after having been a provisional member from August, 1935. The Cartel (whose membership includes the great European steel producers, but not the United States of America) is an export organisation which does not endeavour to regulate production in any way. Its members undertake, in effect, not to compete in each other's home markets imports into which are either regulated by quota or prohibited altogether. The exports of the member countries are regulated by general quotas, sub-divided into special quotas for particular products, which, in turn, are buttressed by separate international syndicates for each product.

Under the original agreement, which was confirmed this year, imports into Great Britain from Cartel countries were limited to 670,000 tons in the year ended August 7, 1936, and to 525,000 tons in each of the four subsequent years. Within a few months of concluding the agreement, the British industry found itself unable to supply a rapidly expanding home market. As early as November, 1935, an extra import quota of 10,000 tons a month was allowed for six months, followed by a temporary increase of 33,000 tons a month last February. These extra import quotas were allowed without even a request for any compensating increase in Great Britain's export quotas in overseas markets. Indeed, the strength of home demand has been such that the industry has not been able to maintain its exports even at the level of 1935.

What reply can the industry make to the charge that, in its relations with the Cartel, it has stressed its home monopoly too much and its export interests too little? It has been urged, in the first place, that the advantages of modern steel-making technique are realisable only when production from pig iron to finished product is fully integrated. Important economies are secured, for example, when coke oven gas, obtained as a by-product of the coke used in making pig iron, is used for heating steel mill furnaces; or when cooling and re-heating is avoided in the intermediate stages between the production of pig iron and steel ingots and of steel ingots and semi-finished or finished products. The scope for such economies, it is argued, may be seriously reduced if imports of raw and semi-finished materials are allowed to come in on a large scale. In the second place, the industry is notoriously subject to cyclical fluctuations. It may be argued that its determination to secure as large a share of the home market as possible is no more than an insurance policy against a crushing increase in the burden of overhead costs, whenever total demand falls off in the future.

These arguments, however, entirely overlook the interest of the consumer, who is already being unfavourably affected by difficulty in obtaining prompt delivery of essential supplies. In some instances—structural steel, for example—delivery is frequently unobtainable in less than six months. Now industrial and commercial developments, consequently, are being retarded; and in some cases consumers are being driven to the use of alternative building materials—such as reinforced concrete—for building in place of steel. How far the Government's re-armament programme has contributed to the present situation is a moot point, though available evidence suggests both that

its effect has so far been less than the public has generally assumed and that it may be much greater in a few months' time when the naval shipbuilding programme, for example, is more fully under way. What is beyond argument, however, is that the quota system, built upon the Cartel agreement, is preventing the occurrence of such a substantial increase in imports as would normally have relieved the present tightness in the domestic market.

There has been, further, an appreciable rise in prices during recent months. Between December, 1933, and October, 1936, the North-East Coast quotations for representative finished steel products have shown the following changes:—

	%
Ship Plates, $\frac{3}{8}$ " and over	+ 7.15
Sheets, $\frac{1}{8}$ " and under (basis)	+18.20
Boiler Plates	+ 9.70
Angles and Sections	+ 7.50
Joists	+ 7.15
Rounds, Squares and Hexagons	+ 6.70
Rails, 60 lbs. and over	No change
Hoops (basis)	- 3.8

The effective rise may have been greater, in some cases, than these figures suggest, since special rebates, granted in earlier years, are less frequently obtainable to-day. Even so, it may be admitted that recent price increases have not been excessive in relation to raw material costs. Iron ore prices, for example, have increased by nearly 25 per cent. and blast-furnace coke has risen even more. It is true that a large part of the coke used for pig-iron manufacture is produced by "mixed" iron and steel concerns. But its increased price is itself largely due to higher coal prices and increased costs generally.

The industry as a whole may therefore claim, with some justice, that its price policy has shown far-sighted moderation. The rise in finished steel prices, however, has not affected all consumers equally. The motor manufacturers, for instance, have loudly protested that by far the largest percentage increase has occurred in thin sheets, from which car bodies are made. They have not been slow to point out that their American competitors are obtaining supplies at substantially lower prices, and they have pertinently inquired whether British steel producers are using their present prosperity as an opportunity to bring their equipment up to the highest possible standard. It is common knowledge that some British mills have been running for twenty to thirty years, and that in certain processes—such as the continuous rolling of wide strip—American practice is still substantially in advance of our own. Many British producers, large and small, are certainly taking advantage of their contemporary ability to raise new capital in ordinary shares, on favourable terms, to extend and modernise their works. But while the most efficient British plant may challenge comparison with anything in America or on the Continent, the same cannot yet be said of British plant as a whole.

It is for the industry itself to consider whether, in its own long-term interests, a rise in exports from their present attenuated level is not desirable. It is for the Government and Parliament, however, to decide whether the case for a relaxation of the present iron and steel tariff arrangements ought not to be examined. Under the arrangements which came into force last month, imports unaccompanied by a quota certificate pay a rate of duty which is, and is meant to be, onerous. But an increase in imports from Cartel countries, at the lower rate of duty, could well be coupled with a claim for corresponding export "concessions," and in this respect the Import Duties Advisory Committee could bring effective pressure to bear on the industry. On March 31st last the Council of the Iron and Steel Federation promised the Board of Trade to use their best endeavours to provide adequate supplies of suitable steel for the reasonable requirements of British consumers, and to make arrangements, if circumstances so required, for the importation of such additional tonnages as the Import Duties Advisory Committee might think necessary. Does the Committee consider that no further increase in supplies is called for? It is hard to resist the conclusion that, at the moment, the consumer rather than the producer has the best claim to "protection."

THE STATE OF RETAIL TRADE

THE Christmas shopping season is now at its height. Shops and department stores are gaily decorated and brightly lighted, though it remains to be seen whether there is still time for business to recover from the damping effect of the constitutional crisis and to realise earlier hopes of a record turnover for any year since 1929. Still, the season is opportunity for a peep behind the counter, to trace the direction of present tendencies in retail trade and their connection with general business activity.

The volume of business in the capital equipment industries fluctuates widely in periods of good and bad trade, but consumption goods industries are much more stable. Most people, having become accustomed to a particular mode of living, are loath to change it. When trade begins to decline and income to fall, they tend to save less, and sometimes even to draw on past savings, rather than to reduce their standard of living. Conversely, during periods of increasing prosperity, they save a larger proportion of their incomes.

Unfortunately, there is little statistical evidence of these changes in the relationship between expenditure on capital and consumption goods. Although the Censuses of Distribution, held in the United States and elsewhere, have yielded valuable information, an investigation in this country, though urged repeatedly, has not yet been undertaken. The proportion of the total national expenditure which passes "over the counter" is undoubtedly very large. In 1933, for example, when the total national income was put at £3,750 millions, estimates of the expenditure on consumption goods varied between £1,500 millions and £2,400 millions. It would seem, therefore, that in that year at least half of the national income was spent on consumption goods.

A broad idea of the relationship between retail trade and general business activity may be derived from a comparison of the *Economist's* index of general business activity with the index of retail trade published by the *Board of Trade Journal*. But since the index of retail trade is not available before 1932, it is impossible to compare the relative movements of retail trade and general business activity during the period of recession from 1929 to 1932. Moreover, while the *Economist's* index measures changes in the volume of general business, the retail index relates to the value of sales. Although the value per unit of retail sales shows marked stability, the absence of a volume index does vitiate comparison over a long period:—

	<i>Economist</i> Index of Business Activity (1935 = 100)	Index of Retail Trade (1935 = 100)
1929	109	...
1930	112	...
1931	96½	...
1932	86½	93
1933	88	92
1934	96	94½
1935	100	100
Jan.-Oct. { 1935	98½	96
{ 1936	105½	103

A comparison of the movements of the two indices yields interesting results. In the first place, recovery of general business activity began in 1932, when the value of retail turnover was still declining. The time-lag between the recovery in general business activity and retail turnover cannot be explained by any single factor. Some time must necessarily elapse before an increase of business activity is reflected in the purchasing power of the public. While part of any rise in expenditure becomes available almost immediately in the form of wage payments, most companies compile their accounts and declare their dividends only at annual intervals. Secondly, many individuals require to be convinced that improvement is not merely a flash in the pan before they are prepared even moderately to increase their expenditure on consumption goods.

Moreover, the improvement in general business activity since 1932 has been somewhat more marked than the rise in retail turnover, especially in the early stages of recovery. If the trend of retail trade is compared with that in the capital equipment industries above, the divergence of the

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movement is much more striking; for general business includes the consumption goods trades. More recently, however, the index of retail trade has risen more rapidly, an indication of increasing employment and general prosperity. To some extent the faster pace in the upward movement of retail turnover is due to the rising trend of prices; but, in the absence of an index of the volume of sales, it is difficult to assess the importance of the price factor.

Further light on changes in the relationship between general business activity and retail trade is obtainable from a comparison of the trend of profits in recent years. These are shown in the next table, which is based on the *Economist's* analysis of industrial profits, covering more than 2,000 public companies. But while the *Economist's* analyses of industrial profits represent a large section of the national economy, they are not comprehensive. For example, the number of shops in this country is about 850,000, whereas the profit analysis includes only about 80 companies, though some of these operate chains of stores. In point of turnover, however, the sample, being based on the larger (and, presumably, the most efficient) concerns, represents a substantial proportion of retail trade:—

INDICES OF GENERAL AND RETAIL BUSINESS PROFITS

Reports published in year ended June 30th	No. of Companies	Total Profits*		Retail Companies "Chain Index" (Year ended June 30, 1930 = 100)	All Companies "Chain Index" (Year ended June 30, 1930 = 100)
		Current Year's Reports	Same Companies, Preceding Year		
		£ Thous.	£ Thous.		
1924	...	6,214	5,713	65.6	77.4
1925	51	6,214	5,713	71.3	85.0
1926	54	7,141	6,621	76.9	91.4
1927	59	7,775	7,357	81.3	89.5
1928	60	8,472	8,047	85.6	94.7
1929	59	10,229	9,038	96.8	96.4
1930	59	10,089	9,771	100.0	100.0
1931	69	9,729	10,432	93.3	85.5
1932	66	9,146	10,934	78.1	62.8
1933	72	11,191	12,337	70.8	58.7
1934	73	12,882	12,882	71.0	65.8
1935	88	13,919	12,885	76.7	78.7
1936	83	15,646	14,243	84.2	88.6

* After debenture interest.

The indices of general and retail business profits follow the same long-term trend. Between 1924 and 1929, the earnings of retail undertakings tended to increase faster than those of industrial companies in general. Both indices reached their pre-depression peak and their lowest level in the same years. As was to be expected, the fall in retail profits was less marked than the decline in general business profits. This may be ascribed partly to the increased stability of total retail turnover and partly to the movement of prices. During a downward movement of business activity, when prices are declining, profit margins do not necessarily fall proportionately. But during the upward

phase of the trade cycle, when prices are rising, retail establishments frequently find it difficult to pass on to the consumer the increase in cost, especially in the case of "fixed price" goods. The same narrower movement from "low" to "high" is shown in retail trade profits, compared with general industrial profits, as was suggested by our earlier comparison of the value of retail trade with the index of total business activity.

In recent months, the trend of both retail trade and general business activity has been strongly upwards. But the disparity between the increase of activity in the capital equipment and in the consumers' goods trades has widened this year. And the chairmen of many of the larger department and chain store companies continue to complain of the tendency for decreased "margins" to offset the benefits of increased turnover.

INDIA TO-DAY

ALMOST two years have passed since the *Economist* published a special review of the Government's proposed Constitution for the Indian Empire.* Those proposals duly became law in the Government of India Act last year; and within the next four months the first part of the great constitutional reform in the governance of India—autonomous government in the Provinces of British India—will enter into force. Already another step in the constitutional progress of India has been taken; for last week Sir Maurice Gwyer was appointed the first Chief Justice of the new Indian Federal Court, as from next October 1st, the appointed day for the constitution of that Court. Last week, too, special emissaries of the Viceroy started on circuit throughout the Indian States to consult the royal rulers of what is technically non-British India on these Princes' particular problems affecting their accession to the new Federation of India.

Thus, on the threshold of the year 1937, Indians and Englishmen may reckon, in the probable absence of any untoward contingencies, with a swifter functioning of the complete constitutional scheme than they perhaps anticipated when the Government of India Bill became law at Westminster eighteen months ago. It is opportune, therefore, to examine India's problems in their Indian setting on the eve of these great changes; and to that informative purpose we dedicate the "Survey of India To-day" which appears with this issue of the *Economist*.

The reader of that Survey cannot fail to be impressed by several features of India's national structure. First, the vastness of territory and population, on the one hand; on the other, the predominance of agriculture, which supports almost three-quarters of the people. Secondly, despite the striking economic development of Indian communications and domestic industries during the last fifty years, the country's economic potentialities have as yet been scantily realised, both in action and in the imagination of Indians and Englishmen alike. Thirdly, as a by-product of the foregoing facts, the potential demand of India's 350 million inhabitants for better equipment and a higher standard of living is well-nigh illimitable; for the vast majority of these millions live at extremely low standards of living. Again, the country's own resources and its position in the world's markets have enabled it to weather the Great Depression better than many leading countries in the trading world, and far better than smaller countries. Finally, it may well be a good augury for India's future that, despite the size of the country, its great population, and its extremes of climate, economic development, and social composition, it enters upon the year of promise, 1937, with its national finances and balance of payments in good order, healthy foreign trade, unimpeachable credit, and with less domestic tension than for many years past.

Like those British Dominions towards whose status India now makes her biggest stride, India enjoys fiscal autonomy, and, as in the Dominions, fiscal autonomy in India since its advent in 1921 has meant tariff

* February 2, 1935.

protection of domestic industries. This process can be purchased at high costs when the bulk of the people stand in need of even the barest necessities of life. It has also been developed during the period of Great Britain's post-war industrial difficulties and of Japan's industrial advance into world markets. India stands between the West and the Far East. To the former she owes the annual services of her State and commercial debt, and from it she must continue to seek fresh capital to develop her great economic resources for the welfare of her patient millions. From the East she cannot get capital, but she can get the amazingly cheap products of highly organised Japanese capital and labour. Here is a kind of watershed of Indian interests, which is charted in our Survey.

Again, largely owing to the poverty of India's people, the Central Budget has to depend either on the indirect taxes in the customs tariff or else on excise duties for the bulk of its revenue; and the Provincial Budgets have to depend on land tax or other indirect taxes. The conflicting economic and social interests so aroused are discussed at length in the Survey. Moreover, agriculture, the mainstay of most of the population, is extremely primitive, lacking adequate modern equipment, and handicapped by insufficient water supplies—another fruitful field for Western capital and the industrial products it can place at the Indian agriculturist's, or agricultural co-operative's, disposal. Thus, India's agricultural, industrial, and foreign trade problems are narrowly linked with those of her national finances, social structure, and domestic economic development.

By dint of wise and able financial counsel from successive Finance Members, India's Central Budgets have been virtually balanced throughout the depression, which reduced the values of India's primary products exports as much as those of any primary-producing country. The Budget has shown a surplus in many years, and shows one to-day. But this happy result has only been obtained by removing from the purview of the Central Budget an extremely vexatious problem, and one common to many countries, whether highly industrialised or not: that of the railways' finances. The contributions which the national railways should have made to the Budget have had to be loaned ever since the trough of depression was reached; and these loans now overhang the future of both the national finances and of the railways themselves. Moreover, India, like other countries, now finds competition with the railways developing in the Provinces, where road services are progressing. This problem has occupied Indian and English special commissioners for some years; and, as we show in our Survey, is on the way to a solution. Nevertheless, and apart from the railway revenue, the Budget has other problems: e.g. the search for yields other than those which of necessity, either through customs or excise, must press upon the vast mass of a poor population. Moreover, as much as 50 per cent. of Central expenditure must go to maintain the armed forces in so extensive a territory; and, after this is increased by expenditure on railways, debt service, and civil service, barely a sixth remains for ameliorative social services and civil works. These and allied problems are fully discussed throughout our review.

The new Indian Constitution will be inaugurated at a time when world commodity prices are rising, when the leading currencies seem to have been co-operatively placed on a basis promising a certain stability in the future, when the Ottawa Agreements are about to come up for detailed examination, and when—as President Roosevelt and Mr Secretary Cordell Hull reminded us last week—the trading world stands in need of reductions in the barriers to trade erected in the depression, and of an increased volume of international commerce. If, as is suggested in our Survey, the gold efflux from India may soon come to an end, India will have to expand her foreign trade to maintain her balance of international payments.

Finally, a word remains to be said on the political prospects attendant on the introduction of the new Constitution. The Congress Party, which has just re-elected Pandit Jawaharlal Nehru its leader, is pledged to enter the Provincial electoral lists; and it is to be hoped that its members will co-operate from the outset in proving Indians capable of shouldering the responsibilities now offered to

them, without engaging in tactics born of mistrust. On the other hand, the Princes have yet to accede before Federation comes into sight; and upon them, too, rests a responsibility for the future of their country and its people which they can assume with goodwill. Finally, upon British shoulders—in Whitehall, but much more so in the Provinces and at the refashioned Centre—rests a great responsibility: that of showing steady tact and a patient wisdom in negotiating the shoals and narrows through which India's new statecraft must pass during 1937. Behind them, in reserve, they still have a residue of plenary power; but they must be cautious and slow in drawing upon it at the outset of a delicate mission. If these three constitutional partners in a great new enterprise co-operate with vigour and efficacy, the India of to-morrow may look back with gratitude, from a more prosperous future, on the work of her own people to-day and on the labours of those who, for two centuries, have played no small part in her social and economic progress.

KING AND CONSTITUTION

THE King's decision to abdicate raises a new and tangled set of constitutional problems which claim urgent attention. It is, therefore, important to review the constitutional events that led up to that decision; for the future of the British Commonwealth and of democratic monarchy may turn on the lessons to be drawn from them. Edward VIII has not abdicated on constitutional advice from his Ministers, nor because any formal obstruction had yet been placed in the way of his marrying as he wished. Concerning the King's marriage, the bare law seems to be simple: unlike other members of the Royal Family, he is subject only to the ordinary law of the land, except that he may not marry a Papist. There can, however, be no doubt that King Edward came to his decision because he realised the ultimate implications of the Cabinet's advice against the introduction of the legislation he desired.

There is no established constitutional limit to the right of Ministers to advise the King on any action or proposed action of his which they consider of public importance. Clearly, the King's marriage is of public importance, not only because his bride necessarily becomes Queen Consort, but also because of the far-reaching example set by his attitude towards what many of his subjects regard as a sacrament. Then, is the King bound to accept the Government's advice? Some of the conventions and precedents on the relations between Crown and Ministers are too recent for a categorical answer. What is beyond doubt is that if a Government has its advice rejected by the King it may (and will, if it has faith in itself) resign office, throwing upon others the responsibility for advising the King differently and for meeting Parliament or country in defence of their policy. In that event the King must summon other advisers. He is conventionally bound to ask the Leader of the Opposition or (if the Government has not lost parliamentary confidence) a person designated by the outgoing Prime Minister to form a Government. If these choices fail, he may go elsewhere for his Prime Minister. But whoever forms the Government must run the gauntlet of parliamentary vote, or else demand a dissolution and appeal to the country. If in the end the Government cannot command a majority in Parliament, there is no course open to the King but to comply with the original advice, or possibly abdicate. In brief, the authority of an elected Parliament is in the last resort supreme, no matter what the bare law may be concerning the Royal prerogative.

The King was presumably aware of the grave hazards, both to his own position and to the status of the monarchy, that would be involved in marrying the woman of his choice and making her Queen. In that sense, no constitutional clash actually arose between King and Cabinet. In his formal approach to the Prime Minister, His Majesty did not go beyond seeking—and accepting—advice on his own suggestion to bar his proposed partner from the queenly throne and any issue of the marriage from the royal succession. Here another set of

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considerations came into play, namely the equal status of the Dominions with the United Kingdom. The Statute of Westminster, the charter of Dominion status, declared the Crown to be "the symbol of the free association of the members of the British Commonwealth of Nations." They own the institution of the Crown equally and severally. Their Governments are entitled to give direct and independent advice to the King on matters affecting them, and he is just as much bound to accept that advice as if it came from United Kingdom Ministers with regard to United Kingdom affairs. What happens if conflicting advice is given to the King by his different Governments on a matter concerning them all is a problem for which no legal solution was propounded by the Statute of Westminster. Briefly, the alternatives would seem to be: compromise, if the question at issue allowed it; or submission of the minority of Commonwealth Governments to the will of the majority; or a veto on any positive action; or secession of the dissentient or dissentients from the Commonwealth.

Concerning one set of issues, however, the Statute of Westminster, or rather the preamble to the Statute, made it clear which of those alternatives was to hold. "Any alteration of the law touching the Succession to the Throne or the Royal Style and Titles shall hereafter require the assent as well of the Parliaments of all of the Dominions as of the Parliament of the United Kingdom." The rule is not, therefore, that any such alteration holds good only in those self-governing parts of the Commonwealth which adopt it, but that it holds good *nowhere* in the Commonwealth till all the self-governing members have unanimously concurred in it.

Thus, even if the United Kingdom Government had been willing to accept His Majesty's suggestion of a morganatic marriage, this Commonwealth convention would have prevented the necessary alteration of the law from going through had even a single Dominion objected. It is true that from the strictly legal point of view the convention is not impregnable. The preamble to an Act has not the force of law. All that the actual text of the Statute of Westminster says to the point is that no Act of Parliament of the United Kingdom shall be law in any Dominion unless the measure itself expressly declares that that Dominion has requested and consented to its enactment. This section does not apply to Australia or New Zealand, who have not yet adopted the Statute, although they could do so on their own motion at any time.

This legalistic argument, however, is only a loop-hole, not a back-door of escape. For how could the succession to the Commonwealth Throne be different in one part of His Majesty's Dominions from the rest? To insist on passing legislation affecting the Crown over the positive objection of a Dominion, even if it would not be good law in that Dominion, would be tantamount to inviting it to secede from the Commonwealth. In such circumstances a repeal of the Statute of Westminster, which is another theoretical loop-hole open, would have an equally damaging effect. In the event the Bill introduced into the Imperial

Parliament on Thursday evening to give effect to King Edward's abdication records in its preamble that the Dominions of Canada, Australia, New Zealand and South Africa have "requested and consented." As for the Irish Free State, Mr de Valera is reported to have stated that the abdication will not take effect in that Dominion until legislation has been enacted by Dail Eireann. But might not the Irish Free State Government refuse to assume responsibility for such legislation on the ground that it would be a positive acknowledgment of the sovereignty of the King in Southern Ireland? In that case, the terms of the Statute of Westminster would prevent the legislation from applying to the Irish Free State (i.e. Edward VIII would still be King there), but the lawyers would probably agree that the will of the rest of the Commonwealth would not be thus frustrated. The effect, on the other hand, would virtually be to detach the Free State from the common allegiance, and therefore from the Commonwealth connection.

Speculation on such possibilities as these, however, is premature. It is more relevant to enquire what will be the nature of the legislation required to give effect to the new

regime. In the first place, the Act of Settlement must be amended so as to rule out the possibility that Edward VIII might at some future date put forward a claim to the succession which might be deemed to be still valid despite his Deed of Abdication. Secondly, measures will be necessary to ensure that the children of the new King, rather than those of the outgoing monarch, are heirs to the throne. It may not even be clear, in the absence of special legislation, whether King Edward is even now in a position to carry out the marriage which he contemplates. *Prima facie*, the right to approve the marriage will rest with the new monarch; but there is no reason to presume that this consent will be withheld. Finally, certain consequential legislation of a financial character will be required, in view of the fact that King Edward VIII will no longer enjoy the Civil List allocation to the Crown; nor can he claim under the present Civil List any specific appropriation. He has renounced the revenues of the Duchy of Cornwall with that Dukedom, which, as the new King has no son, now vests in the Crown. Accordingly, it will be for Parliament to decide what funds shall be appropriated for King Edward's use.

NOTES OF THE WEEK

King Edward's Abdication Message.—The following message from King Edward VIII was read by the Speaker in the House of Commons shortly before four o'clock on Thursday, December 10th:—

After long and anxious consideration I have determined to renounce the Throne to which I succeeded on the death of My Father, and I am now communicating this, My final and irrevocable decision.

Realising as I do the gravity of this step, I can only hope that I shall have the understanding of My peoples in the decision I have taken and the reasons which have led Me to take it.

I will not enter now into My private feelings, but I would beg that it should be remembered that the burden which constantly rests upon the shoulders of a Sovereign is so heavy that it can only be borne in circumstances different from those in which I now find Myself.

I conceive that I am not overlooking the duty that rests on Me to place in the forefront the public interest, when I declare that I am conscious that I can no longer discharge this heavy task with efficiency or with satisfaction to Myself.

I have accordingly this morning executed an Instrument of Abdication in the terms following:

"I, Edward the Eighth of Great Britain, Ireland and the Dominions beyond the Seas, King, Emperor of India, do hereby declare My irrevocable determination to renounce the Throne for Myself and for My descendants, and My desire that effect should be given to this Instrument of Abdication immediately.

"In token whereof I have hereunto set My hand this tenth day of December, nineteen hundred and thirty-six, in the presence of the witnesses whose signatures are subscribed.—
(Signed) EDWARD R.I."

My execution of this Instrument has been witnessed by My three brothers, Their Royal Highnesses The Duke of York, the Duke of Gloucester and the Duke of Kent.

I deeply appreciate the spirit which has actuated the appeals which have been made to Me to take a different decision, and I have, before reaching My final determination, most fully pondered over them.

But My mind is made up. Moreover, further delay cannot but be most injurious to the peoples whom I have tried to serve as Prince of Wales and as King and whose future happiness and prosperity are the constant wish of My heart.

I take My leave of them in the confident hope that the course which I have thought it right to follow is that which is best for the stability of the Throne and Empire, and the happiness of My peoples.

I am deeply sensible of the consideration which they have always extended to Me, both before and after My accession to the Throne, and which I know they will extend in full measure to My successor.

I am most anxious that there should be no delay of any kind in giving effect to the Instrument which I have executed and that all necessary steps should be taken immediately to secure that My lawful successor, My brother, His Royal Highness the Duke of York, should ascend the Throne.

EDWARD R.I.

Mr Baldwin's Speech.—Immediately after the reading of King Edward's message, Mr Baldwin, on a motion for its consideration by the House, described the series of conversations between the King and himself which had preceded His Majesty's decision. On Tuesday, October 20th, the Prime Minister, disturbed by a perusal of articles in the overseas press, obtained, on his own initiative and without prior consultation with his Ministerial colleagues, an interview with the King. As a trusted personal friend, he dwelt upon the indispensability of maintaining the integrity of the Crown—"the last link of Empire"—and the danger of its impairment if publicity, following the divorce proceedings then pending, produced factional dissensions among the King's subjects. Mr Baldwin subsequently reported the substance of this interview to "about four" of his "senior colleagues." A second interview took place on November 16th, after Mrs Simpson had obtained her decree nisi. The Prime Minister declared his conviction that a marriage with that lady would be "impracticable," but the King maintained his firm determination in the words (quoted by Mr Baldwin on Thursday, with the King's authority): "I am going to marry Mrs. Simpson and I am prepared to go." On the same evening, the King informed Queen Mary of his decision, and in the course of the next three days he conveyed his intention, similarly, to his three brothers. On November 28th, the King again sent for Mr Baldwin, and asked for his formal examination of the suggestion that the King should marry and that Parliament should pass an Act enabling the lady to be the King's wife without the position of Queen. By December 2nd, the Prime Minister's discussions with the Cabinet and with the Dominions had gone so far that, at an interview arranged at the King's request, Mr Baldwin was able to assure the King that there was no prospect of acceptance of the proposed legislation. The King, thus left with the choice between abandoning marriage, or accepting the inevitable implications of the proposed marriage, had made the decision communicated to the House that day.

The Dominions and the Monarchy.—The reactions of the various Dominion Governments and elected representatives to the monarchical problem have been almost identical. King Edward VIII was popular in the Dominions. The King is King of each Dominion separately; and their Governments have the right to approach him directly. It is noteworthy, however, that the Dominions' High Commissioners in London, representing their Governments, have not approached the King directly. They have been in consultation only with the English Cabinet leaders; while these latter have been in frequent communication, ever since the outbreak of the difference between the

English Cabinet and the Monarch, with the Prime Ministers of the Dominions. In all of the Dominions, the opinion of the people has been against a royal marriage which would automatically make Mrs Simpson Queen. But as the King asked that legislation should be introduced specially to deprive his Consort of the title and appurtenances of Queen, the political will of Dominion peoples, Cabinets and Parliaments became involved. Up to last week-end there was a certain body of Dominion opinion—in all save Ireland—in favour of allowing the King to marry the woman he liked, at whatever legislative and even constitutional cost. But on and after last Friday, the gravity of the implications of this course began to be examined and described in Dominion journals of all shades of political opinion. In Ireland, very naturally, the crisis was taken as a Heaven-sent opportunity not to comply with the Crown's wishes, or else not to recognise a new monarch if abdication were decided. (In that case, Ireland alone might veto in every Dominion the new Bill to alter the succession!) These aspects are discussed in our special article on the constitutional aspects on page 513. As to the other Dominions, the Australian Prime Minister, Mr Lyons, convened Parliament for Wednesday of this week, and informed Mr Baldwin on Sunday that the Australian Government would fully support the British Cabinet in its actions. The Australian Parliament duly met, and, after a short speech from the Prime Minister on the lines of Mr Baldwin's statement on Monday, the leader of the Opposition, Mr Curtin, in a striking speech, said that he and his colleagues believed that the King should be left free to choose his Consort, but that the Opposition objected to either King or Parliament conferring on the woman of his choice a status lower than that of Queen. "The King must accept the full responsibility to his conscience and the Empire . . . We will not interfere with him, but we will not convenience him." He ended with professions of loyalty to King Edward, and expressed the desire that he would remain on the throne. The Lang faction of Labour attempted to stage a demonstration in favour of a King whom they said was "staunch to the masses"; but it failed miserably. In Canada and South Africa no statements have been made; but the Press is wholly against Government legislation for the marriage.

The Special Areas.—A further reluctant step forward has now been taken by the Government in its efforts to alleviate the distress in the Special Areas. The existing Special Areas Act had been included in the Expiring Laws Continuance Bill, and the passing of the Bill in this form would have implied the continuation of the Government's present admittedly inadequate policy. The Labour Party consequently wished to exclude the Special Areas Act from the Bill altogether, and Lord Wolmer (Conservative) moved another amendment limiting the continuance of the Act to May 31, 1937. This amendment was accepted by the Government. A pledge was also given by Mr Ernest Brown that an amended Act would be introduced soon after Christmas, but no indication was given what the Act would contain. It may be hoped that this time a really effective programme will be adopted. For after Mr Malcolm Stewart's report there is no longer the slightest doubt either of the necessity for a new policy or of the form it should take. Three main changes are necessary: first, the grant of substantial financial concessions to firms coming to the Special Areas; secondly, the removal of some of the administrative restrictions on the Commissioner; thirdly, the initiation of certain major public works schemes closely associated with the areas, such as the Severn Bridge scheme. There is no valid reason why a comprehensive Bill of this kind should not be introduced as soon as the House re-assembles after Christmas.

The Franco-British Mediation Move.—As we go to press, the Spanish Government's indictment of Italy and Germany for taking hostile action against a legitimate Government with whom they are nominally still at peace, is coming before the Council of the League of Nations at Geneva. But, through no fault of the League itself, what happens there is likely to be less important than the suc-

cess or failure of simultaneous moves in other fields. The most important of these other moves is the joint approach which (as we now know) was made as far back as December 4th, by the French and British Governments to the Italian, German, Portuguese and Russian Governments to ask for their co-operation in bringing the Spanish civil war to an end. There are two separate items in this attempt at mediation. First, the four totalitarian Governments are requested to join with the two democratic Governments

in declaring their absolute determination to renounce strictly all direct or indirect action which might be calculated to lead to foreign intervention in the conflict, and, as a consequence, to address to their representatives on the London Committee appropriate instructions with a view to the organisation of a fully effective control.

This is a negative duty which rests directly upon the shoulders of all members of the Non-Intervention Committee. The second request is more positive and constructive. Perhaps for that very reason, it may be even more difficult to obtain genuine compliance with it. It is that the four Powers should join the two "in an endeavour to put an end to the armed conflict in Spain by means of an offer of mediation with the object of enabling Spain to give united expression to its national will." This Franco-British move for a truce and a plebiscite in Spain may be taken to mean that the French and British Governments are at last becoming more seriously concerned to see that the professed purpose of the Non-Intervention Committee is really achieved. We may suspect that, when they first organised the Committee, their main object was neither to end the civil war nor even to stop intervention, but merely to take care that, if intervention did continue, it should only produce results in the unfortunate country that was already being torn to pieces by native factions, and should not, whatever happened, result in a general war between the intervening Powers. The cynicism of this original Franco-British policy is now threatening to defeat itself, as all the critics predicted. The two Governments are now tardily seeking to act up to their professions for fear that worse may befall. What chance have they of succeeding? There is perhaps a faint gleam of hope in the action taken by the London Committee on Wednesday. The representatives of the three Fascist Powers were then induced to go at any rate to the length of forwarding to their respective Governments (without prejudice) a report submitted by the British Chairman on the question of indirect intervention with special reference to volunteers. Russia has already signified her will to agree if the Fascist Powers will do so, and if the isolation of the Spanish conflict can really be made effective. This does represent a certain concession on the Fascist Powers' part, since, for military reasons which we discuss in the following note, the Fascists do not now want to stop the flow of volunteers to Spain.

European War in Spain.—By the time this issue of the *Economist* is published, General Franco's supreme effort to take Madrid by assault will probably be in full swing. His latest reinforcements of German and Italian "volunteers" have now had time to reach the Madrid front; and the successful pressure of the legitimists' diversions on other fronts—particularly their thrust from the north toward Burgos—is forcing Franco to seek an early decision. Indeed, if he consumes all his existing strength in this supreme effort, his position may become not only serious but even desperate. Apart from the Government forces' rapid approach to the rear of his northern headquarters, he is threatened with a breach in his long and tenuous line of communication between the Madrid front and Seville. In fact, a reverse on the Madrid front now might involve Franco and Mola and Queipo de Llano in 1936 in the fate that overtook Denikin, Kolchak and Wrangel in 1920. The Russian precedent is unfortunately by no means conclusive in the present Spanish case. The main reason why the reactionary minded French and British Governments gave up the game in Russia in 1920 was that they were no longer able to cajole two war-weary democracies into waging a war after the war for the purpose of setting the Russian Humpty-Dumpty up on his wall again and keeping him there. But the

German and Italian Governments, which are backing Franco in Spain, have not to reckon with any democratic opposition on the home front. They can dispose as they choose of subjects who have been either cowed or fanaticised into doing and dying without asking the reason why. These subjects, so far from being war-weary, are more inclined to be peace-weary under the burden of a dictatorial peace which is imposing the worst privations of war-time upon the civilian population without one laurel or one thrill to console them. Perhaps these propaganda considerations would not be decisive if the strategical situation were not so singularly favourable to Italy and Germany and unfavourable to Russia. To grasp this situation, we must look far beyond Madrid and Burgos and Talavera; for the Spanish war-zone really embraces the whole of Europe. The essential fact is that, owing to their naval command of the Mediterranean and the Baltic respectively, the Germans and Italians can stop the Russians sending men and supplies to the Spanish Government, while they themselves can go on sending men and supplies to Franco without the Russians being able to interfere. In the Italo-German war against Russia in Spain, geography is not on Russia's side.

* * *

Disaster at Croydon.—The worst flying fatality in England occurred on Wednesday morning. Within a few seconds of leaving the aerodrome in thick mist, a Dutch (K.L.M.) passenger machine, with thirteen passengers and a crew of four, crashed into the houses of a road a mile from the aerodrome, appropriately named Hillcrest Road. Twelve passengers, including Señor Don Juan de la Cierva, inventor of the autogiro, Admiral Lindman, former Prime Minister of Sweden, and Baron Meyern-Hohenburg, an Austrian, perished in the crash and the fire, which immediately enveloped the machine and the last house it struck. The pilot and mechanic were also killed; and only one passenger, the stewardess and wireless operator have survived. The disaster was not due to fog alone; for it is now normal practice to leave the aerodrome in thick fog—as all machines can do on the Continent and in America wherever wireless "beam" directional apparatus is installed. If a machine leaves in fog without this aid, the locality round the aerodrome should be such as to allow sufficient margin for slight deviations in flight, due to wind or compass deviation, while the necessary height is being gained by a heavily loaded commercial machine. In the present case, the American Douglas machine was sound; neither motor failed; a good take-off was made; and the machine was flying normally. Why, then, the disaster? It seems that the topography of Croydon, coupled with the absence of wireless blind-flying apparatus, was the cause. If the latter had been available, the pilot could not have deviated from the wireless beam's direction without an automatic warning to correct his course. The Westerham-Chatham-Croydon sector is marred with a long trail of fatal crashes in recent years, most of which have occurred in mist or rainy weather. But, secondly, this disaster emphasises the risks of using Croydon aerodrome for aerial navigation, save in the clearest of weather, or else with complete equipment of machines and ground service for blind-flying. Many pilots dislike using Croydon; on a clear day the approaches are difficult, because of the segmented valleys and hill-ranges of the North Downs; on a misty day it is really hard to find. In the present instance, there was no wind into which the pilot would normally have taken off. The "white line" for direction was accordingly put into position; but, owing to fog, the pilot was probably unable to pick the line up again after an initial slight deviation. The locality of the aerodrome then defeated him. The rise from the dangerous side of the aerodrome to the houses on Purley Hills was too steep to enable him to gain adequate height without the extra "lift" which a wind would have provided. This is the second fatal crash in England, within a few weeks, which might have been averted if blind-flying apparatus had been in use; but it is hard to resist the conclusion that the site of Croydon aerodrome involves undeniable risks.

M. Blum's Progress.—Despite some shocks M. Blum and his Cabinet have, if anything, increased their prestige during the past week. A brush with the Communists over foreign policy was followed by the successful passing of the Press Bill with a very large majority. For a few moments on Saturday night it seemed that M. Blum might resign. He had explicitly made the vote on Spanish policy a matter of confidence; and the Communists, whose opposition to the "non-intervention" policy is unabated, refrained from voting. To avoid a political crisis, however, which would create "perplexity and confusion," M. Blum decided to remain in office. It was clear from the debate, and from the subsequent speech of M. Joubaux, the trade union leader, that very great uneasiness about the "non-intervention" policy, defended by M. Blum as necessary to preserve peace, prevails throughout the French Left. After making their protest, however, the Communists have again shown a keen desire to preserve the Popular Front; and on home policy they remain at one with the Government. The Press Bill, therefore, which penalises the publication of false news, compels publicity for newspaper accounts, and strengthens the effectiveness of the libel law, was passed by the Chamber on Tuesday with a majority of 359 votes to 193. Undoubtedly M. Blum showed wisdom in refusing to resign after the foreign policy debate. Most of the vital reforms desired by the Popular Front are now passed; devaluation has been successfully achieved; and economic recovery is well on the way. Even the Budget problem, M. Blum's next hurdle, is now no longer insoluble, thanks to devaluation and incipient recovery. Europe stands much in need of a demonstration that democratic Governments can give first reform and then stability. If M. Blum now sticks relentlessly to his post he ought to be able to give it.

* * *

The New Soviet Constitution.—The new Soviet Constitution was adopted article by article by acclamation, and without dissent, by an extra-ordinary congress of Soviets at Moscow. The document nominally affects the lives of 160 million people; it has therefore to be taken seriously. Yet Russia is notoriously a country in which legal theory throws little light on political practice; and this is one of several salient features of the Russian social tradition that has been handed down intact from the Czars to the Communist Party (even under Czarism there was no official death penalty in the penal code!). Perhaps the dominant motive in M. Stalin's mind is a desire to convince the democracies of the Western World that the Soviet Union is now becoming a "normal" country with which it will be possible for the Western peoples to enter into friendly relations without laying themselves under the reproach of supping with the Devil. In other words, the promulgation of the new Soviet Constitution is a kind of counter-propaganda to the German-Japanese campaign for selling (in the American sense) the Bolshevik bogey to the Western World. And no doubt this counter-propaganda, like most propaganda, has a certain basis in fact. There is an accumulating mass of evidence which goes to show that the Soviet Union is now passing out of a revolutionary into a more conservative phase. Nevertheless, there is no sign of a drift towards "democracy" or the *bourgeoisie*, in our sense of those words. It is reported that, on Sunday, the Congress listened in unfriendly silence to the recitation of the articles guaranteeing freedom of conscience, freedom of religion, worship, inviolability of the person and the home, and secrecy of correspondence, while they applauded the articles making certain provisions for social service. Russia is thus still travelling her own peculiar road. Of the few amendments that were made on Sunday before the draft was adopted, the most important was an amendment to Article 49, which lays down the conditions under which the Presidium of the Supreme Council (i.e. the Cabinet of the new Soviet Parliament) is to declare war. The first draft read "in the event of an armed attack on the U.S.S.R."; and this has now been supplemented with the words: "or in case of the necessity arising to fulfil her international obligations for common defence against aggression." The addition is indeed important.

Business and the Crisis.—The upward movement of the trade cycle has reached a phase during which confidence in the future is easily upset by any untoward event and when any serious development might easily give rise to a recession. Thus, the uncertainty over the constitutional issue last week caused a fairly sharp decline in quotations on the Stock Exchange. This, in turn, has led to a noticeable reduction in retail purchases of high-class goods. But as uncertainty has now been removed with the accession of the Duke of York to the Throne, confidence is expected to recover. If the Coronation takes place around the date originally indicated, the damage done to trade is likely to be relatively small, though manufacturers may sustain losses on specific goods, particularly the many articles prepared for the Coronation bearing King Edward's name and likeness. But the sale of impersonal articles, such as flags and bunting, are not likely to be affected. Similarly, there are no grounds for expecting that the great influx into London anticipated next year will not take place. In fact, there is no reason why business should not resume its previous trend.

* * *

The Price of Bacon.—Our plea a fortnight ago for the relaxation of the restrictions on the importation of bacon is reinforced this week in a report by the Food Council to the President of the Board of Trade. Examining the effects of the Pigs and Bacon Marketing Schemes on the consumer, the Council mention complaints by retailers against the high level of wholesale prices resulting from the operation of the import quota. They also point out that the quota restrictions have tended to increase the proportion of higher grades imported; and are apparently aware of the obvious corollary that those who can afford only the cheapest bacon have frequently had to go without altogether. Nevertheless, the Council reach the surprising conclusion that "from the consumer's point of view the retail prices do not appear to be unreasonable." To us the quota restrictions, with their burden on the consumer, appear to be demonstrably unreasonable at the present time; for the pig producers in this country are now having to be cajoled and bullied into supporting their own marketing scheme. Although the terms of the 1937 contract are appreciably more favourable to the farmer than those of previous years, the whole structure of the Pigs and Bacon Marketing Schemes is in danger of collapse because the farmers cannot be induced to offer sufficient pigs on contract for 1937. At a specially convened meeting on December 2nd, the Pigs Board decided to extend the date for receipt of contracts until Monday next, in the hope than an additional 400,000 pigs, required to bring the total contracts up to 2,200,000, will be forthcoming. If the producers do not respond to this appeal, the Bacon Board may pass a resolution declaring the contract void. We have therefore arrived at the farcical situation in which the consumers' interests are being damaged by the restriction of imports, undertaken to bolster up a marketing scheme which the producers will not support. Surely Alice in all her adventures in Wonderland found few situations more ridiculous than this?

* * *

Shipping in the Pacific.—Last June the Imperial Shipping Committee was asked to report on the condition of existing and proposed shipping services for passengers and cargo between Western Canada and Australia-New Zealand. It had been claimed that British services were being crowded off the Pacific by foreign subsidised ships, and that if the Empire were to maintain its status it too must give subsidies. The Committee's report has just been published. Existing trans-Pacific services are run by the Canadian-Australian Line, Ltd. (a subsidiary of the Canadian Pacific Railway Company, and at one remove of the Peninsular and Oriental Company), the Union Royal Mail Line, and the Matson Line, an American company. Since 1900 non-American ships have been excluded from the coastwise trade between Hawaii and the United States, and the Matson Line has therefore been given a lead over its competitors, and has also had the benefit of Government

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assistance in building two new ships in 1932, and of a Government subsidy for carrying mail. Prior to 1931 the old Matson vessels carried less than one-fifth of the through passenger traffic, while the new ships carry three-fifths. Passenger traffic has seasonal one-way peaks, north in the northern summer, south in the southern; cargo traffic is very heavily one way in all seasons, since Canadian exports to Australia and New Zealand are treble the imports, and since a very large part of the imports travel *via* the Panama. The Committee review the proposal to build two new fast ships, able if necessary to improve on the standards of service set by the Americans. These new ships would replace the four ships of the two Empire lines now in operation. The Committee are of the opinion that there is sufficient improvement in traffic in sight to make it possible to run such ships at an operating profit, granted the existing mail revenue, but "think it unlikely that the earnings of the proposed new ships could cover their operating and capital costs." It is to be surmised therefore that before long we shall find the relevant Governments being pressed to give financial aid for building the ships. Subsidy calleth unto subsidy!

* * *

Increased Demand for Shipping.—As the world's mercantile shipping tonnage was considerably reduced during the depression, the increasing demand for carrying space this year has been reflected in a sharp upward movement of freight rates. Our index of shipping freights for November shows a rise of no less than 17½ per cent. over the corresponding figure a year ago. The improvement this year has been so rapid that our index has practically recovered to the 1929 level. In view of the shortage of tonnage in early positions, the past month has witnessed a further sharp increase in rates. The current position, moreover, indicates that the rise in freight rates may continue. The persistence of the shipping strike in the United States, however, is causing some dislocation:—

(1898-1913 = 100)

	Average 1913	Nov., 1935	Sept., 1936	Oct., 1936	Nov., 1936
European waters.....	110.0	103.2	102.2	113.0	126.1
North America	113.1	87.7	95.0	96.8	100.1
South America	123.4	86.4	93.4	102.6	102.9
India	106.3	109.7	108.3	110.6	123.1
Far East and Pacific	117.4	94.9	104.0	109.1	113.5
Australia	127.9	91.7	98.8	103.6	108.6
Total	116.3	95.6	100.3	105.9	112.4
1913 = 100	100.0	82.2	86.2	91.1	96.6

As the next table shows, the rise in freight rates during November has been very great on a number of routes.

the Pact should not entail interferences in French internal policy. A new Cabinet of this sort might possibly obtain results, all the more so as it would reconsider certain unhappy measures, such as the tax on gold "profits," which hampers the return of capital. It might also combine a maintenance of the social laws with more "authority" in factories. Such a Cabinet is a probability for the day after to-morrow. Is it also for to-morrow? That is less sure.

After the abstention of the Communists, M. Blum pointed out that he had not been overthrown by the Chamber, and that the majority in the Chamber had to be considered before other objectives such as the cohesion of the Popular Front. He therefore decided that the existing grave international situation made it a duty to remain in office. Moreover, the Communists afterwards declared that "all was well with the Popular Front," and the trade unions re-affirmed their fidelity to the Cabinet. A conference of Communist and Socialist delegates was also concluded with a new declaration of co-operation for the application of the Rassemblement Populaire programme.

These events have great political significance. The Communists, after having been disarmed by the social laws, did not dare to make a stand on the unpopular issue of intervention in Spain. After having launched their troops on this field, however, they had at least to abstain from voting. They were beaten by the shift of the Government majority, and also by the decision of M. Blum to play the parliamentary game by remaining in office. But the necessity for the Communists to maintain their troops will induce them to seek another battlefield. Much will depend on the wisdom of the Opposition, and also on the success of the measures which the Minister of Finance is to take to aid business recovery.

SLOW RETURN OF CAPITAL

The next task of Parliament will be the voting of the Budget. This might still be achieved in due time—i.e. before the end of the year—if the Chamber adopts an emergency procedure: the voting of the credits by Ministries. It is possible, moreover, that other important decisions will be taken in the interests of the Treasury. The money market has already become easier since devaluation as a result of the rise in prices and the increase of activity on the markets. But dishoarding, as well as the return of exported capital, has been hampered by the tax on gold and certain measures of an inquisitorial character, which have rendered the public very suspicious about the banks. The "Rentés" are almost at the same levels as before devaluation. This is serious for a Government which has to issue loans at a rate of about 2,500 million francs a month after January 1st, particularly during the first six months of low fiscal receipts. These circumstances undoubtedly explain the persistent rumours on the market that the Government intends to accept the 4,000 million francs of "Baby Bonds" (which were issued on the eve of the devaluation) and perhaps also the gold certificates (which were delivered to dishoarders of gold by the Bank of France the day after the devaluation) at their full value in "Poincaré francs" in subscription to a new loan. There is also the long-proposed reform of credit machinery and the planned introduction of an open-market policy designed to nurse the market for Rentés.

Meanwhile, an agreement has been signed between the Government and the Crédit Foncier—the big land bank—in order to lower the rate of interest on existing loans to local authorities and on advances on private property. A sum of 3,000 million francs has been taken out of the profit on the revaluation of the gold stock of the Bank of France and advanced at 2 per cent. to the Crédit Foncier. Of this, 2,500 million francs will be applied to loans to local authorities, in order to accelerate the public works programme. The remaining 500 million francs is to be lent on mortgage to small owners. It is, however, too small, if compared to the great amount of mortgaged property (many thousands of millions), to have a serious effect on the building industry.

The social legislation has entailed two important new decisions this week. The forty-hour week law (which entered into force on November 1st in the coal and potash industry, and on December 1st in the metal industries) will

be applied to the building industry from December 21st and the textile industry from January 1, 1937.

The latest statistics show that the output of the steel industry reached in November the highest level for five years, with 623,000 tons, against 545,000 tons in September and 557,000 tons in October, 1935. The output of pig iron was 551,000 tons in November, the highest for three years, with the exception of May last. This increase of production results partly from demand for armaments and public works orders, but also from orders by private manufacturers who expect a new rise in prices.

PARIS, December 10.

GERMANY

NAZI ATTACK ON CAPITALISM

THE Reich's 4½ per cent. Treasury bond issue was over-subscribed, and in consequence the total of the loan has been raised from the originally announced Rm. 500 millions to Rm. 600 millions. This satisfactory result is considered to indicate an improvement in the capital market and an increase in public confidence.

The official and Party attitude towards capital and property, however, remains ambiguous. The director of the Nazi Commission for Economic Policy, Herr Köhler, has made a sharp attack on capitalism, declaring that there could be no worse, no more disadvantageous, system. Capitalism, said Herr Köhler, does not conduce to the increase of national wealth. He added that the demand for capital for the Four-Year Plan would be smaller than many persons believed. The Government had a system of "popular-economic" reckoning which was superior to the capitalistic. It seems, from other Party utterances, that while unqualified capitalism is vicious there is a "true Capitalism" which is desirable; but this seems to be a matter of definition. Herr Köhler complains that Germany has been a victim of "monstrous exploitation" by foreigners. This view is now heard daily, and appears even in supposedly objective reports on economic conditions. Even the Reich Finance Minister finds that foreign "unreason" is responsible for the present troubles.

The position of capitalists is not altogether pleasant. Last week the property of thirty-nine citizens was confiscated on political grounds. Under a new decree property can be sequestrated and put under a sort of bankruptcy receivership, if suspicion arises that the owner designs to remove it from the Reich. Grounds for suspicion would lie if considerable assets were suddenly realised for cash. The business undertakings of suspects are to be conducted under control, and their monetary receipts paid into blocked accounts. Suspected persons may also be restricted in their choice of residence.

The German national income in 1936 is officially estimated at between Rm. 61,000 millions and Rm. 62,000 millions, as against Rm. 57,300 millions in 1935 and Rm. 46,500 millions in 1933. For 1936 no details have been issued. The separate sources of income in 1935 were (in million Rm.): salaries and wages, 32,230; agriculture, 5,600; industry and trade, 7,425; unearned income, 2,523; rents from real estate, 810; and pensions, etc., 7,670. Much the greatest percentage increase since the depression has been in agriculture, the income of which in 1932 was only Rm. 3,858 millions. Wages and salaries in 1932 totalled Rm. 25,711 millions. The increases of rents and of unearned income have been small, and the item pensions, etc., has fallen from Rm. 9,282 millions in 1932.

After suspension for two years, official figures of the balance of foreign payments for the years 1934 and 1935 have been issued. The new figures, being mere tables without the customary textual comments, reveal very little. Some of the separate figures (e.g. the foreign trade payments) differ substantially from official data already published. The tables show that on current account (that is, foreign trade, shipping and services, and service of debt) in-payments in 1935 fell below out-payments by Rm. 102 millions, as against a shortage of Rm. 534 millions in 1934 and a surplus of Rm. 132 millions in 1933. These results naturally accord roughly with the foreign-trade account,

which was active in 1933, passive in 1934, and again active in 1935 (for some unknown reason the new balance shows a small import surplus in 1935). The development of shipping and services was, on the whole, satisfactory; the net active balance was Rm. 451 millions in 1935 and Rm. 464 millions in 1934, as against Rm. 313 millions in 1933. The greatest improvement is under Travel (excluding shipping), the net receipt from which rose fourfold between 1933 and 1935, when it reached nearly Rm. 200 millions.

Without the debt-service payments the current payments accounts would of course have shown surpluses in all three years. Why, even with the debt-service payments, there was a deficit of Rm. 102 millions in 1935, is not clear. According to official figures published earlier this year the debt-service payments proper in 1935 totalled Rm. 250 millions. In the new balances of payments (contrary to rule) the debt-service payments are not separately shown. Instead, there appears for 1935 the large item of Rm. 650 millions as out-payments for "interest, dividends, etc." This item contains not only the Rm. 250 millions debt payments, but also Rm. 400 millions of recurring payments for other purposes. What this last sum consisted of, is not clear either. The movements of the Reichsbank's reserves and of capital and credits are also returned in an inexplicable way. The sums shown as lost to the Reichsbank's reserves in both 1935 and 1934 considerably exceed the figures given in the Reichsbank's own returns (indeed the return for 1935 shows a slight increase in the reserves).

Equilibrium on the whole account is shown as having been attained by means of an increase in the short-term debt. After declining by Rm. 747 millions in 1933, this debt rose in 1934 by Rm. 510 millions, and in 1935 by Rm. 260 millions. The new short-term indebtedness in the main represents advance payments for German goods, and must therefore have been considerably reduced out of this year's substantial export surplus. The biggest active item in the whole account during the last two years was shipping and Services, net in-takings from which were 50 per cent. higher than in the pre-crisis years 1927 and 1928.

RIISING PRICES AND FAT SHORTAGE

The wholesale price index for December 2 was 104.7 and showed sharp rises for agricultural products and industrial raw materials. The general veto on price advances above the level of October 18th has naturally proved impracticable. The first exceptions made are for metals and imported goods. It is now explained that price-stabilisation is not a dogma but merely a principle. The Government has itself sharply raised the prices of liquid fuels by increasing the import duties and the internal tax. Tank prices will be raised by about 9 per cent. The official Press warns the public that the new substitute materials will be considerably dearer than those imported, and that a shortage of necessities will prevail. For fats a virtual ration-card system has been introduced, or rather extended. This method of rationing was instituted two years back by allowing the poorer classes of consumers to purchase State-subsidised margarine. The price reduction was 25 pfennings per metric pound. The ration of such State-subsidised margarine has been raised from 12 to 20 pounds a year; and a new class of consumers, who are not quite so poor, will be entitled to purchase 14 pounds. Without a card margarine may not be purchased by anyone. Butter retail purchases have been cut down all round by 20 per cent.

In connection with the Four-Year Plan a law has been issued compelling persons with mining and mineral rights or licences to exploit them and in case of suspension to resume exploitation. Mining operations already under way may not be suspended without official permission.

The industrial position has changed little. Christmas trade seems to be better than last year. The steel syndicates report that "in addition to the heavy internal demand there is a noticeable increase in the direct and indirect export of nearly all products." In view of the home shortage, which it has been necessary to counter by postponing certain classes of constructions, the increase in steel exports can only be explained by currency considerations. In October gross exports were the highest for several years,

and owing to the stagnation of imports net exports were just double those of 1934. Machine-tool exports rose by nearly 80 per cent.

The Minister of Communications announces that the privately-owned railways will be taken over gradually by the Reich Railways Company. These private railways have a total length of some 4,500 kilometres. The Minister of Economy declares that gold clauses, hitherto inserted in loan and other contracts in order to ensure against loss from currency depreciation, are henceforth superfluous. Money rates fell after the turn of the month, but this week there was a new stiffening in connection with the income-tax demand. The circulation of Gold Discount Bank promissory notes rose in November from Rm. 406 millions to Rm. 463 millions, which is less than was expected.

BERLIN, December 9.

HOLLAND

BENEFICIAL EFFECTS OF DEVALUATION

THE effects of the devaluation of the guilder are already showing themselves very distinctly. The consequences so far perceptible are all favourable, and detrimental effects such as advancing retail prices and an enhanced cost of living have not appeared. The index of wholesale prices advanced from 62.6 for September to 68.2 for October (1926-30 = 100); but retail prices, and especially those of food, remained practically unchanged. In these circumstances, social unrest and strikes need not be feared.

There is also a decided increase in the port traffic at Rotterdam and Amsterdam. Devaluation has been of great influence on port charges, and in some cases the rates for the port of Rotterdam now work out lower than those applying in Antwerp:—

	Rotterdam		Antwerp	
	Number of Ships	Net Tonnage	Number of Ships	Net Tonnage
September, 1936	927	1,575,491	1,017	2,002,009
October, 1936	970	1,680,841	1,027	2,005,473
November, 1936	1,007	1,715,215	957	1,991,343
Total since January 1, 1936	10,485	18,107,406	10,463	20,995,447

The figures for Antwerp give the net tonnage calculated by the Belgian method. To make these comparable with the Rotterdam figures, they should be reduced by 18 per cent., which would make the total traffic for Antwerp 17,216,267 tons.

In the large towns such as Amsterdam and Rotterdam there has even been a drop in the number of unemployed, although the normal seasonal trend is upward. Unemployment in the towns has moved as follows:—

Places of:	End August		End September		End October	
	August	September	October	August	September	October
More than 100,000 inhabitants ...	164,113	167,505	163,697	164,113	167,505	163,697
50,000 to 100,000 inhabitants ...	51,733	53,549	52,093	51,733	53,549	52,093

This decline in the number of unemployed in the towns is contrary to the movement last year, when the figure at the end of October was higher than at the end of September.

Aggregate unemployment throughout the country actually shows a further seasonal increase, according to the official returns of the Central Statistical Bureau, but the increase is very slight in comparison with previous years, as will be seen from the following table.

BRITANNIC 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

UNEMPLOYMENT IN HOLLAND

	1934	1935	1936
End August	302,100	353,100	381,427
End September	309,600	366,000	390,091
End October	328,900	381,900	394,444

From these figures it is obvious that there has been a decided change for the better.

The foreign trade returns also make a satisfactory showing. Both in weight and value, imports and exports increased in October. Imports increased from 1,750,000 tons (value 81,845,000 guilders) in September to 1,894,000 tons (value 92,288,000 guilders) in October; and exports from 1,111,000 tons (value 17,796,000 guilders) in September to 1,354,000 tons (75,375,000 guilders) in October. Imports thus rose to a greater extent than exports in value; but the rise is by no means as large as might have been expected in view of the depreciation of the currency. In September and October Dutch imports usually rise by several million guilders:—

(Excluding gold and silver)						
	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	53
June	89	73	77	57	51	53
July	86	76	80	58	54	60
August	87	76	82	69	61	63
September ...	78	76	82	69	59	72
October	87	95	93	62	70	75
November ...	88	86		60	80	
December ...	75	73		56	52	

The Government has announced its intention of modifying and augmenting existing commercial legislation. There is no question of the mere abolition of quota restrictions. The responsible Minister made the following statement in the Second Chamber a few days ago:—

The object of the Government's commercial policy is to provide means of protection and defence for imports and exports. Up to 1933 we were committed to most-favoured-nation agreements, but now we have the weapon of quota restrictions, although admittedly it is not a powerful weapon. Import duties are more useful for the protection of industry than for negotiation purposes. Judging by the present state of affairs, it will not be possible for the time to withdraw any quota restrictions. If it is necessary, an aggressive commercial policy will be pursued.

The Government has also decided to prohibit all imports of foreign sugar, and Java sugar is to be imported instead.

In the financial markets the beneficial consequence of devaluation are just as apparent. Holland is maintaining a "floating" currency, tied neither to sterling nor gold. This does not mean that she is averse to international currency stabilisation. On the contrary, so soon as England decides to revert to gold, Holland will certainly not lag behind.

The liquidity of the Amsterdam money market is still increasing, owing to the operations of the Equalisation Fund, which is supporting the sterling rate. In consequence, the guilder rate is fluctuating within very narrow limits, despite the extensive repatriation of capital. Private discount rates have already declined to $\frac{3}{4}$ per cent., call money to $\frac{1}{2}$ per cent. and the prolongation rate to $1\frac{1}{2}$ per cent. On December 3rd Bank rate was reduced to 2 per cent.

Activity on the new issue market has also been brisk. Numerous conversion loans are being launched, but the issue of several 3 $\frac{1}{2}$ per cent. municipal loans failed to attract much attention. The 3 per cent. 20-year State loan of 100 million guilders at 9 $\frac{5}{8}$ was issued with great success. Interest on mortgage bonds has improved, too, and is gradually falling to 3 $\frac{1}{4}$ per cent., so that mortgage rates should follow automatically. In November, 1936, the amount actually placed on the new issue market was 130,535,000 guilders (consisting entirely of bonds and debentures), against 48,546,000 guilders in October, 1936.

ROTTERDAM, December 3.

U.S.S.R.

THE GERMAN-JAPANESE PACT

THE special Congress of Soviets, convened ostensibly to ratify the new constitution, served chiefly to outline the internal and external position of Soviet Russia. The constitution became incidental, after M. Stalin had disposed of it in an opening speech. He abruptly dismissed most of the 14,000 proposed revisions of the published draft, and approved only two noteworthy changes: the direct election of the Council of Nationalities, the second chamber of the Supreme Council, which somewhat resembles Western Parliaments; and the creation of a new commissariat of Defence Industry (armaments).

The three-cornered German-Japanese-Italian agreements occupied first attention. M. Litvinov and M. Molotov, chairman of the Council of Commissars, made it clear that Moscow interprets these agreements as military alliances designed to facilitate territorial changes in Europe and Asia. They declared that the Soviet will continue to co-operate with all countries desiring peace, through the League of Nations or otherwise. But M. Molotov added: "To tell the honest truth, we believe only in our own forces to defend the interests of peace and of our own peaceful labour."

The Japanese already have lost something by the new alliance and it is difficult to see what they have gained. The Soviet Government had initialled a fisheries agreement very favourable to the Japanese, but refused to sign it after the German agreement had been disclosed. They are unlikely to sign it in its present form, despite renewed Japanese pressure in the form of "border incidents" along the Manchurian frontiers. These are actually pitched battles in which the Japanese apparently have fared none too well.

The Bolsheviks, themselves adepts in devising formulæ, recognise the cleverness of the "common front against the Communist International," for which Moscow always has disclaimed responsibility. M. Molotov may have been thinking of the Comintern when he said: "We are completely absorbed in our internal affairs. We are steadfastly pursuing the policy of non-interference in the internal affairs of other states." M. Litvinov explained at greater length that Fascism, rather than Communism, now seeks to implant itself forcibly in other countries. In Spain, he declared, "we have the first considerable sally of Fascism beyond its borders." The Spanish conflict, he said, represents an attempt to "force upon the Spanish people from without a Fascist Government." If this attempt were to succeed, he added, there would be no guarantees against its repetition on a wider scale in relation to other States.

"PATRIOTISM VERGING ON CHAUVINISM"

Patriotism verging upon chauvinism marked many speeches at the Congress. The delegates cheered themselves hoarse at references to the power of the Red Army, the Fleet and the Air Force. The latter was officially declared to have more than 7,000 planes, and to be the "finest in the world in quantity, quality and spirit." Cossacks and Tartars, Mongolians, Koreans and Arctic tribesmen, aroused the delegates to frenzy by their declarations that they would "fight to the last drop of their blood" in defence of the "Socialist Fatherland." The delegates were assured that their country "undoubtedly is now the most powerful in the world."

M. Stalin, making his first full-length formal speech in four years, avoided such appeals to emotion, and talked with a poise uncommon among modern dictators. Millions gathered in factories, offices and clubs to hear broadcasts of his speech. In simple language he traced the course of political and economic evolution in Russia since 1924, when the first Union constitution was adopted. In these 12 years, he explained, individual ownership of the "means of production and distribution" had been abolished, with the exception of 1,980,000 individual peasant plots, which represent three per cent. of the agricultural economy. By removing the economic basis for "exploitation of man by man," M. Stalin concluded, the Soviets had achieved Karl Marx's "first phase of Communism," or Socialism, and are now in a position to drive ahead toward full Communism, under which it will be possible to apply the formula: From

each according to his ability, to each according to his need. Stalin's right-hand man at Leningrad, M. Zhdanov, ventured the opinion that the present generation would live to see full Communism achieved in Russia.

The success of the cotton harvest in Central Asia is considered a major triumph for 1936; the yield exceeded 2,000,000 tons, compared with 900,000 tons in 1933. Soviet Russia has become practically self-sufficient in raw cotton. The quality of the yield also is said to be much improved. To attain the record harvest, the Government "nationalised" raw cotton in Uzbekistan. Individual possession of raw cotton after the harvest became a criminal offence; a decree stated that "every gramme of cotton must be delivered to the State." This drastic action practically wiped out the Central Asian cotton handicraft industry.

The Commissar of Agriculture, M. Chernov, has published interesting figures of average land-holdings. More than 80 per cent. of the arable land is cultivated by 250,000 collective farms, covering 288,750,000 acres. The average collective, holding 1,155 acres and 70 households, provides individual shares of 16.5 acres, as compared with 11.5 acres for the remaining individual peasant household. With the land thus distributed, it is apparent that "levelling" has become more of a reality among peasants than among urban workers. The best-paid among the latter receive 100 or even 200 times as much as the poorest-paid. The most prosperous peasants, with the land so well distributed, are not likely to receive three or four times more than those with poorer land.

MOSCOW, December 1.

CHINA

CO-OPERATION BETWEEN CANTON AND HONGKONG

THE Entente Cordiale between Canton and Hongkong has now been consolidated. The call paid in Canton by the Governor of Hongkong on Generalissimo Chiang Kai-Shek during October was returned early this month by the chairman of the Kwangtung Provincial Council, General Huang Mu Sang, and the Mayor of Canton, Mr Tseng Yang Fu, who, accompanied by three colleagues, spent two days in Hongkong. They were joined on the second day by a party of eighteen representatives of commercial and banking associations of Canton, and an extensive series of functions was arranged in their honour. There was, of course, a considerable amount of speech-making, with "co-operation" as the main theme, but, as Sir Andrew Caldecott pointed out, "you cannot have co-operation without mutual understanding."

The general impression is that the visit has done immense good in bringing face to face the leaders of the two interdependent commercial centres of South China. From the British point of view it is encouraging to find that General Huang is no War Lord. He was a contemporary of Chiang Kai-Shek at the Imperial Military College, Tokyo. But he has the advantage over his distinguished leader in having travelled widely, and besides making tours through America, England and Germany, he served as China's principal delegate at the Disarmament Conference in Geneva.

The Mayor, Mr Tseng, is a comparatively young man. He is a graduate of Pittsburgh University, and after holding various administrative posts under the Nanking Government, was Vice-Minister of Railways and Communications before assuming his present office. In the course of the recent festivities Mr Tseng emphasised the need for foreign assistance in carrying out his ideas for the economic development of Canton and the Province of Kwangtung; and he invited foreign investment, particularly from Hongkong. He also referred to the scheme for developing the port of Whampoa, a scheme which has seized the imagination of many of his predecessors but without attracting the serious consideration of foreign investors. Although the Mayor believes that the creation of a deep-sea port at Whampoa will be of great advantage to South China, the

general opinion is that the cost of dredging a silt-laden river will be enormous, and that nature has provided at Hongkong all that South China requires in the way of a port of transshipment for ocean-going vessels. Mr Tseng appeared to speak with feeling in acknowledging China's indebtedness to Great Britain for support of the currency stabilisation scheme and the promise of assistance from the export credits guarantee scheme.

STEADY BUSINESS IMPROVEMENT

The Hongkong trade statistics for the first nine months of 1936 reflect a steady improvement in business, and although the equivalent values in sterling are well below the level of 1935 there is no doubt that lost ground is being recovered. The following tables compare the Hongkong trade figures for the first nine months of this year with those of the three preceding years:—

	IMPORTS			
	1933	1934	1935	1936
	(\$ millions)			
Merchandise.....	381	302	271	319
Treasure	26	48	28	25
Total	407	350	299	344
EXPORTS				
Merchandise.....	307	237	199	245
Treasure	103	86	129	132
Total	410	323	328	377

An aeroplane mail service was inaugurated on November 5th between Canton, Hongkong and Shanghai. The machines are owned by the Chinese National Airways Corporation and call here three times a week in each direction. Communication with Shanghai and the Northern ports is now a matter of hours instead of days, and the facilities provide connection with all the various air routes over China as well as with French Indo-China.

The opening of the through railway service between Hankow and Canton seems to have been premature, as insufficient time has been allowed for the settlement of the track; and the line has been blocked on several occasions. Unfortunately the movement of troops has practically monopolised the new railway, and serious accidents have occurred as a result of overloading rolling stock. However, it is to be hoped that military demands will be ended as soon as the armies concerned have returned to their usual headquarters, and the railway administration may then be able to finish off the new track and organise a normal service.

HONGKONG, November 20.

CANADA

BALANCED BUDGET IN SIGHT

JANUARY 14th has been fixed as the date for the reopening of the Federal Parliament, and in announcing it Mr Mackenzie King declared that he saw no reason why its work should not be completed in three and a half months in time to permit a representative delegation of the Cabinet and both Houses to attend the Coronation ceremonies. This intimation is interpreted as indicating that the sessional programme will contain little controversial legislation. But, if the Cabinet, which has been lately devoting a good deal of time to the proposals for the revision of the Anglo-Canadian fiscal agreement, manages to complete a bargain with the British Government, the resulting tariff changes will almost certainly have to be included in the coming Budget; and it is highly unlikely that they will please everybody.

In his Budget speech, however, the Minister of Finance will have a much more cheerful tale to unfold; as in the first seven months of the present fiscal year, revenue, at \$267,614,147, is up by \$40 $\frac{1}{2}$ millions and expenditures down by \$5 $\frac{1}{2}$ millions. This means that the net improvement in the Budget position is already \$45 $\frac{1}{2}$ millions; and the Minister of National Revenue proclaims that a balanced Budget is now in sight.

Ministers are expected in the coming session to produce

some sort of special defence programme; and considerable controversy has developed about it between two schools of thought. One wants to confine any plans to measures affecting solely the defence of Canada's coasts, and the other favours a more ambitious programme which would enable Canada to co-operate overseas with the other partners of the Commonwealth. There has been heavy speculation in the stocks of companies which would profit by a large armament programme or by orders for munitions from Great Britain.

The Dominion Government has decided on a reorganisation of the Governmental machinery for regulating the transportation activities of the Dominion. The existing Federal Railway Commission is to be abolished, and there is to be created a New Transport Commission, equipped with very wide powers, which will exercise supervision not merely over railways, telegraph and telephone services, now regulated by the Railway Commission, but over civil aviation, canals and possibly road transport.

TEXTILE INDUSTRY SCANDALS

Mr Justice Turgeon, who with the authority of a Royal Commission has been investigating the textile industry of Canada, is nearing the completion of his hearings. The textile companies must be bitterly regretting the action of one of their number, which by closing down a rayon plant last year as a protest against the terms of the settlement of the trade war with Japan, impelled the Government to launch the present investigation. The evidence, dragged reluctantly at the hearings out of the executives of the textile companies by counsel for the Commission, is a long tale of hidden reserves, of stock splits to obscure the actuality of earnings, of tax evasions, of deplorably low wages for many workers, and of large, or at least comfortable, profits being made at periods when the manufacturers were lamenting that the protection given them was grossly inadequate. In the case of one prominent company, Canadian Cottons, Ltd., evidence forwarded by Mr Justice Turgeon to the Department of National Revenue has resulted in a summary demand for the payment of about half a million dollars of income tax, whose evasion had been achieved by a subtle plan of marking down inventories to create a secret reserve. Altogether the inquiry has shown the textile companies in a very unfavourable light; and the report which will follow is expected to put a formidable weapon in the hands of the advocates of lower tariffs.

The level of business operations has been rising in very encouraging fashion; and the general economic index of the Bureau of Statistics, which stood at 109.4 on October 31st, had climbed to 111.8 for the week ending November 14th:—

Week ending—	Car-loadings	Wholesale Prices	Bank Clearings	Economic Index
November 16, 1935	67.4	72.6	77.7	97.8
October 31, 1936	74.9	76.8	93.9	109.4
November 7, 1936	73.5	76.8	94.0	110.7
November 14, 1936	73.4	76.8	90.4	111.8

The sharp rise has been partly due to a brisk stock market boom which has caused the indices concerned with stocks to mount. But both manufacturers and merchants report a satisfactory inflow of orders, and the level of retail trade is estimated to be about 10 per cent. higher than it was a year ago. Following the example set in the United States, there have been increases of wages and dividends by various corporations, and storekeepers are making preparations for the heaviest Christmas trade for some years. The increased purchasing power of the rural communities, even in the prairie country, is now becoming manifest; and business is only backward in Alberta, where it is suffering from the uncertainties created by the financial and other policies of the Social Credit Ministry. In the West the wheat crop is being rapidly marketed, although prices have for the time being ceased to rise. On November 20th visible stocks of Canadian wheat had been reduced to 135,925,525 bushels, compared with 265,086,891 bushels recorded on the parallel date in 1935.

In the industrial field most firms are well supplied with orders for the winter. Although the textile companies are nervous about the disclosures of the Turgeon Commission, they are evidently not expecting any immediate curtail-

ment of business, as their imports of raw materials have been increasing; for example, imports of raw cotton in October amounted to 16,542,791 lbs., compared with 9,262,674 lbs. in September and 10,770,453 lbs. in October, 1935. The prosperity and expansion of the mining industry is unchecked, and the rise in the price of base metals is greatly helping the mines. In the first ten months of 1936 the gold mines of Ontario alone had an output valued at \$66,213,602, compared with a value of \$61,178,172 in the parallel period of 1935. The rises in the stock market value of the shares of some mines has been phenomenal; in June the stock of the O'Brien mine (\$1 par) was selling around 50 cents, and yesterday it sold at \$13.

Further moves have lately been made affecting the fortunes of Price Bros., the well-known newsprint corporation, which has been in liquidation for some years. Until recently it looked as if Pacona, Ltd., a company formed by the Duke Mellon and Lehmann interests of the United States, which had acquired possession of practically all the outstanding first bonds, would come into possession of all the properties of the company; but now it is announced that a syndicate headed by the Royal Securities Corporation of Montreal, and including Kitcat Aitken and Company, of London, W. C. Pitfield and Company, of Montreal, and Wood Gundy and Company, of Toronto, have underwritten an issue of \$20,000,000 worth of new bonds and \$4,268,000 worth of 20-year convertible 4 per cent. debentures. The object of the new scheme is to enable the junior security holders to preserve their equities.

OTTAWA, December 1.

LETTER TO THE EDITOR

BRITISH MONETARY POLICY

TO THE EDITOR OF THE ECONOMIST

SIR,—It was with great interest that I read the symposium on "British Monetary Policy" in recent numbers of the *Economist*. I think that it is not only the British people who have to be grateful to you for having arranged this inquiry among prominent British economists, but that all other countries are interested in this discussion as well. It seems to me that although your questions were put in a most appropriate way, the problem has not been fully covered.

I am of the opinion that in solving the problem which an eventual boom will constitute, the political and not the economic factors will determine the action of the responsible authorities. There seems to be ample reason to believe that a Government, facing the necessity to stop a menacing boom, will lack not only the courage but the political power to act according to the rules of modern economic theory. Furthermore, it is to be feared that even if the boom should be checked deliberately, the Government would soon be compelled to fight against the following unavoidable deflation by organising public works on such a large scale that not merely would the designed re-adjustment not be attained, but a new inflationary movement would be started. A large part of public works undertaken to ease unemployment does not concern self-supporting enterprises. They therefore add little to the wealth of a nation, nor does rearmament, which necessarily does not enrich a country but impoverishes it. If the national wealth is reduced by spending money in this way, the ultimate consequences must injure the currency.

The answers received from the economists you have consulted show clearly that a real boom must arise in the long run if money rates are kept low. It seems that the views of Mr Keynes are governing British monetary policy more than those of any other English economist. For the moment the danger of a boom may seem somewhat remote; but the problem will not be facilitated by the inclination of the British Government to finance at least part of re-armament by loans, contrary to the advice given by the five economists. Public works, too, will probably be kept to the necessary extent; and although international trade is rising, I do not think that exports will in the near future absorb the remaining unemployment. On the contrary, if prices and costs of living are rising, the opportunities before British exporters must diminish. Therefore, the internal character of the trade cycle will unfortunately be preserved. On the other hand, there is little hope of offsetting the effects of an eventual internal deflation by reinforcing exports.

Further, the British trade balance shows a growing deficit, since the internal recovery surpasses by far the recovery of world trade. This deficit is actually being met by invisible exports and revenue from overseas investment. But is there not a danger that sterling will not stand the combined strain of the trade balance on the one side and the undervalued dollar on

the other? What will happen when the trade balance deteriorates further in the middle of a real boom. No doubt, the present flow of capital to the United States will cease some time, even in the near future, if Mr Roosevelt succeeds in keeping his country clear of further "hot money," or if a sudden break occurs on the New York Stock Exchange, which would induce foreign capital to withdraw. But is such a development in sight? It seems, on the contrary, that our political uncertainties are still a powerful factor in swelling this flow of European capital, British included. Now is the British Government prepared to meet a further outflow of capital, attracted to the United States by the hope of gainful investment and better political security, by raising money rates which would mean an interruption of recovery even before a boom occurs?

I am of the opinion that the "shoulds" and "oughts" which were expressed in the symposium by the five economists will not prove to be practicable to the necessary extent, owing to political and social reasons as well as circumstances which are not under the control, at least not to their full extent, of the will of the British Government. This does not mean that I am thoroughly pessimistic about the possibilities of combating a boom; also no boom will continue endlessly. The opinion of Mr Keynes to-day still lacks confirmation by events. But I think there is to-day no Government which would not do all it could to avoid a new deflation; the only alternative is a new devaluation which would ignore the claims that wage-earners are not willing to give up deliberately. For by devaluing the currency purchasing power would be reduced in order that the trade balance might come into equilibrium again.

There is ample reason to believe that the present unfavourable British trade balance will not endanger the stability of sterling

now or in the near future, at least as long as the outflow of money to the United States does not grow. But the danger will be imminent as soon as a real boom occurs. The strain on sterling then arising cannot, as I believe, be eased by deflation; on the contrary a more or less deliberate devaluation must follow. This may be the concern of a rather remote future; but I fear that when such grave decisions are called for there is little chance that the measures which the five eminent economists prescribe will be followed.

There remains one further question: the present strain on sterling exerted by the undervalued dollar. I am of the opinion that it should be the task not of British monetary policy but of the monetary policy of the United States to ease this pressure; for the present flow of money into the United States must be considered as a proof of the undervaluation of the dollar. This undervaluation could be corrected by a new devaluation of sterling and all currencies linked to it; but nobody seriously proposes such a possibility, since it would disturb the whole world. Another much simpler solution would be so to revalue the dollar as to bring dollar and sterling into effective equilibrium. The task of the currency authorities in all other countries would be thus made easier.

Unfortunately, these considerations are of only theoretical value, as there is little prospect that the Government of the United States will act in this way. Moreover, there seems to be no danger, or at least not an imminent one, either for sterling or for any other of the principal currencies, provided that the present flow of capital to the United States is not accentuated sharply.

Zurich.

Yours faithfully,
WERNER BÄR.

BOOKS AND PUBLICATIONS

REALISTIC ECONOMICS*

MR MEADE'S object in this book is to set out in intelligible form the main body of assured economic principles, as it has emerged from the experience and discussion of the last ten years. He succeeds in a very remarkable, and in some respects unique, degree. If there is any book from which the interested layman or amateur economist can easily and enjoyably assimilate the more important and concrete conclusions of modern economic reasoning, it is assuredly this. Mr. Meade has not only a thorough understanding of the more recent and abstruse economic controversies, but also—which is rare, indeed, among academic writers—a conspicuous talent for lucid and unambiguous exposition.

To read Mr Meade's book is to realise the terrible extent to which economic text-books have suffered in the past from two unrealistic assumptions: first the assumption that all the available resources of production are normally fully employed; and secondly the assumption that "perfect competition" prevails throughout the greater part of the real business world. Mr Meade, in accordance with the recent trend of economics, makes neither of these assumptions. Indeed, he specifically assumes that unemployment or under-employment of labour and capital, and a greater or lesser degree of "imperfect competition," actually predominates in the real world. This at once gives his book a realistic atmosphere which will dispel the feeling experienced by the layman in reading most economic text-books that what he is reading about has no ascertainable connection with any visible world.

Mr Meade starts with the assumption that general unemployment exists throughout the economic system. This brings him at once to the problems of over-capacity and of deficiencies in purchasing power, and to the various familiar perplexities raised by Major C. H. Douglas and others. He clears up, simply and intelligibly, the controversy about divergences between saving and investment, and he discusses with admirable balance the parts to be played by banking policy, public works, and direct Governmental control of investment and consumption in the task of combating depressions and maintaining full employment.

Next Mr Meade explains the meaning of "perfect competition," analyses its advantages and disadvantages, and proceeds to a similar estimate of the significance of imperfect competition. Here, Mr Meade writes with quite

exceptional clarity: and those who wish to appreciate the important new developments of economic theory that have followed the recent work of Mrs Robinson and others should at least read this part of Mr Meade's book. They will conclude from reading it that economic theory has been brought into far closer relation with the facts of the business world by the discussions of recent years.

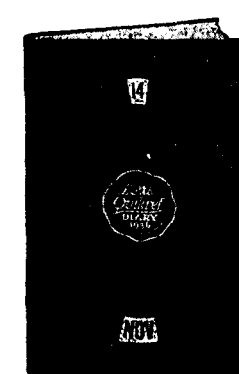
Finally, Mr Meade considers the distribution of income, the possibilities of re-distributive taxation, the supply of the primary factors of production, and the whole group of international economic problems connected with the gold standard and the international movement of trade and capital. On this last group of problems he has perhaps less to say that is new to the instructed layman; but he writes none the less with consistent clarity and good sense.

One can but hope that Mr Meade's book will have a wide circulation, and that our future rulers will begin the study of economics by reading and inwardly digesting it.

BUSINESS DIARIES

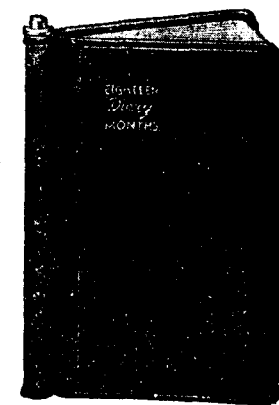
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* "An Introduction to Economic Analysis and Policy." By J. E. Meade. 388 pages. 10s.

SHORTER NOTICES

"Alternative to Re-armament." By Jonathan Griffin. London: Macmillan. 215 pages. 6s.

Mr Jonathan Griffin has written a careful, well-documented, stimulating little book. He is concerned to devise an alternative to unilateral re-armament as a defence policy for this country; but an alternative which will not prove provocative to potential aggressors, and which will both permit of co-ordinated international limitation of armaments and a high degree of collective security from any wanton aggressor. Mr Griffin shows convincingly that British defence policy confined to Western Europe (Locarno region) is now out of date and dangerous; it does not save the West in the long run; it stimulates war preparations in other parts of Europe; these react on British, French, Belgian policies, armaments, etc.; and in the end the spiral of armaments goes on rising.

His solution is that advocated by him in an earlier book: an international air force of bombers, maintained at a superior level to the combined forces of all countries outside a collective defence agreement. This agreement must be virtually all-European; national contributions of machines and finance will need to be co-ordinated; the international force would be split and stationed at many points. Mr Griffin surely underestimates the strategical dangers attending the force itself: it would be an invitation to the aggressor; control of the whole force would in itself be a kind of League Council—surely no General Staff; and there might be very little arms limitation for a long time! But his book bears the imprint of thoughtful anxiety over this country's desperate recourse to mere unilateral re-armament. It should be read.

"Karl Marx: Man and Fighter." By Boris Nicolaievsky and Otto Maenchen-Helfen. Methuen. 391 pages. 12s. 6d.

This book shows us Marx as a man of action. The last quarter of the book is the best; and the chapter on Bakunin is, in fact, better than anything on Marx. But the test of biographies of Marx is their treatment of the year 1848; and this book, unfortunately, makes that year appear dull and uninteresting. The chapters on Germany after 1848-9 are particularly chaotic, and the whole 1849-62 period is unnecessarily confused. Moreover, the book records whole trains of events without any apparent consciousness that there are problems to solve: such as the problem why Marx and Engels calmly assassinated the First International at The Hague in 1872.

The authors claim to have handled many first-hand and trustworthy new documents. They have certainly made two historical discoveries: (1) that it was as a result of representations by the Russian Government that the *Rheinische Zeitung* was prohibited in 1843; and (2) that Engels had a carefully thought-out plan of British intervention to help the First French Republic. But apart from these points—which, though interesting, are not of revolutionary importance—there is little that is new, save a few minor details. Further, it is irritating to find nothing said about the contents of the Lassalle-Bismarck letters, since their discovery in 1927 is so much emphasised. However, the book has some merits, and at least communicates a sense of the activity of Marx's life.

"Introduction to Corporate Finance." By John C. Baker and Deane W. Malott. McGraw-Hill. 382 pages. 18s.

The Harvard "Problem Books" have no counterpart in this country. They are designed, primarily, to confront the university student or post-graduate with facts arising from actual business situations, for his analysis and decision. The "case book" method is particularly useful in anticipating the experience which the student of business administration and finance must eventually acquire in negotiation round the table.

The present volume departs from the accepted pattern by including a series of paragraphs introductory to the various sections, which are intended to assist the elementary student. In fact, the cases themselves cover a wide range of problems, and present a necessary degree of analytical difficulty. No one should come to this book expecting a system of settled conclusions. It poses problems, but avoids specific solutions. And the value of the examples does suffer a significant sea change in their journey across the Atlantic. Nevertheless, investment experts on this side and those who find the fascination of a financial problem as irresistible as the output of the professional puzzle devisers, will find material here for sharpening their wits and enlarging their experience.

"La Monnaie Française Depuis la Guerre, 1914-1936." By Gaston Pirou: Librairie du Recueil Sirey, Paris.

This short book on the monetary problem in France (naturally written before devaluation) is the production of an

expert; for the author is a young and eminent professor of political economy at the University of Paris. M. Pirou observes that France's recent difficulties were a consequence of war. War was financed in Great Britain by a credit inflation and in France by a fiduciary inflation. The inflation was provisionally liquidated by the amputation of the franc by four-fifths of its former gold value; and the franc was stabilised by the law of 1928 on a new gold parity.

M. Pirou rehearses the arguments for and against devaluation as they presented themselves to an impartial observer last summer. He concludes that after a period of "autarky" and New Deal, devaluation must come. He also hopes to see it accompanied by important economic reforms. Events seem to be proving him right.

BOOKS RECEIVED

Spain in Revolt. By Harry Gannes and Theodore Repard. (London) Gollancz. 287 pages. 5s. net.

Pillars of Cloud. By John Scanlon. (London) Chapman and Hall. 320 pages. 5s. net.

Principles and Problems of Economics. By O. C. Ault and E. J. Eberling. (London) Longmans, Green and Company, Ltd. 843 pages. 21s. net.

A History of American Life. Vol. IX. The Nationalising of Business, 1878-1898. By Ida M. Tarbell. (London) Macmillan and Company, Ltd. 313 pages. 20s. net.

Ebb and Flow in Trade Unionism. By Leo Wolman. (London) Macmillan and Company, Ltd. 251 pages. 10s. 6d. net.

Dividends on Co-operative Purchases. By J. A. Hough. (Manchester) The Co-operative Union, Ltd., Hanover Street. 187 pages. 7s. 6d. net.

Official Year Book of the Union of South Africa and of Basutoland, Bechuanaland Protectorate and Swaziland, 1934-36. Edited by A. W. Carruthers. (Pretoria) Office of Census and Statistics. 1,207 pages. No price stated.

More For Your Money. A Buyer's Guide. By H. Bennett. (London) E. and F. N. Spon, Ltd., 57 Haymarket, S.W.1. 251 pages. 5s. net.

Consumption and Standards of Living. By C. C. Zimmerman. (London) Williams and Norgate, Ltd. 602 pages. 16s. net.

Work and Rhythm, Food and Fatigue. By E. Roland Williams. (London) Allen and Unwin. 55 pages. 2s. net.

The Income Tax in Great Britain and Roumania. A Comparative Study. By V. G. Vasilin. (Bucharest) Tip. I. C. Văcărescu. 416 pages. No price stated.

The Truth About Interest. By W. Brown. (London) Oliver and Boyd, 33 Paternoster Row, E.C. 47 pages. 1s. net.

The Theory of Gold Supply, with special Reference to the Problems of the Witwatersrand. By W. J. Bresschau. (London) H. Milford. 193 pages. 10s. 6d. net.

The Agricultural Landowner's Handbook on Taxation. (England and Wales.) Fifth Edition (1936) Revised and Enlarged. By R. Strachan Gardiner. (London) Central Landowners' Association, 7 Charles Street, S.W.1. 251 pages. Limp cover, 6s. net.

Ungarns Handel und Industrie im Jahre 1935. Issued by the Budapest Handels-und Gewerbekammer. (Budapest) Verlag der Budapest Handels-und Gewerbekammer. 241 pages. No price stated.

OFFICIAL PUBLICATIONS

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

Education in 1935. Cmd. 5290. 3s. 6d. net.

Public Social Services: Return showing total expenditure in England and Wales under certain Acts of Parliament for the year 1935, etc. Cmd. 5310. 4d. net.

Report of the Royal Commission on the Private Manufacture of and Trading in Arms (1935-36). Cmd. 5292. 1s. 6d. net.

Department of Overseas Trade: Report on Economic and Commercial Conditions in Japan, June, 1936. 2s. 6d. net. *Report on Economic and Commercial Conditions in Denmark, August, 1936.* 1s. 6d. net. *Report on Economic and Commercial Conditions in Canada, 1935-36.* 3s. 6d. net. *Report on Economic and Commercial Conditions in Belgium in 1935.* 2s. net. *Report on Economic and Commercial Conditions in Norway, June, 1936.* 2s. net.

Ministry of Agriculture and Fisheries: Report on the Work of the Land Division of the Ministry for the year 1935. 1s. net.

Imperial Economic Committee: A Survey of the Trade in Electrical Machinery and Apparatus. 2s. 6d. net.

Licensing Statistics, 1935. Cmd. 5304. 1s. 3d. net.

Scotland: Criminal Statistics, 1935. Cmd. 5299. 1s. 3d. net.

MONEY AND BANKING

THE WESTMINSTER BANK'S CENTENARY

THIS year is the centenary of two of the leading British joint-stock banks. Ten months ago the Midland Bank published its biography, under the title of "A Hundred Years of Joint-Stock Banking," and we reviewed this book in our issue of February 22nd. We have now received the Westminster Bank's official biography, written by Professor Gregory, and entitled "The Westminster Bank Through a Century."* The work, which is excellently printed by the Curwen Press, contains reproductions of several old prints, together with portraits of leading bankers who were connected with the Westminster. The historical chapters are well documented, and Professor Gregory has completed a capable, conscientious and authoritative work with biographies of such well-known figures as Vincent Stuckey, Lord Overstone, Gilbert, Bagehot and Walter Leaf. Bagehot's inclusion may come as a surprise to some of our readers. In his early days, however, that famous editor of the *Economist* was connected with Stuckey's Bank, which is now an important constituent of the Westminster Bank.

The biographers of the Midland Bank described it as having sprung from "a small bank in a provincial town, jostling in keen competition with several already established institutions." The London and Westminster Bank had a very different birth. The Bank Charter Act of 1833 definitely established the right of any body politic or corporate, or society, or company, or partnership, although consisting of more than six persons to carry on banking business in London, or within sixty-five miles thereof, provided that it did not, in effect, issue notes. The Bank of England and the private bankers retained their right of note issue within this radius, but the joint-stock companies were enabled to carry out all other forms of banking.

The passage of the Act coincided with a period of rapid industrial expansion, when business was beginning to pass into the hands of the joint-stock companies. In 1833 the idea was first mooted of the establishment of a joint-stock bank in London. The project rapidly bore fruit, and in spite of strenuous opposition of the Bank of England (which still regarded itself as a commercial bank), the London and Westminster Bank was born. For many years it fought, as a sole pioneer, the battles of the joint-stock banks. It had to win its place in London; to obtain the right to sue and be sued as a company, to accept bills, to maintain a drawing account at the Bank of England, and to take its seat in the Bankers' Clearing House. These rights were secured only after a protracted struggle, and the last defences of the opposition were not carried before 1854. Thus for nearly twenty years the London and Westminster Bank would rightly regard itself as the protagonist of British joint-stock banking.

In 1854 it entered upon a more mature existence, ably described by Professor Gregory in a chapter headed "Factors of Change," in which the burning question of "limited" versus "unlimited" liability for shareholders is discussed. But the London and Westminster Bank was only one of the constituents of the Westminster Bank of to-day, and we must now turn to the history of the London and County Bank and Parr's Bank.

The London and County Bank was originally founded in 1836 under the name of the Surrey, Kent and Sussex Banking Company. Its early history was distinctly chequered. It survived a chairman who committed suicide after serious defalcations and at least two general managers whose appointments were terminated either through irregularities or through a quarrel with the board. Gradually it passed through its growing pains and developed into a "country bank." It established an important network of branches

in London and in the small towns and agricultural districts of the Home Counties. Inevitably it had to meet the charge that it drained the agricultural counties of funds for employment in London. It made the effective reply that it used as much of its funds as it could for financing both farmers themselves and also the important local industries of such towns as Reading and Luton. Only the surplus, for which there was no demand, gravitated to London.

Parr's Bank was an old-established private banking company of Warrington, which became a joint-stock bank in 1865. Originally confined to Lancashire, it rapidly expanded by means of numerous absorptions. Its earliest amalgamations were confined to Lancashire and the neighbouring counties, but in 1891 its absorption of the London house of Fuller, Banbury, Nix and Company gave it a London office and a seat in the Bankers' Clearing House. A year later it absorbed the Alliance Bank, originally founded as the Alliance Bank of London and Liverpool, Ltd. This bank had passed through many vicissitudes in its time, in the course of which its Liverpool business had been taken over by the National Bank of Liverpool. The London section of the Alliance Bank had also to be reconstructed, but during the latter part of the century it made steady progress, which continued up to the date of its absorption by Parr's Bank. Parr's Bank also took over, in 1895, another London institution, the Consolidated Bank, which had had various troubles—including an abortive attempt in 1866 to absorb the Bank of London, then in low water as a result of that year's financial crisis. The Consolidated Bank, however, succeeded in re-establishing itself, and from 1870 onwards shared in the general progress of the British joint-stock banks. Its absorption gave Parr's Bank its Threadneedle Street office, after its head office had become established in Bartholomew Lane, at the premises of the old Alliance Bank. The London and Westminster Bank was then in Lothbury on the site of the present head office of the Westminster Bank, while the London and County Bank was in Lombard Street.

Such was the position in the early years of this century, immediately before the period of the big banking amalgamations. The first step was a merger of the London and County and the London and Westminster Banks in 1909, the terms of which are fully described by Professor Gregory. Meanwhile, Parr's Bank had made two very important absorptions in the country. In 1908 it took over Stuckey's Banking Company, Ltd., thus making a very important acquisition in the West of England. In 1913 it absorbed Crompton and Evans' Union Bank, Ltd., the largest and most famous of the Derbyshire banks. Thus, when the war broke out, Parr's Bank was well established in Lancashire, London, the Midlands and the West of England, whereas the London, County and Westminster Bank was active in London and the Home Counties. Geographically, these institutions were complementary to each other, and the union of their forces could not fail to add to the strength of both. This took place in 1918, the new combine being described as the London, County, Westminster and Parr's Bank, Ltd.—shortened a few years later, by common consent, to Westminster Bank, Ltd. Even then, the process of amalgamation was not quite complete, and in 1921 the absorption of Messrs Beckett and Company gave the bank an important Yorkshire business and its present chairman.

Such, briefly, is the Westminster Bank's history. It is a story not only of banking but of personalities, from Gilbert to Walter Leaf. Parr's Bank has made its contribution, for in John Dun it had, at the end of last century, one of the most famous bankers of the time as its general manager. Nor should the personal contributions of the country banks be overlooked. Stuckey's Bank produced first Vincent Stuckey and later Walter Bagehot. Crompton and Evans' Union Bank gave the Westminster Bank a

*"The Westminster Bank Through a Century." T. E. Gregory. Oxford University Press. Two volumes. 30s. net.

successor to Walter Leaf, in the person of Mr R. H. Tennant, who, by a sad coincidence, died a few days ago, almost on the date of the publication of the bank's centenary volume. A final personal reminiscence, brought to light in this book for the first time, is that Lord Overstone, that great private banker, ultimately brought himself to support the absorption of his own business by the London and Westminster Bank. In so doing he recognised the fact, only too evident to the older generation of the middle of last century, that the day of the private banker was passing, while that of the big joint-stock bank was near at hand.

During post-war years the Westminster Bank has had a reputation for taking the best of the business which was offering and leaving the remainder to others. Though it is not the largest of the Big Five, the high quality of its business is universally recognised. In the days immediately following the war it refused to join in the race to establish the greatest number of new branches. Walter Leaf, in his text-book on banking published in 1926, emphasised the number of years necessary before a new bank became a source of profit instead of loss, and there is abundant evidence that the board of management of the Westminster Bank appreciated this advice. Yet in paying due respect to conservatism and prudence (which, after all, is the hall-mark of British banking to-day) let us not forget the pioneer struggles of the old London and Westminster Bank or the growing pains of its contemporaries. In those years British banking built up its character as well as its strength. The unique stability of the present system is no more than the legacy of those difficult years.

FINANCIAL NOTES

Lombard Street and the Crisis.—The anxieties and developments of the past week had little effect in Lombard Street. There was never any suggestion of raising Bank rate and early in the week there was no serious pressure for funds. On Thursday, however, money did become rather scarce. None of the clearing banks were free lenders, and in only one case was there a definite reason, namely a previous purchase of bills. The shortage was partly due to continued expansion in the note circulation, but there was also an increase in public deposits, which took cash out of the banks. Still there was no definite explanation, and there was a feeling that several of the banks were keeping cash in hand in case of eventualities. Bill brokers had difficulty in meeting their needs, and while some were able to renew loans at the normal rates of $\frac{1}{2}$, $\frac{3}{4}$ and 1 per cent., others had to pay $\frac{1}{4}$ per cent. extra on all three classes of loans. There was no borrowing at the Bank, but the authorities had to assist the market by buying early March bills at $\frac{3}{8}$ per cent.:

	Nov. 19, 1936	Nov. 26, 1936	Dec. 3, 1936	Dec. 10, 1936
Bank rate.....	2	2	2	2
Clearing banks' deposit rate ...	$\frac{1}{2}$	$\frac{1}{2}$	$\frac{1}{2}$	$\frac{1}{2}$
Short loan rate:—				
Clearing banks	$\frac{1}{2}$ – $\frac{1}{2}$ *	$\frac{1}{2}$ – $\frac{1}{2}$ *	$\frac{1}{2}$ – $\frac{1}{2}$ *	$\frac{1}{2}$ – $\frac{1}{2}$ *
Others	$\frac{1}{2}$	$\frac{1}{2}$	$\frac{1}{2}$	$\frac{1}{2}$
Discount rates:—				
Treasury bills	$\frac{1}{2}$	$\frac{1}{2}$	$\frac{1}{2}$	$\frac{1}{2}$
Three months' bank bills	$\frac{1}{2}$	$\frac{1}{2}$	$\frac{1}{2}$	$\frac{1}{2}$

* 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.

† This week's rates were $\frac{1}{2}$; $\frac{1}{2}$ – $\frac{1}{2}$; and 1– $\frac{1}{2}$ per cent., for the three classes of loans, respectively.

Last week's Treasury bill tender rate was 15s. 9.73d. per cent., or over $\frac{3}{8}$ per cent. The preceding week's rate was 11s. 5.20d. per cent., or just over $\frac{1}{8}$ per cent., but the intervening advance is seasonal, as the banks do not buy many bills while the Christmas currency is going out. Since early November the tender issue of Treasury bills has risen from £603 millions to £617 millions, owing to a drop in the Departments' floating assets from £266 millions to £232 millions. This last may be due either to the French gold shipments or to departmental subscriptions to the new Funding Loan.

The Bank Return.—This week's increase of £7.3 millions in the note circulation came as a pleasant surprise to some people who were afraid that the crisis was checking Christmas trade. This last increase is well up to normal, and makes the total expansion to date £14 millions:—

	BANK OF ENGLAND				
	Dec. 11, 1935	Nov. 18, 1935	Nov. 25, 1935	Dec. 2, 1935	Dec. 9, 1935
Issue Department:—	£ mill.	£ mill.	£ mill.	£ mill.	£ mill.
Gold	199.4	248.7	248.7	248.7	248.7
Note circulation	410.9	444.9	445.6	451.6	458.9
Banking Department:—					
Reserve	49.1	64.6	63.8	57.6	50.5
Public deposits	6.8	14.1	12.1	10.6	17.5
Bankers' deposits	94.4	96.1	97.6	99.1	87.0
Other deposits	37.2	44.7	41.7	41.1	38.9
Government securities ...	84.2	79.0	78.2	82.4	81.7
Discounts and advances ..	10.1	7.4	6.8	8.5	8.1
Other securities	12.9	21.7	20.4	20.2	20.9
Proportion	35.4%	41.7%	42.1%	38.1%	35.2%

Currency withdrawals have reduced both the Reserve and bankers' deposits, and the latter have been further depleted by an increase in public deposits. This sharp drop in bankers' deposits came at a time when the banks naturally desired to have a good cash margin in hand, and this explains the greater stringency in the money market.

The Foreign Exchanges.—Sterling has stood up well during the crisis, but like the Stock Exchange the foreign exchange market was naturally susceptible to the sequence of rumours and events. On Thursday morning the spot New York rate weakened from \$4.90 $\frac{1}{2}$ to \$4.89 $\frac{1}{2}$, but as the situation clarified sterling recovered to \$4.90 $\frac{1}{2}$, which is a higher rate than was current in early November. Forward dollars were bid for more freely at slightly wider premiums. The franc has remained pegged in Paris at Frs. 105.15, but on Tuesday it was firmer, as some operators found that they had over-bought sterling and dollars. Subsequent French sales of dollars helped to support the pound in New York. The repayment of the French credit is discussed in the following note. There is still need of a relaxation of the penal taxation on French gold profits, and it is believed that the French Government is coming to realise that this taxation is preventing the repatriation of funds. Swiss francs remain steady. There has been a continuous demand for guilders, which is only met by sales by the Dutch Control. The Dutch policy is to keep the spot rate at Fl. 9.00–9.03, or a depreciation against the dollar of about 20 per cent., but the Dutch Exchange Fund must now be so full of foreign exchange that it must soon either be enlarged or cease operating. In the latter event the spot rate will fall to Fl. 8.50. Forward guilders are also firmer.

The French Credit and Gold.—During the past three weeks £23.0 millions of gold have been imported into England from France, and it has been generally assumed that these shipments were made to cover the repayment of the French credit of £40 millions. Up to and including December 11th £28 millions had been repaid. This view is now confirmed by the latest return of the Banque de France, dated December 4th:—

	Nov. 27	Dec. 4	Change
Gold	64,359	60,359	– 4,000
Provisional advances to State	12,298	12,998	+ 700
Note circulation	86,651	87,273	+ 622
Reserve ratio	63.2%	61.6%	...

Taking the sterling exchange at Frs. 100, the authorities have taken gold up to the full amount of the sum due to London out of the Banque de France and have presumably transferred it to the French Exchange Fund, which is shipping it over to London as the successive instalments on the French credit fall due. Details of deposits at the Banque de France were not available when we went to press, but total liabilities were reduced by Frs. 3,776 millions. As the note circulation has risen, there must have been a substantial reduction in Treasury deposits at the Banque in addition to the increase in provisional advances. On

arrival in London the gold may have been taken over by the British Exchange Equalisation Account, as the Bank of England's gold is unchanged. This may explain part of the recent drop of £30 millions in the floating assets of the Departments.

Argentine Exchange Alteration.—On Thursday it was announced that the official import rate had been reduced from Pes. 17 to Pes. 16 to the pound sterling. The official export rate remains unchanged at Pes. 15 to the pound, so that the immediate effect is that the Government sacrifices half its profit on official exchange dealings. This loss is rendered less serious by the recent rise in the prices of agricultural produce beyond the point where they qualify for subsidy from exchange profits. As we pointed out last week, Argentina's foreign exchange position had improved so much as to bring the "free" rate practically down to the official import rate. Last week-end it fell below the official import rate, and to correct this anomaly the authorities were forced to reduce the latter rate. The free rate at once fell to Pes. 16.30, so that even the official rate of 16 pesos may not be tenable. Last season's maize exports were a record, and next season's promise well. The fine cereal crops are also very promising. A good average wheat harvest is assured, and will begin to come on the market before the end of this year. It is significant that the new Anglo-Argentine Agreement only extends preferential exchange treatment to Great Britain "so long as any system of exchange control remains in Argentina." The Argentine Government may well have felt precluded from removing exchange control immediately after the signature of the new Agreement, and may also be waiting for the end of the year, when the arrangement extending a preferential remittance rate of 16 pesos to the railway companies expires. The railway preference has now disappeared with the reduction in the import rate, and it looks as if the whole system of exchange control may be shortly removed. Possibly the existing 20 per cent. surcharge may be continued in the form of a preferential tariff on imports from countries with whom Argentina has an active trade balance. In any case Argentina need not fear that the removal of exchange control will be unwelcome to England.

November Clearing Bank Averages.—Thanks to the release of funds from public deposits early in November, the clearing banks have been able to replenish their cash. The latest returns of the ten English clearing banks show that cash has risen by exactly £6 millions, which is a little greater than the expansion in their deposits. The result is that their cash ratio has risen from 9.95 per cent. in October to 10.2 per cent. last month and so is once more above the traditional minimum of 10 per cent.:

	(In £ millions)					
	Nov., 1935	Oct., 1936	Nov., 1936	Sept., 1936	Oct., 1936	Nov., 1936
	(a)	(a)	(a)	(b)	(b)	(b)
Capital and reserves	125.7	125.8	125.8	131.8	131.8	131.8
Acceptances, etc.	97.4	96.1	99.2	101.8	102.9	106.6
Deposits (including undivided profits, etc.)	2,002.0	2,164.8	2,171.3	2,219.7	2,243.3	2,249.0
Total liabilities	2,225.1	2,386.7	2,396.3	2,453.3	2,478.0	2,487.4
Cash	211.0	215.7	221.8	226.1	223.6	229.6
Cheques, balances and items in transit	50.0	58.7	62.1	56.9	60.4	64.2
Money at call	142.3	150.1	165.5	161.2	158.9	174.3
Discounts	291.6	341.1	320.4	342.1	349.2	327.1
Investments	604.5	611.4	610.8	632.7	640.0	640.2
Loans and advances	759.3	845.1	848.0	862.5	872.9	875.3
Investments in affiliated banks	25.1	25.2	25.2	25.2	25.2	25.2
Cover for acceptances, pre-mises, etc.	141.3	139.4	142.5	146.6	147.8	151.5
Total assets	2,225.1	2,386.7	2,396.3	2,453.3	2,478.0	2,487.4

(a) Excludes District Bank.

(b) Includes District Bank.

Lately the banks have reduced their bill purchases, so as to strengthen their cash position in readiness for the Christmas currency withdrawals and the New Year balance sheets. This has forced the discount market to take up more bills, and so it is not surprising to see the drop in the banks' discounts offset by an increase in their call and short loans. The expansion of £2.4 millions in advances

possesses a concealed significance, for it masks the repayment of the first £16 millions of the French credit, part of which had been advanced by the joint-stock banks. After allowing for the effect of this upon the banks' average advances for the whole month, there may really have been an increase of some six or seven millions in advances. Thus the demand for bank credit is growing.

The National Bank of Scotland.—The latest accounts of this bank provide further evidence of the year's expansion in Scottish banking resources. Last year's drop in deposits has now been reversed, and deposits are now higher than they were two years ago. There has been an expansion in the note circulation, which is now nearly 16 per cent. higher than it was two years ago:—

	October 31st		
	1934	1935	1936
Liabilities:—	£'000	£'000	£'000
Capital	1,100	1,100	1,100
Reserve fund	1,550	1,550	1,600
Note circulation	2,354	2,596	2,720
Deposits	35,724	35,213	36,532
Acceptances	734	728	1,078
Endorsements, etc.	1,155	1,327	1,125
Assets:—			
Cash	3,194	3,201	3,129
Balances and cheques	1,810	1,649	1,646
Call and short money	5,114	4,641	5,006
Investments	17,248	18,688	19,241
Discounts	1,756	1,014	1,303
Advances	11,215	10,902	11,276
Net profits	272	270	272
Dividend	16%	16%	16%

Among assets, cash is slightly lower than last year, but there has been a big expansion in call and short loans. These changes are probably due to the general position of the money market at the end of last October, which was commented upon by us at the time, and so does not represent any alteration in the policy of the bank. The rise in advances appears small, but an increase of £407,000 in ordinary advances was partly offset by a drop of £33,000 in loans on stocks and other securities. In actual fact the total volume of ordinary advances has risen since last year by 4.3 per cent. Net profits have returned to their 1933–34 level, and this year £50,000 is being allocated to the reserve fund, the appropriation for heritable property being reduced from £80,000 to £30,000. Allocations to pensions and widows' fund are the same as last year.

The Discount Market "Syndicate."—From time to time, the Saturday morning report on the preceding day's Treasury bill tender alludes to the fate of the "syndicate." At one time it may transpire that "the syndicate partially missed the tender," while another week the syndicate may be successful. Like most technical terms, this expression suggests rather more than it means. In days now past and gone, a limited number of the larger houses used to consult informally on Friday morning and more or less agree upon a rate at which they would all tender for Treasury bills. During the last few years, however, it has been patent to all that as a rule the tender rate will usually be only a matter of pence above $\frac{1}{2}$ per cent., and so no applicant for Treasury bills has very much latitude. The result is that a new and much looser syndicate has come into being, which now comprises most discount houses, but excludes the clearing banks and merchant bankers. This new syndicate naturally discusses the likely tender rate on Friday morning, and by the time the tender opens most members have a fairly close idea of the best rate at which to tender. Occasionally a "lone wolf" in the form of some foreign bank or British insurance company or financial institution may come in unexpectedly and outbid the market, and then "the syndicate misses the tender." While the system saves the authorities from the trouble of having to deal with widely divergent applications, there is no official attempt to influence in advance the syndicate's rate. Instead, the authorities can manipulate the rate, if desirable, either by open-market operations or more simply by "cutting the top off the tender"—that is, by not allotting all the bills offered. As we have suggested, the term "syndicate" suggests far more mystery than really exists.

THE STOCK EXCHANGE

CONTROLLING WALL STREET

The following analysis and appreciation of the rôle of America's Securities and Exchange Commission has been contributed by Mr A. Wilfred May, a financial economist and former Special Economic Expert of the Commission.

THE Securities and Exchange Commission is an integral part of the machinery of America's New Deal. Its historical background explains and even excuses many features which at first sight may appear extreme and anomalous to British observers. From Wall Street's earliest days, when share transactions took place under a button-wood tree, up to quite recently, American securities law was a spasmodic hotch potch of civil and criminal statutes, enacted separately by individual States of the Union. The public attitude was one of complacent unconcern, until the devastating collapse of the boom of the nineteen-twenties brought the nation's entire credit, banking and business structures to the verge of catastrophe. Evolution thereupon became revolution, and from 1933 onwards the Federal Government assumed affirmative, full, and continuing control of security business. This control, it is generally admitted, has come to stay. Even if the Republican party had been returned to power at last month's elections, federal security regulation might have been curtailed, but would undoubtedly have remained.

The Federal Government's control has been embodied in three successively enacted laws. The Securities Act of 1933 (the so-called "Truth in Securities Act") has the fundamental purpose of enabling the public to make an intelligent appraisal of newly offered issues. It seeks to achieve this purpose by requiring initial full disclosure of corporate information. Both a "registration statement" and a full prospectus are demanded from those who issue new securities. The former must include a specified mass of information, must be signed by a majority of the issuer's Board of Directors, and must be filed with the Securities and Exchange Commission. Every offer for sale made thereafter by an issuer, underwriter or dealer must be accompanied by an unabridged and voluminous prospectus, whose sheer bulk has been said by a London banker to rival that of the Telephone Directory. Criminal and civil liability attaches to issuers, directors, and all officers, accountants and underwriters who sign the document if it contains a materially untrue statement, or omits a prescribed piece of information, or is guilty of any other material omission. In short, *caveat venditor* has definitely replaced *caveat emptor*. In practically every heading this statute is far more stringent than the corresponding British or Continental laws.

The second law, in which the Government's policy has found expression, is the Securities Exchange Act of 1934, which has three spearheads of attack. The first is the regulation of speculative credit; the second is the compulsion of continuing disclosure of company information and the abolition of "corporate" abuses; and the third, the regulation of market and trading practices. Its loan provisions are designed to prevent a recurrence of the situation in the last decade, when the nation's banking system threatened to become engulfed in the speculative maelstrom. These borrowing restrictions, which are administered by the Federal Reserve Board, limit the credit which may be extended on "margin" both to clients and to brokers and dealers. For margin borrowing, the minimum ratio of collateral is now 55 per cent. of market value; and since last May this limit has been applied uniformly to loans on securities made both by brokers and by all commercial banks. This part of the Act has been bitterly criticised by brokers and investment houses who contend that the restrictions have punitively curtailed the volume of trading, "frozen the market," and expelled business to London. The Act also requires the periodic filing of detailed corporate balance sheets and income statements. It regulates proxy solicitation and insiders' per-

sonal security trading. Its market trading provisions deal broadly with all exchange activities. They bar manipulative devices such as "wash sales," "matched orders," market "rigging" and "jiggling," and the dissemination of market tips with misleading statements.

The third pillar in the edifice of control is the Public Utility Act of 1935. This Act assumes drastic federal jurisdiction over utility holding companies. The latter are defined as units owning more than 10 per cent. of the voting stock of a gas or electric company, and they comprise, in effect, the major segment of the industry, with its \$13,000 millions of capital. This law is the outgrowth of a system of frenzied promotional finance which had previously juggled with operating companies like so many stock jobbing pawns, and had pyramided them in layers, sometimes a dozen deep. It regulates, *inter alia*, all financial activities within the different groups, and seeks to prevent the "milking" of underlying assets. The highly controversial "death sentence" clause in the Act provides for the (possibly) forced dissolution after 1938 of all companies beyond the "second degree," except those whose properties form a geographically and economically integrated system. The companies affected are, at present, refusing compliance with the Act's registration provisions and certain other of its affirmative stipulations, pending a bitter challenge of its Constitutional validity in the Federal Courts.

The form taken by all of this legislation reflects the formidable difficulties imposed by the United States Constitution. England and the leading European nations enjoy central control over all company matters. They can, by passing national laws, exercise any necessary regulation uniformly, inclusively and by direct mandate. Under the present status of the American Constitution, however, federal control is barred, except over activities which are directly and demonstrably concerned with inter-state commerce, the postal system and taxation. The draftsmen of the Acts which have been described have consequently had resort, in some instances, to legal artifice and circumvention, and those administering their provisions have been similarly handicapped. For example, regulation of cardinal matters (such as current balance sheets, earnings and salary information, proxy solicitation, and market trading by "insiders") can—except when new capital is sought—be enforced only at the focal point of inter-state commerce which the Stock Exchange provides. But Stock Exchange listing facilities are not so indispensable as in England. The "sanctions" of the law, again, are not applicable to certain companies whose shares were traded on the Exchanges before the Acts were passed—the so-called "issues admitted to unlisted trading privileges." Legal difficulties have similarly limited administrative control of "over-the-counter" business outside the Exchanges, and have involved the Government in a bitter struggle in the Courts over its power to enforce the public utility holding company legislation. If control is to be extended in the future to investment trusts, some new constitutionally justified point of contact will need to be found, for the trusts do not usually desire facilities for dealing on the Stock Exchange.

Another fundamental departure in current American practice is the broad delegation of administrative responsibility and discretionary power to an executive Commission. In England, supervision by the registration authorities of the Board of Trade, at Bush House, is largely mechanical. In France, direct reliance is placed on formal penal provisions. In Germany, the somewhat lax supervision of conformity is effected by the Commercial Registrar Judge. By contrast, the United States Securities and Exchange Commission, which, with its staff of 750 employees, works in combination with the Federal Reserve Board, provides a

highly flexible instrument of supervision and control. In the absence of such a continuing administrative body, capable of dealing with individual and varied phenomena, it may well be argued that wide, searching and insistent regulation cannot possibly be enforced. Indeed, the chief objection to it, as revealed by America's brief experience, may be the creation in the public mind of a false assurance of security. But America seems to be increasingly willing to accept this disadvantage as well as the danger of power delegation, as the price of efficiency and flexibility in control.

The extent of the power which has been delegated to the Securities and Exchange Commission may be appreciated by a brief recital of the Commission's powers under the various Acts. By virtue of the Securities Act of 1933 the Commission may (subject to review by the Federal Courts) issue stop orders against new offerings; investigate violations and conduct elaborate hearings; and promulgate all manner of rules and regulations applying to registration statements and prospectuses. The Commission prescribes the form in which corporate information is to be given. It specifies the detailed items to be shown in balance sheets and earnings statements, and even the methods to be followed in the preparation of accounts. It takes no responsibility, however, for the investment merits of the securities, or the prices at which they are offered.

In administering the Securities Exchange Act, the Commission licenses the Stock Exchanges and supervises their administration. It has broad powers to list and de-list issues. It keeps exchange trading and ticker "quotations" under continual surveillance and investigates price movements when any suggestion of manipulation is present. It has already proceeded formally against several firms and leading operators, including the far-famed Mike Meehan. The Commission has imposed sixteen important rules upon the Stock Exchanges, which are designed to bring trading under its direct control. It has direct jurisdiction over the operations of floor specialists and member firms—including their credit arrangements. It is about to limit professional floor-dealing activities as part of a broad long-term programme to divest the trading market of its speculative and manipulative elements.

Its powers in the domain of company accounting are similarly wide. It lays down, in detail, the way in which balance sheets and income data are to be drawn up, and it may even, on occasion, prescribe the method by which depreciation is to be calculated. It has jurisdiction over proxy solicitation. Within its absolute discretion, it may insist on the public disclosure of directors' and executives' salaries, "insiders' " personal transactions, and current commercial data. It issues licences to over-the-counter brokers and dealers, and is engaged on a codification of the principles of fair practice according to which they must function. Over and above all this, the Commission is given general "blanket" authority in making additional rules.

Finally, under the Public Utility Act all acquisitions of securities and properties by holding companies and their subsidiaries, and all service contracts and borrowings between parent companies and subsidiaries, are made subject to the Commission's approval. As the Commission also administers the vital "death sentence" clause, the decisive nature of its powers needs no further emphasis.

At present, the Commission is studying a number of controversial and complex questions which were left open at the time of its formation. Among these may be mentioned the activities of protective and reorganisation committees (including the practices of trustees and foreign Government bond committees); the practices of investment trusts; and the possibility of complete segregation of broker and dealer functions. Finally, in furtherance of its key policy of limiting speculative stimulation of market activity, the Commission keeps a close watch on the ratio of professional transactions to total Stock Exchange volume—which is now about 19 per cent.

Inevitably, the net effect of recent security legislation is the subject of spirited controversy. "Wall Street," naturally, is bitterly resentful. In addition to complaining of the damage done to its business (reflected in the low price of Stock Exchange memberships), the financial community contends that the law has hindered capital financing, and

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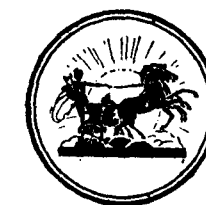
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that trading and margin restrictions have needlessly reduced activity and market liquidity. At the other extreme, complaints are heard that the teeth have been drawn from legislation which was originally drafted in more stringent terms, and that the S.E.C. is really acting "in cahoots" with the brokers and bankers. It is the present writer's opinion, however, that the social and economic benefits secured by the new law far outweigh its incidental disadvantages. Broadly, the "Truth-in-Securities" Act makes *seller* rather than *buyer* beware, it compels directors to direct, and it makes pertinent financial facts available to the investor. The results of the Holding Company legislation are somewhat obscured by its continued immersion in litigation and its possible emasculation. But the results of the Securities Exchange Act are more clear. Restriction of credit seems to provide the most effective check on speculative excesses by quantitatively controlling its main stimulating source. The "margins" already imposed have undoubtedly changed the basic structure of the stock market by reducing its so-called liquidity and widening the spread of quotations. But this former "liquidity" was largely mythical, and its alleged benefits were attained at a high cost of artificial gambling activity. The *investment* quality of the market has been thus accentuated, at the expense of its speculative forces. Even more important, a flexible means has thus been provided for preventing the nation's banking and credit system from becoming again dually involved in a stock market boom.

Unfortunately, the effectiveness of stock loan regulation has been vitiated by the antithetical fiscal policies which the Government has pursued. The enormously expanded credit supply, the Government's deficit financing and inflation of bank deposits, the artificial reduction of interest rates, and—above all—the capital gains and undistributed earnings taxes, have combined as an overpowering inflationary force on security prices. The result may well be that the investor will eventually lose his money on a "cash" rather than on a "credit" basis. But these factors only add to the importance of the Securities Exchange Commission. Without its restraining influence, the inflationary damage would be immeasurably more injurious. In the long run, the Acts may go far in combating the abuses inherent in the large-scale concentration of American wealth and the concomitant diversion of corporate ownership from control. That process, however, must, in the nature of things, be evolutionary.

INVESTMENT NOTES

The Crisis and the Stock Exchange.—The loyalty of the Stock Exchange has a basis far deeper than any considerations of financial interest. Although its members were not unaware of the way events were shaping, the first public intimation of the crisis, on Wednesday, December 2nd, came as a severe shock to sentiment. Selling, like the news which preceded it, came originally from the provinces. Next day, after the morning newspapers throughout Great Britain had "carried" the full story, there was a unanimous marking down of prices and a fair amount of selling. By the evening of Thursday, December 3rd, however, it was clear that an immediate Royal decision would not be forthcoming. On Friday, therefore, the markets adopted the attitude of defensive passivity which, on earlier occasions, had served them well during temporary emergencies whose outcome lay outside their control. Neither sellers nor bargain hunters were wholly inactive, but dealings for the most part became "frozen" rather than depressed. The week-end's adjournment brought, on the one hand, a realisation of the growing unlikelihood of a solution of the crisis which, from the viewpoint of the investor, could be called favourable, and on the other, a broader understanding of the constitutional as distinct from the personal issues at stake. The result was a further moderate, but still tentative, lowering of prices on Monday. Next day saw an appreciable recovery in

sentiment on the disclosure of Mrs Simpson's willingness to withdraw. But before the markets had closed on Wednesday it was clear that these hopes were worse than premature, and the whole of Tuesday's recovery in prices was relinquished. But on Thursday morning the newspaper placards bore a message whose significance could not be mistaken. Before the King's message had been revealed to the House of Commons the Stock Exchange had already made its customary response to the end of suspense, although it could not fail to regret the source of its relief. The course of prices during the past eventful ten days is best epitomised by the *Financial News* indices, given below:—

"FINANCIAL NEWS" INDICES		
	20 Fixed Interest (1928 = 100)	30 Ordinary Shares (July 1, 1935 = 100)
Published Figures:—		
Tuesday, December 1st	137.5	122.3
Thursday, December 10th	120.9	136.8
No. of Points Change, compared with preceding day:—		
Wednesday, December 2nd	— 0.6	— 2.3
Thursday, December 3rd	Unchanged	— 0.3
Friday, December 4th	Unchanged	+ 0.3
Monday, December 7th	— 0.3	— 0.9
Tuesday, December 8th	+ 0.1	+ 1.6
Wednesday, December 9th	— 0.1	— 1.6
Thursday, December 10th	+ 0.2	+ 1.8

Ordinary shares, naturally, have been most vulnerable. But the day-to-day changes are very much narrower than might have been expected. Great credit is due to all concerned for self-control in a trying period.

Effect On Prices.—The changing impact of the crisis on individual stocks and shares may be inferred from the following table:—

	Tuesday, Dec. 1	Wednesday, Dec. 2	Friday, Dec. 4	Monday, Dec. 7	Thursday, Dec. 10	"Crisis" Change
2½ per cent. Consols.....	85	83½	83½	83	84½	— ½
War Loan	106½	105	105½	105½	105½	— ½
3½ per cent. Conversion	107½	106	106	106½	106½	— ½
G.W.R. Ord.	62½	61½	61½	60½	60½	— 1½
L.M.S. 1923 Pref.	82	81½	81	81	80	— 2
British Oxygen (£1)	118/9	116/9	117/-	115/6	116/8	— 2/6
Courtaulds (£1)	56/1½	54/1½	55/-	53/6	55/3	— 1/10½
Crompton Parkinson (5s.)	80/3	77/-	78/-	74/-	77/-	— 3/8
Distillers (£1)	118/6	116/9	117/-	116/6	118/6	—
Dorman, Long (£1)	57/6	53/9	55/-	56/3	57/6	+ 5/-
Imperial Chemical (£1)	43/4½	42/6	42/7½	42/-	42/6	— 1/4½
Imperial Tobacco (£1)	8½	8½	8½	8½	8½	—
Murex (£1)	9½	9½	9½	9½	9½	—
Turner & Newall (£1)	109/9	107/-	107/6	104/6	106/-	— 1/9
Woolworth (5s.)	4½	4½	4½	4½	4½	— ½
Royal Dutch	44½	42½	43½	44	44½	+ ½
Shell Transport (£1)	5½	5½	5½	5½	5½	—
Rubber Trust (£1)	38/3	37/9	39/-	39/6	39/10½	+ 1/7½
United Siam Betong (£1)	3½	3½	3½	3½	3½	—
Central Mining (£8)	26½	26½	26½	26½	26½	—
Crown Mines (10s.)	15½	15½	15½	15½	15½	—
Rand Mines (5s.)	9½	9	9	9	9½	+ ½

The figures are an eloquent record of the unceasing alternation of hope and fear. At the outset, gilt-edged inevitably suffered more than most, and 2½ per cent. Consols most of all. The subsequent recovery was not impressive, for whereas gilt-edged stocks had fallen by points, they rose only by fractions. Market leaders, in the ordinary share groups, lost, as a rule, anything from 1s. to 3s. when the crisis first became known. The extent of the decline varied partly with the interest of individual companies in factors such as the "Coronation risk" and partly with the extent of the open market position. On Friday about a third of the decline was recovered, but Monday's further selling brought new low levels. The best resistance came from shares like Dorman Long (supported by correct anticipations of a satisfactory chairman's speech), primary producers' shares (which benefited from the continued rise in commodity prices), and gold mining issues (which were awaiting the publication of favourable December dividends). Up to Thursday morning the recession in prices as a whole had not gone further than in

any one of the various "temporary reactions" which have penetrated the main upward movement in the last 3½ years. Thursday's rally was of relief rather than of conviction concerning an immediate re-awakening of the market. Led by gilt-edged, however, almost every section of the market improved after a precautionary lowering of prices.

Future Market Prospects.—It is obviously difficult, at this stage, to put the events of the last ten days in their due perspective. The Actuaries' Index of the prices of representative ordinary shares (December 31, 1928=100), calculated last Tuesday, was still as high as 89.3, against 90.6 a week earlier and 91.3 a month earlier, the corresponding yield figures being 3.70, 3.64 and 3.52 per cent. The effect of the crisis on equities in various home industrial groups has been fairly uniform, as the following table suggests:—

Group (and No. of Companies)	Prices (December 31, 1928 = 100)			Yield (%)		
	Month ago (Nov. 10, 1936)	Week ago (Dec. 1, 1936)	This week (Dec. 8, 1936)	Month ago (Nov. 10, 1936)	Week ago (Dec. 1, 1936)	This week (Dec. 8, 1936)
Banks and Discount Companies (12)	125.8	125.7	124.1	3.83	3.83	3.88
Building materials (5)	106.0	104.4	103.0	4.74	4.83	4.88
Cotton (6)	46.1	48.4	46.7	1.99	1.98	2.00
Electric Light and Power (16)	133.3	132.2	130.5	3.83	3.88	3.93
Iron and steel (12)	85.8	84.1	82.3	3.57	3.69	3.77
Home Rails (4)	85.5	84.4	80.9	1.29	1.24	1.28
Breweries and Distilleries (21)	160.2	159.7	156.9	3.70	3.83	4.02

The outcome seems now to depend on the extent to which inevitable psychological reactions are reinforced by cyclical factors. The news has come after industrial activity and share prices have both had a long rise. In the absence of disturbing constitutional factors, the upward movement would probably have still had some way—though not an unlimited way—to go. But re-armament has already begun to count for more, and general trade recovery for less in the boom equation, than they did a few months ago; and general industry can scarcely be unaffected by events which have touched the nation very deeply. On the whole, therefore, there is much to be said for a cautious attitude towards immediate market prospects. Many shareholders now have considerable "paper" profits, and recent events have diminished the likelihood that these profits will be substantially increased. Some investors may be apt to draw the moral.

Points from Preference Share Schemes.—While controversy continues to centre upon the London Tin-Anglo-Oriental amalgamation scheme, and its treatment of preference claims, the investor can extract some interesting implications from other recent proposals. The scheme which the directors of Waxed-Papers Limited have submitted in order to clear away 5 years' dividend arrears on the 7½ per cent. preference capital, is interesting in principle rather than important in substance. At present, some £125,000 of preference capital is in issue, and £100,700 of ordinary capital. The arrears, after deducting income-tax, are equivalent to 5s. 8½d. on each preference share. It is proposed to divide each £1 ordinary share into four 5s. shares, of which one share should be surrendered and re-allotted to existing preference shareholders in the form of further 7½ per cent. cumulative preference shares. The ordinary shareholders, it is stated, would then "retain the whole of the equity." By this means, the arrears will be settled in full, assuming that the new preference shares are worth 24s. On the estimated profits for the current year, the whole preference dividend obligations would be covered more than twice, and the assumption is not unreasonable. No one will deny that this treatment is satisfactory to the preference shareholders. Is it not, indeed, too generous? It hardly leaves the equity unimpaired, for the capital "gearing" is increased from 1.24:1, to 1.54:1, in perpetuity. To allot new preference capital, instead, say, of funding certificates redeemable over a short period of years, permanently capitalises a purely revenue obligation at a relatively high rate of interest. The re-issue of the

surrendered ordinary shares, indeed, in the form of preference shares, goes beyond the maxim that, if preference rights are surrendered in perpetuity, they should be rewarded by a share in the equity. In this case, no rights are surrendered, and dividends will be payable, year in, year out, on the accumulated arrears of five years only. The offer by Ever-Ready to holders of 8 per cent. preference capital of Lissen, Ltd., for exchange into four Ever-Ready ordinary shares for every five preference stock units held, involves no special matters of principle, although a preference shareholder, presumably, attaches value to his preferential rights, which an ordinary share cannot afford. In this case, however, the cash value of the exchange, assuming that the present price of Ever-Ready ordinary is appropriate, is broadly equivalent to the original issue price. Future consideration of the place of preference shares in the realm of investment, it would seem, might well be devoted to the question of their appropriateness to different industries. Cases in which a *corpus* of fixed charges, including the contingent rights of preference shares, can be economically justified are, in fact, more limited than many companies assume. The Borneo Company provides an example of this sort, for the depression uncovered the preference dividend, and recovery is only now slowly appearing. The scheme which has been submitted will leave the existing preference shareholders with 69.95 per cent. of the new straight equity capital, and the ordinary shareholders with 30.05 per cent. This proposal seems reasonable and fair.

New Issues in November.—New issue business has not been exempt from the doubts and hesitations that have assailed markets generally during the latter half of November. The actual figures are, of course, swelled beyond ordinary proportions by the 2½ per cent. Funding Loan, but if the estimated £61.3 millions of "new money" absorbed by that loan are deducted from our total figures, it would seem that general new issue activity, measured

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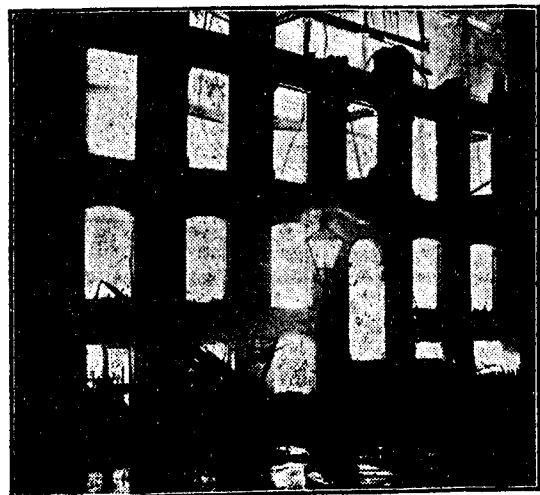
in cash as opposed to the number of prospectuses, has slowed down during the past month.*—

(000's omitted) Excluding Conversions					
Monthly Average (Old Basis)	United Kingdom		British Possessions	Foreign Countries	Total
	£		£	£	£
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				
September, 1935 ...	Dr. 200	2,638	2,291	Nil	4,729
September, 1936 ...	Dr. 200	7,305	448	Nil	7,553
October, 1935	Dr. 600	2,425	854	Nil	2,679
October, 1936	Dr. 150	19,772	4,404	Nil	24,026
November, 1935 ...	Dr. 150	6,448	2,375	Nil	8,673
November, 1936 ...	61,254	11,335	3,338	60	75,987
(New Basis)					
September, 1935 ...	Dr. 200	6,582	4,749	Nil	11,131
September, 1936 ...	Dr. 200	10,379	5,382	138	15,699
October, 1935	Dr. 600	7,345	2,355	Nil	9,100
October, 1936	Dr. 150	37,849	4,633	Nil	42,332
November, 1935 ...	Dr. 150	14,475	5,997	192	20,514
November, 1936 ...	61,254	26,799	3,955	157	92,165

If the pace has become less hot, however, the quality of the average industrial issue has not shown any marked improvement. Issues have been well diversified, with a number of small placings by general industrial companies. Corporation borrowing has made way for the Funding Loan, but the Dewsbury result has not been forgotten. More attractive terms will presumably be provided when the queue moves forward again.

COMPANY NOTES

P. and O. Meeting.—In last week's *Economist* the balance-sheet changes in the Peninsular and Oriental Steam Navigation accounts were discussed at some length. They were further elucidated by the Hon. Alexander Shaw at the meeting on Wednesday. It is clear, first, that as a result of these changes the company will now be able to



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standardise its annual depreciation provision for "a few years to come" at about £880,000. Little further light, however, is thrown on the nature of the financial arrangements. The deposits which were advanced by subsidiaries to the parent concern have become, in effect, part of its capital, and the liquidation surplus and special dividends received from two subsidiaries have merely cancelled out part of these deposits, and have provided the special reserve for covering the loss on four steamers sold, and for special writing-down of the fleet. This, fundamentally, is an inter-group transaction which merely rearranges the presentation of the group's assets and liabilities, without changing the earning power of the physical assets in any way. The chairman referred, very justifiably, to the group's strong liquid position, from which the requirements of new tonnage construction will be met. On future dividend prospects Mr Shaw was far from sharing the recent optimism of the market. "I tell you quite frankly that they (the Board) can see no prospect whatever of a return to the larger distributions which were at one time made." And he proceeded to disclose that the figures for the current year are, so far, not so good as those of last year. Again, restored pay cuts and salary revisions will increase the current year's costs. The company continues, with wisdom and courage, to build more efficient tonnage, but against the effect of subsidised competition such measures can do little more than stabilise its earning power, rather than promote a sharp advance. The chairman's lengthy treatment of this problem in the India-Japan trade may be read in the light of a special article in our Indian Supplement this week. The reduced Suez Canal dues from next April, on which the market has been allowing its fancy to roam, would mean a saving of £80,000 per annum, equivalent to 1½ per cent. for the deferred stock. But as the voyage results to June are employed in the company's accounts, only one-quarter of this saving will accrue during the current year. There seems, indeed, no warrant for the present level of 30s. 6d. for the £1 deferred stock units.

Gaumont-British Finances.—Nearly six weeks ago, the shareholders of Gaumont-British Picture Corporation succeeded in adjourning the general meeting until the long-promised consolidated balance sheet was published. Its publication this week has put an end to conjecture, and the cautionary presumptions which were expressed in the *Economist* of October 31st, when the parent company's accounts were examined, have been fully substantiated. Before examining the group statement (printed on page 562) in detail, shareholders will first re-affirm the absolute necessity for its publication. No less than 75½ per cent. of the parent company's assets (£14,219,752), at March 31st this year, were represented by interests in subsidiary companies. The group balance sheet, which consolidates the assets and liabilities of the parent concern and 64 subsidiary companies, totals £21,724,357, of which exactly 75 per cent. is represented by freehold and leasehold theatre and studio properties, plant and equipment. The bulk of these assets are taken at a recent valuation, and the general investor can hardly express any judgment on these figures, except to remark that valuations on a "going concern" basis almost invariably include an element akin to goodwill. But the current assets position plainly indicates an unliquid state of affairs, which is analysed below:—

CURRENT LIABILITIES		CURRENT ASSETS	
Bank overdraft	1,577,431	Cash	431,424
Creditors and dividends	1,048,758	Debtors	374,514
		Investments	11,029
		Films, completed, in production, and expenditure on future productions	1,378,908
		Excess of current liabilities	430,314
			£2,628,189

A deficiency of £430,314 in current assets to meet outstanding liabilities is conclusive evidence of the group's stringent position. And this figure itself is struck after giving full weight to the item for films, although the ultimate value of unreleased productions and, especially, of "expenditure carried forward in respect of future productions" is contingent to a degree. There are, in fact, no external net assets on which the group can call, and

after taking the fixed assets at valuation, there results an intangible asset representing the excess cost of the subsidiary interests over the parent company's share in their net assets. The statement, further, provides a clue to group distribution policy. The excess of subsidiary earnings, together with other earnings of the Corporation, over the amounts appropriated by the Corporation, totalled £218,982 for the year to March last. Gaumont-British net profits, after meeting the preference dividend, amounted to £196,756, and this sum included a doubled dividend from one subsidiary. It is to be presumed, therefore, that the parent accounts have reflected a generous division of subsidiary earnings. The passing of the ordinary dividend was clearly inevitable in the light of the group's position. The present price of 9s. 7½d. for the 10s. ordinary shares appears to bear little direct relation to the facts disclosed by the consolidated statement.

Dorman Long Meeting.—The recent history of Dorman Long provides material for a powerful sermon on the mutability of financial affairs. Between 1927 and 1930, earnings were insufficient to yield any return on the inflated equity capital, and provided a mere £50,000 for depreciation. From 1931 began the accumulation of bank debt, profits fell as low as £166,473 in 1932, and at the end of 1934 a scheme was passed which reduced the debenture capital, cancelled interest arrears, varied the preference rights and decimated the ordinary capital. Less than two years later, profits have achieved heights previously inconceivable, and the company can invite its preferred and ordinary shareholders to subscribe new ordinary capital, to pay off the bank debt, at a substantial premium on bonus terms. In these circumstances, Lord Greenwood's speech on Wednesday could hardly be other than cheerful. He recorded an increase of nearly 50 per cent. in the company's employees between 1932 and 1936. The total is now 36,109, and it continues to expand. Increases in the company's production over the four years are even more impressive, as the following statement shows:—

	Increase, 1936 over 1932	
	Tons	Per cent.
Coal	1,280,000	64
Coke	365,000	68
Pig iron	583,000	127
Steel ingots	741,000	137
Rolled steel	567,000	128

This scale of progress is a social document of the improved welfare of the whole population of the North-East Coast. For the investor, too, there are clear indications that further advances will be made, although they can hardly maintain the very high-gear rate of improvement recorded since 1933. Costs, indeed, are rising, not only for labour, but also for rail and seaborne freights. These same factors, indeed, were stressed by the chairman of South Durham Steel and Iron at the company's meeting on Wednesday. The new Dorman Long equipment, particularly the coke-ovens at Cleveland, will yield significant economies, and the coal mines now enjoy a regulated market which clearly benefits such an integrated concern. If the generous fiscal treatment of the steel industry and the construction boom has been primarily responsible for the company's recovery, it can hardly be gainsaid that, both technically and financially, the board has seized the opportunities which have been sent to them. Nor would any reasonable investor deny the wisdom of their cautious distribution policy. The outlook, in short, remains favourable. Whether the present price of the ordinary shares is justified depends on the terms of the new issue and the earnings prospect. They stand at 62s. 6d., a rather formidable height for any investor who is subject to vertigo.

Ind Coope and Other Breweries.—Widespread recovery is the keynote of recent brewery results, for out of eight reports this week only *Wenlock Brewery* shows a quite trifling setback. Other companies, mostly medium-sized, show moderate or very satisfactory progress. Pride of place, however, must go to *Ind Coope and Allsopp*, both for its rate of advance, indicated by an increase of 26 per cent. in profits, and for its importance. In a comment on

the preliminary figures in the *Economist* of November 28th, it was shown that the recent acquisition of Nalder and Collyer prevents an exact comparison of profits, but Ind Coope and Allsopp now ranks among the millionaire profit earners. Over £200,000 of the increase shown in the accompanying table is in trading profit, while £18,500 arises from higher interest and dividends. The rise in general expenses is mainly due to an increase from £98,199 to £173,331 in compensation fund and taxes.

	Years ended Sept. 30th,		
	1934	1935	1936
Total profit	626,673	842,049	1,061,650
Depreciation	52,055	71,307	84,280
Other expenses	93,580	126,135	203,955
Debt interest and redemption	89,233	151,995	155,234
Preference dividend	52,974	75,140	89,352
Ordinary stock—			
Earned	338,831	417,472	528,829
Paid	229,356	285,917	350,610
Earned %	33.2	36.5	41.5
Paid %	22½	25	27½
Reserves	82,906	111,165	157,901
Carry forward	339,060	359,450	379,768

† 6 per cent. interim on £874,218; final on £1,475,698.
* 7½ per cent. interim on £1,475,698; final on £1,745,698.

The dividend represents a similar proportion of the amount earned, and consequently the general reserve allocation is comfortably doubled at £100,000, while property reserve provision is only slightly lower at £57,901. The balance sheet is no less eloquent of the growth of the undertaking. Fixed assets at £6,887,790 have increased by more than £900,000 and shares in subsidiary companies are nearly £100,000 higher at £1,374,423. The £1 ordinary shares, standing at 126s. 3d., yield £4 7s. per cent. and still

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carry an equity in the fruits of recent amalgamations. Other companies which record the satisfactory improvement of 15 per cent. in profits include *Cobbold and Company*, who have earned £72,957 against £63,342, and distribute the greater part of the increase; *Robert Deuchar's*, whose profits are £114,237 against £97,890, and who pay the double dividend of 20 per cent., tax free, and yet have an earnings margin of 34.3 per cent. to place to reserve; and *Hewitt Brothers* whose profits have increased from £128,481 to £147,423, but are content to raise the dividend by 1 per cent. to 15 per cent., and to place as much as £17,000 to reserves. Moderate improvement is shown by *Bentley's Yorkshire Breweries*, who put most of the increase of £14,609 in profits to property improvements reserve. The regular progress of *Warwick's and Richardsons* in earnings and dividends continues, and although *Officers Brewery* profits of £84,210 show an increase of only £2,989, the dividend is raised by 2½ per cent. to 27½ per cent.—an increase which is readily afforded when 58.8 per cent. is earned for the equity.

United Molasses Report.—This concern, which presents its shareholders with a well-devised statement of combined group results, together with a consolidated balance sheet, still finds the molasses market difficult. The full report confirms our interpretation of the preliminary statement, a fortnight ago, but it records that profits on molasses were over £100,000 lower than in 1934-35, and that the increase in trading profits of over £60,000 is solely attributable to increased tanker earnings. Consequently, the jump of 10 per cent. in earnings to 21.7 per cent. is due to the greatly reduced amount expended on the redemption of the remaining 4 per cent. debenture stock. Our table below shows that the usual one-third margin between earnings and cash dividends has again been approximately preserved:—

	Years to September 30		
	1934	1935	1936
Trading profit	605,049	652,384	716,186
Total revenue	705,433	774,202	831,586
General expenses, fees, and interest	84,218	83,610	84,220
Depreciation	253,490	270,000	262,000
Taxation	...	...	30,000
Staff fund	4,000	8,000	20,000
Debenture interest and redemption	191,003	178,965	56,298
Preference dividends	57,188	58,125	57,656
Ordinary shares:—			
Earned	115,534	175,502	321,412
Paid	75,194	120,311	207,148
Earned %	9.2	11.7	21.7
Paid %	6	8	14
Reserve	...	80,000	110,000
Carried forward	70,025	45,216	49,480

The report underlines two points affecting profits and dividends. First, it is again emphasised that the prevailing rate of depreciation for the group's fleet—which cost £303,678, compared with £297,608 for 1934-35—will suffice to write off the fleet to scrap value in about six years, although the nineteen tank vessels, with their average age of 7½ years, are fit for another twelve years' economic working. The directors, however, intend to maintain the present rate while profits remain at their present level. Secondly, the conditions of the molasses market faced the company with a dilemma last year. Cuban production

from surplus cane relieved the threatened shortage of supplies, but owing to its higher distillation qualities, and to keen competition, profit margins have remained small. The new source of supply has removed the fear of market shortage—an important matter for United Molasses, whose real profits are derived from transport of the commodity—but the reduction in profits will apparently continue during the current year, though offset in other directions. Investors must therefore inquire whether the major advance in freight rates has not already occurred. This factor, above all, will regulate the company's earnings during the current year. The 6s. 8d. ordinary shares stand at 23s. 9d. to yield £3 18s. 6d. per cent.

Railway Wages and Costs.—The Associated Society of Locomotive Engineers and Firemen, which did not accept the award of the National Railway Wages Tribunal of last August, is now pursuing its independent claim for a six-hour day, a standard week of 36 hours, abolition of "spread-over" turns, additional Sunday pay, and two weeks' paid holiday. This week's proceedings before the Railway Staff National Tribunal have been more enlightening regarding the cost of these proposals than upon the wisdom of claiming revisions of service conditions estimated to cost £9,704,000 in a full year. The case submitted on behalf of the companies was that this claim could hardly be treated seriously, since the total traffic increase for 1936 would cover little more than half that sum. Interesting light, however, was thrown upon other elements of costs which are tending to increase. Expenditure on coal and raw materials, for example, is rising rapidly owing to the expiration of earlier contracts, and the 1935 quantities at present prices would involve an additional expenditure of £2 millions. In relation to the earnings possibilities for the year which is now closing, investors can attempt a rough computation of gross increases saved "net." Increased traffics and costs broadly cancelled out during the first half of the year. Since then, the increase in traffics has been of the order of £2½ millions, and might be £3 millions by the end of the year. Increased wages, however, will have required between £500,000 and £600,000, while the increase in coal and materials costs was estimated at this week's hearings to amount to £366,000 for the half-year. On present indications, indeed, it would seem improbable that more than 1½ per cent. can be earned on L.M.S. ordinary, or more than one-half of one per cent. on Southern deferred. Great Western 3 per cent. dividend, very probably, may be short earned to the extent of ½-1 per cent., while "Berwick" second preference will have difficulty in earning more than 1 per cent. These estimates, with only three weeks of the railways' year still to elapse, can hardly be significantly affected by the traffics still to come. But with an increase of £2 millions in coal and materials costs, and the possibility of pressure from the Unions next year, the investor cannot be satisfied that full-blooded recovery is yet in sight.

Aircraft Results.—The narrow basis of yester-year's speculative boom in aircraft shares is now being revealed. Apart from the Hawker and Handley Page results, the industry has made a poor profits exhibition during recent weeks, which has not been improved, this week, by the Westland Aircraft and Pobjoy Airmotors' results. The former report has covered a fifteen months' period, and shows net profits of merely £4,258, of which £1,008 was earned before the business was incorporated. In relation to prospectus statements, this result is unsatisfactory, for the company took over an established works and had already achieved success with its prototypes. There was, accordingly, every prospect of satisfactory profits. Pending the chairman's explanation next Tuesday, investors may consider two features. First, the Air Ministry's contract officers may have dealt hardly with the company, or the new Army co-operation machine, which was developed during the year, may have required heavy expenditure. Secondly, are the results likely to affect the course or the terms of the merger which has been market gossip for some weeks? Compared with Westland,

the Pobjoy results have no portentous significance. The first trading period of eighteen months has borne the cost of the change-over from civil to military engine sub-contract work. The report is eloquent regarding the turn-over of the current year, and states that the factory "is now working on a profitable basis." Since incorporation, the company has discharged the liabilities of the vendor company, but these exceeded the amount warranted by that company. Pobjoy still shows a relatively satisfactory net assets position, if the substantial stocks are included, but any increase in turnover, it would appear, may require some further resources. These results give special importance to next week's meetings and justify the semi-chastened share levels which now prevail.

Tin Companies' Prosperity.—Both *Malayan Tin Dredging* and its associate, *Southern Malayan*, fared particularly well in the year to June last. Indeed, with the recently announced final distribution of 22½ per cent., the former company increased its dividend to the record total of 80 per cent. These results were due to the treatment of an increased yardage of higher grade material, even though the tin ore realised £133 per ton against £141. The sum of £20,670 is written off fixed assets, compared with only £1,940 for the previous year, leaving the increased balance of £74,000 to go forward. Of the company's area of 2,239 acres, 1,290 acres have been dredged out. Sales of investments have reduced the total from £325,380 to £259,870, and are reflected in increased cash holdings of £155,150 against £24,890. On the basis of last year's dividend, the shares, now quoted at 45s. 6d. cum 1s. 9d. dividend, show a yield of fully 9 per cent. The Southern Malayan results for the past two years are not really comparable, since the company has absorbed Southern Perak during the period. As a result of this transaction, the issued capital has been increased from £365,000 to £432,500, and some £82,450 received as premiums on the new shares was written off property and plant. In addition, £20,388 was charged

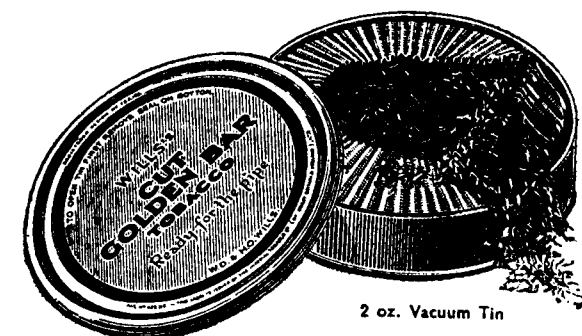
against working costs, and a further £32,000 was transferred from profit and loss. Thus the property and plant of the amalgamated undertaking now stands in the balance sheet at no higher than £200,000, having been reduced by £33,000. Last year's dividends total 45 per cent., and the shares now yield 7½ per cent., only 920 acres having been dredged out of approximately 4,887 acres owned. *Tronoh* has declared a further interim dividend of 12½ per cent., bringing the total distribution to 40 per cent., while *Southern Tronoh*, with a 7½ per cent. payment, has distributed 15 per cent. to date. The *Kamunting* report discloses reduced profits, owing to rising costs and reduced valuation per ton of ore. This company, like *Pattani*, was able to maintain its dividend, and the current year's prospect is considerably improved.

Rand December Dividends.—The revised South African mining taxation has worked to the advantage of the majority of the companies, although in one or two cases—for example, New Modderfontein and Van Ryn Deep—the burden has fallen more heavily than before. Although the average gold price has been lower than in 1935, the companies have aimed, where practicable, at maintaining or increasing their profits by expansion of the scale of operations rather than by the treatment of higher-grade ore—although the latter policy was, in fact, somewhat encouraged by the new taxation. Consequently, the dividend declarations so far available make an irregular showing. The final rate on Robinson Deep "B" shares exceeds market expectations, although the capital now ranking is higher than that of six months ago. An accident on the Simmer and Jack property towards the end of the June half-year reduced the profits and necessitated a cut in the already rather small distribution. Conditions have since become normal, and the year's total shows little change. It is satisfactory that the Sub Nigel has been able to maintain the increased rate paid in respect of the first half of the current year. The incidence of taxation

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upon Luipaards Vlei is evident in the dividend distribution. In the "Johnnies" group, Government Areas, Langlaagte and Van Ryn Deep have repeated the reduced dividends of six months ago. Taking the two half-years together, the decline, as compared with the 1935 total, looks appreciable. The general expectation that Randfontein would raise its December rate, if only to the extent of 3d. per share, has been disappointed. Nevertheless, the year's total of 5s. compares with 4s. for the previous year. The payments are set out in the following table:—

	Dec., 1935	Total, 1935	June, 1936	Dec., 1936	Total, 1936
Gold Fields Group					
Luipaards Vlei	-/3	-/9	-/6	-/6	1/-
Robinson Deep "B"	1/6	2/9	2/-	2/6	4/6
Simmer and Jack	-/3	-/6	-/1½	-/4	-/5½
Sub Nigel	8/-	16/-	9/-	9/-	18/-
"Johnnies" Group					
Government G.M. Areas	3/-	6/-	2/9	2/9	5/6
Langlaagte Estate	2/-	4/-	1/6	1/6	3/-
New State Areas	2/6	5/-	3/-	3/-	6/-
Randfontein	2/-	4/-	2/6	2/6	5/-
Van Ryn Deep	3/-	6/-	2/6	2/6	5/-
Witwatersrand Gold	2/-	4/-	2/-	2/6	4/6
General Mining Group					
Van Ryn Gold	2/-	4/-	2/-	1/6	3/6
West Rand Cons. ord.	1/6	2/6	1/-	1/6	2/6
Do, deferred	...	...	£2/5/9	£4/5/-	£6/10/9

As expected, the increased earnings of the West Rand permit the company to maintain its dividend on the ordinary, and the deferred shares now rank for their first year's dividend. The distributions of the Anglo-American group for the past half-year are broadly maintained. Brakpan pays rs. 6d. as before, while Daggafontein is to distribute rs. 3d. on the 5s. shares—the same as the comparable rate on the former £1 shares. Springs pays rs. 5½d. against rs. 6d., and West Springs maintains its rate of rs. per share. The Anglo-American dividend, however, is raised from 2s. to 3s. per share, while Anglo-American Investment pays a first dividend of rs.

Other Company Results.—The reports of 63 other companies are analysed on page 561. Substantially better conditions in Australia are reflected in the increase from £13,217 to £47,244 in the profits of *Australian Pastoral Company* and in the conversion of a loss of £62,031 made the previous year by *Scottish Australian Company* into a profit of £25,451. *Glass Houghton and Castleford Collieries*, who made an issue of capital some months ago, have earned well over twice the profits for the previous nine-month period. The ten rubber company results published this week include considerable improvements by *Rubber Estates of Malaya, Sembilan Estates and Stoughton (Perak)*. The full report of *Harrods (Buenos Aires)* confirms the preliminary statement made recently. Trust companies continue to make only modest progress. *London Scottish American*, for instance, have earned £54,598 against £51,184, and *North American Trust* £109,552, as compared with £106,109. *Avon India Rubber*, whose profits amount to £38,948 against £51,976, have experienced this setback despite increasing sales. This the directors attribute to fluctuating raw material prices unfavourably affecting the forward bought position. *Booker Brothers McConnell* are raising their dividend from 10 per cent. to 15 per cent., having earned £77,146 against £55,380. The amount earned for the equity of *Coventry Gauge and Tool* is practically unchanged at £13,976, but the 7½ per cent. dividend is the first for some years. The

report refers to a 58 per cent. increase in total sales. Moderate improvement is recorded by *R. Hood, Haggie and Company*, with profits of £64,467, and a small increase of just over £1,000 by *Ilford, Ltd.*, who repeat their 7 per cent. dividend. *India Rubber Gutta-percha* have earned £66,137 against £51,186; the directors in their report allude to the progress of the Silvertown building. The £350,296 profits of *Manbré and Garton* show a moderate improvement on the £321,736 earned in the previous year. Considerable progress has been made by *Sussex Brick*, and by *Waterlow and Sons*, who pay the same dividends of 18 per cent. and 5 per cent. respectively.

Company Meetings of the Week.—On later pages of this issue will be found the reports of the following company meetings:—British Overseas Bank, Commercial Bank of Scotland, Barclays Bank (Dominion, Colonial and Overseas), Peninsular and Oriental Steam Navigation, Ansell's Brewery, Associated Equipment, Timothy Whites and Taylors, J. Brockhouse and Company, Barton and Sons (1935), British Tyre and Rubber, Tobacco Securities Trust, Great Boulder Mining and Finance, New Zealand Loan and Mercantile Agency, Willoughby's Consolidated, Gold Coast Selection Trust, Marlu Gold Mining Areas, Rhodesian Corporation, Anglo-Ecuadorian Oilfields, British Burmah Petroleum and Anglo-Transvaal Consolidated Investment. At the British Overseas Bank meeting, Mr Arthur Gairdner discussed the problems created for the banker by State interference with business. The Hon. Alexander Shaw's comments at the Peninsular and Oriental Steam Navigation meeting are considered in a Note on page 534. At the Ansell's Brewery meeting the chairman enumerated some of the developments in progress. Mr C. W. Reeve, at the Associated Equipment meeting, said that higher trading profits were due to the increased sales but considered the amount of profit per unit as being still too small. Mr Philip E. Hill, addressing Timothy Whites and Taylors shareholders, commented on the adverse effect of the poor summer season on their seaside branches. At the British Tyre and Rubber meeting the chairman expressed regret that no measure of agreement on a voluntary limitation of tyre output had yet been achieved within the industry. At the J. P. Brockhouse and Company meeting, Mr J. T. Brockhouse emphasised that the firm had no wish to rest on its laurels, but on the contrary felt it appropriate further to extend the scope of the company's enterprise. Attention was being turned towards still further expansion, order books to-day showing better prospects than ever before. Mr J. E. Hodgkin at the first Barton and Sons (1935) meeting explained the company's work of co-ordinating its various activities, and in reporting the acquisition of interests in two companies, said that the wisdom of purchasing works at Netherton had already been proved. At the Rhodesian Corporation meeting, the chairman referred to the Fred mine, which, in spite of a decreased profit, was now giving better values at the lower levels. Mr Claude de Bernales summarised the progress of certain of the Great Boulder Mining and Finance interests, and referred in particular to the Yellowdine mine. The chairman of British Burmah Petroleum declared that the company had reached a turning-point in its career. At an extraordinary meeting of Willoughby's Consolidated, the chairman explained that the purpose of the meeting was to authorise a cash return to shareholders of a portion of the capital. Mr H. E. R. Williamson, at the Anglo-Ecuadorian Oilfields meeting, referred with satisfaction to the great strides made by consumption in spite of higher prices and increased output. At the Commercial Bank of Scotland meeting, the Governor warned shareholders that the defence programme temporarily obscured the need for developing overseas trade outlets. Mr H. L. Melville Tritton, at the Barclays Bank (D. C. O.) meeting, pointed to the evidence of faith in gold, which recent currency difficulties had strengthened rather than weakened. Lord Catto, at the Tobacco Securities Trust meeting, discussed the difficulties arising from the activities of a sub-subsidiary. At the Anglo-Transvaal Consolidated Investment meeting, the chairman referred to activity in trying to discover extensions of the Witwatersrand series in new areas. Mr H. G. Latilla, at the Gold Coast Selection Trust meeting, discussed the Bremang Gold Dredging Company, recently incor-

porated as a separate unit. At the Marlu Gold Mining Areas meeting, he described the progress of the programme for laying down four units of the treatment plant. Mr Harold G. Brown, at the New Zealand Loan and Mercantile Agency meeting, expressed satisfaction that the company could begin to clear up preference dividend arrears.

THE WEEK IN THE MARKETS THE STOCK EXCHANGE

TICKET DECEMBER 15 | **ACCOUNT** DECEMBER 17
SETTLING DAYS

THE market's reactions, this week, have again proved that the settlement of the crisis, no matter how regrettable its nature, is a tonic after prolonged uncertainty. A foretaste of Thursday's rally was experienced on Tuesday, when a settlement of another sort was canvassed. But the "House," prepared by Thursday's press for an Act of Abdication, showed that it maintains a good deal of its "spring," and after some hesitating marking down of prices, the bargain hunters were again abroad.

The general trend of markets during the eight days of crisis is analysed in Notes on pages 532 and 533. Conditions have, necessarily, fluctuated—a weak opening, followed by partial recovery, a mid-week relapse, and, on Thursday, a general rally on momentous news which yet put an end to uncertainty. These see-saw movements have been evident in every section of the market. Gilt-edged, for example, opened ½ to ¾ lower, picked up well on Tuesday (when Old Consols were a full point higher), lost fractions up to ¼ of a point in mid-week and recovered most of this setback on Thursday.

In the foreign market, Brazilian bonds enjoyed some early support, with the Funding issues prominent, but there was considerable mid-week profit-taking. European issues were steady, a rally in German bonds being held fairly well. Japanese bonds staged a mid-week rise, but the recent interest in Chinese issues had evaporated.

Home rails opened with no spirit, and were unable to find any. The market was inclined to treat the locomotive men's demands (discussed on page 536) with some seriousness, and the only recovery in Tuesday's rather brighter market was in L.M.S. ordinary. The response to quite fair traffic was only temporary, for the market gradually lost colour on Wednesday. Foreign rails remained firm, although Wednesday's closing prices were not at the best. The fractional falls, however, did not extinguish the whole of the previous rise in the leading Argentine stocks.

Business in the industrials market has followed the fortunes of other sections, under the general influence of the constitutional crisis. Eyes have been turned more to the comings and goings between London and Fort Belvedere than to the markets. The iron and steel group was easier at the beginning of the week, with Dorman Long a bright exception in anticipation of the meeting. A slightly brighter condition prevailed on Tuesday, but there was no substantial improvement until Thursday afternoon. Dorman Long continued to improve after the meeting on the new issue forecast. Aircraft issues were a little firmer on Tuesday than on other days, and similar conditions prevailed in the motor group, although movements in all cases were small. Crompton-Parkinson led the way downward among electrical equipment issues at the beginning of the week. Electricity supply shares gained on the figures for electricity output in November.

Other sections of the market moved in the same fluctuating fashion, and there were very few features of special importance. P. and O. deferred gained on news of the impending reduction in Suez Canal dues. International Combustion were strong on the increased distribution, and there were one or two small improvements in mid-week in the miscellaneous industrials section.

The oil market opened the week firmly, largely owing to the hope that the chief companies would follow the lead of a few of the independent producers in America in raising crude oil prices. The disappointment of this hope and the consequent dulness in New York did not react upon London, the possibility of future action not being dismissed. There was considerable activity in Trinidad Leaseholds, and firm prices in most Venezuelan issues. By mid-week, prices fell generally but not seriously, the immediate cause being that Continental buyers turned sellers.

Among rubbers, the response to the rise of the commodity to over 9d. per lb. was not overwhelming, the thoughts of operators, like those in other markets, being elsewhere. Pre-occupation, however, could not hold the market down entirely, and prices went ahead calmly under the stimulus of discriminating buying. Later the market was a little more willing to let itself go: demand broadened, and the air of respectability and prudence that has lately hung around rubber share investment was less noticeable. By mid-week,

the general uneasiness did not leave prices untouched, but liquidation was not appreciable. Nothing happened to arouse the tea shares market from its state of coma.

Somewhat heavy conditions continued in the mining market, which like all others had to endure the period of waiting as best it could. Its morale came reasonably well out of the test, it apparently being safe enough to do nothing. Tuesday brought a noticeably better sentiment, many prices ending up slightly higher, but there was no real public demand to take advantage of the market's brighter mood. Rhodesians were more active than of late, and some good West African reports proved a stimulus, short-lived but noticeable while it lasted. Wednesday started fairly well, but the feeling of suspense became more oppressive, and prices were allowed to sag by degrees. De Beers preferred fell in spite of the announcement of the payment of arrears.

The tone on the Paris Bourse was dull, though prices resisted the effects of political uncertainties fairly well. Business in Berlin and Amsterdam was unusually quiet, an exception in the latter centre being rubber share quotations, which on Monday responded to the increasing commodity price.

"FINANCIAL NEWS" DAILY BARGAIN INDEX Approximate number of Bargains recorded in Stock Exchange List

	Week to Dec. 4	Dec. 3	Dec. 4	Dec. 7	Dec. 8	Dec. 9	Dec. 10
Govt. and Municipal	5,957	1,071	1,086	1,200	1,086	834	1,024
Transport, etc.	5,931	1,055	1,039	1,092	999	910	1,065
Comm. and Ind.	25,633	4,231	3,830	4,484	3,883	3,978	4,371
Banks and Ins.	3,325	542	564	624	472	509	456
Mines	7,422	1,305	1,092	1,191	974	1,148	1,659
Oils	1,321	237	238	220	237	270	274
Rubber and Tea ...	2,461	398	460	880	1,311	895	660
Total	52,050	8,839	8,419	9,691	8,942	8,644	9,509
Corres. day 1935 ...	...	9,385	9,513	11,495	8,778	8,667	8,667

* Including Steels and Breweries.

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

Highest†	Lowest‡	Dec. 3	Dec. 4	Dec. 7	Dec. 8	Dec. 9	Dec. 10
124.9	107.4	119.7	120.00	119.1	120.7	119.1	120.9
† November 18.				‡ January 2.			

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ADVICE ON AMERICAN STOCKS

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Accounts managed; portfolios supervised

PUBLICATIONS: Coming Rise in Wall Street (Apr. 1933). Coming American Boom (Aug. 1934). The American Boom Begins (May 1935). Investment for Appreciation, etc.

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

Highest†	Lowest†	Dec. 3	Dec. 4	Dec. 7	Dec. 8	Dec. 9	Dec. 10
138.8	136.2	136.9	136.9	136.6	136.7	136.6	136.8
† February 10.		‡ September 23.					

NEW YORK STOCK EXCHANGE

THOROUGHLY quiet conditions prevailed on Wall Street during the first half of the present week, as during last week, and only in mid-week were there signs of any life. Among the reasons for the lull were the much discussed labour troubles present or expected, the end of the dividend season, and perhaps more particularly the fear of various actions by the authorities to restrain speculation. Coming at the end of the year, when adjustments are being made by investors with an eye to their capital profits tax liabilities, suggestion of restraints may be as effective as the restraints themselves. Business news is as good as ever, as is evidenced by the *Iron Age* estimate that steel mill activity for the current week was 76.5 per cent. of capacity, and by an increase of 13.9 per cent. in electricity output over the corresponding week of last year. For a moment at the end of last week an increase in crude oil prices led to hopes of an increase in oil security prices, but interest died away this week. Opening of preliminary hearings on extension of the emergency rail surcharges led to a good recovery in railroad securities in mid-week, when motor and metal issues were also lively.

	Dec. 2, 1936 (Close)	Dec. 9, 1936 (Close)	Dec. 10, 1936 (Latest)		Dec. 2, 1936 (Close)	Dec. 9, 1936 (Close)	Dec. 10, 1936 (Latest)
1. Rails & Trans- port							
Atchafalaya	72	74½	74½	4. Manufacturing	59	59½	59½
Balt. and Ohio	21½	22½	22½	Briggs	122½	122½	122½
B.M.T.	53	54½	54½	Chrysler	44	43½	44½
Can. Pacific	13	13½	13½	Electric Autolite	68	68½	68½
Ches. and Ohio	69	68½	68½	General Motors	191	191	191
Gt. N.H. Rly. P.	39½	41½	42½	Hudson Motor Car	181	181	181
Illinois Central	23½	24½	25	Murray Corp.	17	16½	16½
N.Y. Central	42½	44½	45	Nash Motors	11	11½	11½
Nor. Pac.	25½	27½	27½	Packard Motor Car	28½	27½	27½
Pennsylvania R.R.	40½	41½	41½	Bendix Aviation	34½	35	35
Southern Pac.	41½	43½	43½	Boeing Airplane	75	74	75½
Southern Rly.	22	23½	24½	Douglas Aircraft	268	27½	28½
Union Pac.	139½	130	131	United Aircraft	80½	78½	78½
Greyhound Corp.	16½	17½	16½	Air Reduction	131	132	132
2. Utilities and Communication							
Am. Waterworks	25½	25½	25½	Allied Chemical	117½	120	121½
C. & S. W. S. (Cons. Gas of N.Y.)	3½	3½	3½	Col. Carbon	161	161	161
Cons. Edison	46½	45½	45½	Dupont	180	181½	182
Col. Gas & Electric	17½	17½	17½	Union Carbide	102½	102½	102½
Elec. Bond & Share	20	20½	21½	U.S. Ind. Alcohol	39	38½	39
Nat. Gas & L.	11½	11½	11½	Allis Chalmers	68½	71½	72½
North American	51½	51½	51½	General Electric	50½	51	51½
Pac. Gas & Electric	38½	36	37	Westinghouse	143½	145	146½
Pac. Lighting	48½	47½	47½	American Can	119½	118½	118½
Pub. Service N.J.	48½	47½	48½	Addressograph	34	34½	34½
Stan. Gas & Elec.	6	7	7½	Caterpillar	90	89½	89½
United Corp.	7	6½	7	Cont. Can.	69½	67½	68½
United Gas Imp.	14½	14½	14½	Ingersoll Rand	134½	133	134
Am. Tel. & Tel.	187½	188½	188½	Intntl. Harvester	98½	98	99
Int. Tel. & Tel.	12½	12½	12½	Johns Manville	140½	142½	142½
Western Union	88½	85½	86	Am. Radiator	24	23½	23½
Radio	11½	11½	11½	Corn Products	71½	69½	70
Radio B. Pref. New	75½	77½	78½	J. I. Case and Co.	151	151	150½
3. Extractions and Metal Industries							
Am. Rolling Mills	34½	34½	35½	Glend. Ind.	40½	40	40½
Beth. Steel	72	72½	74	Gen. Am. Transp.	71	73	74
Beth. Steel Pref.	130½	128½	128½	Allied Mills	30½	30½	31
Republic Steel	26½	27	27½	Celanese of America	27½	27	28
U.S. Steel	74	75	77½	Ind. Rayon New	38½	38	38½
U.S. Steel Pref.	142½	139½	140	Colgate Palmolive	17½	17½	18
Alaska Juneau	14	14½	14½	ex Div.	17½	17½	18
American Metal	48	48½	49½	Eastman Kodak	179	179	179
American Smelting	95	96	97	Gillette	16½	15½	15½
Anaconda	47½	49	51½	Kelvinator	22½	21½	21½
Bohn Aluminum	48½	45	43½	Lambert Co.	19½	19½	19½
Cerro de Pasco	68½	69	69½	Loews	62½	64½	64½
Int. Nickel	59½	61	63	20th Century Fox	36	37½	—
Kennecott	59½	57½	59½	5. Retail Trade and Food			
Patino Mines	15½	15½	15½	Montgomery Ward	64½	65½	66
Texas Gulf Sulph.	40½	40½	40½	J. C. Penney Co.	109	100½	99½
U.S. Smelt.	90	90	90	Sears Roebuck	97½	96½	97
Vanadium Corp.	24½	24½	24½	ex Div.	97½	96½	97
Atlantic Refining	80	80½	81½	United Drug	14½	14½	14½
Phillips Petroleum	46	47½	46½	Walgreen	38½	39	39
Shell Union	25½	26	26½	Woolworth	65½	64½	67
Shell Union Pref.	125½	125½	125½	Borden	27½	26½	26½
Socoy Vacuum	15½	16	15½	Gen. Foods	41	40	40
Stand. Oil Calif.	38½	41	40½	Kroger Grocery	24	22½	23½
Stand. Oil N.J.	64½	66½	66½	Nat. Biscuit	33	32½	33
Texas Corp.	48½	48½	49½	Nat. Dairy	24½	23½	23½
				Standard Brands	16½	15½	15½
				Am. Tobacco B.	100½	98½	98½
				Leggett Myers B.	103½	104½	105½
				Reynolds Tob. B.	58½	58½	58½
				National Distillers	30½	31	29½
				Schenley Distillers	52½	52½	52½
				6. Finance			
				Commercial Credit	73½	68½	68½
				Atlas Corp.	18	16½	16½
				Com. Invest. Trust	84½	79	78

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	Nov. 25, 1936	Dec. 2, 1936	Dec. 9, 1936
Lowest Mar. 20	Highest Dec. 31	Lowest Apr. 29	Highest Nov. 10			
847 Industrials	74.5(1)	112.3	112.7	145.9	112.8	142.6
32 Rails	27.4	43.0(w)	42.8	60.2(b)	41.5	55.3
40 Utilities	52.2	93.6	91.2	111.0(e)	89.6	109.6
Total, 419 Stocks	63.1	97.7	97.7	125.4	97.7	122.8
Average yield*	3.02%	4.06%	4.43%	2.95%	3.22%	3.96%
	(v)	(f)	High (c)	Low (a)		4.34%

* 50 Industrial Common Stocks. (f) March 13th. (b) Oct. 14th. (c) December 9th. (a) April 8th. (v) November 13th. (w) December 4th. (e) December 2nd.

Highest*	Lowest†	Dec. 2	Dec. 3	Dec. 4	Dec. 5	Dec. 7	Dec. 8	Dec. 9
169.6	126.2	161.8	162.8	162.7	162.8	161.8	162.4	163.0
* November 9th.		† January 6th.						

TOTAL DEALINGS IN NEW YORK		Dec. 3	Dec. 4	Dec. 5*	Dec. 7	Dec. 8	Dec. 9
Stock Exchange—							
Shares (No. Thous.)	2,040	2,150	1,000	1,690	1,820	1,860	
Bonds (Thous. \$)...	13,380	16,570	6,990	11,970	13,680	15,430	
Curb—							
Shares (Thous.)	489	641	288	482	564	637	

* Two-hour session.

CAPITAL ISSUES

No fewer than ten prospectuses have made their appearance this week, but the number of substantial public issues is a matter for a finger or two, rather than both hands. The largest issue is of 4½ per cent. first debenture stock of *Associated British Properties*. This concern acquires from Associated Cinema Properties 53 cinema properties recently built or acquired for the development of Associated British Picture Corporation's business. The latter concern will rent these properties on terms which cover the debenture service 1½ times, and will pay all management expenses. In short, this is a "subsidiary" debenture, whose holders must look towards the profits of the parent concern for their security. At current levels, these earnings are sufficient to provide satisfactory cover, but the past record company, in fact, must be regarded as a vehicle specifically designed for marketing the debenture stock, and the latter is of a more speculative character than a seasoned industrial issue. Similar conditions of security attach to the guaranteed debentures and notes of *Simpson (Piccadilly)* whose service is guaranteed for the next three years by S. Simpson, Ltd., a wholesale clothing concern in North London. The current earnings level of the guarantor covers the debenture and note service less than three times. There are risks in the successful establishment of new West End stores, however, and for the present the speculative elements in two issues warrant the relatively high rates of interest which they carry. *Badenoch Rubber Estate* is the first rubber concern to be floated for a considerable period. The earnings prospects of the ordinary shares under present conditions, are in accord with confidently, but not extravagantly, valued shares of existing companies. A further South African concern, *Dunswart Iron and Steel*, makes a mixed offer of 5½ per cent. preference shares and 1 ordinary shares, the latter at 41s. 6d. per share sterling. The business is now in process of expansion, and consequently the difference between the 8½ per cent. earnings yield on past profits and 13½ per cent. on anticipated earnings must be recognised as contingent. The British investor, moreover, is already fairly extensively interested in the prospects of South African recovery. *Regional Properties* is a property-holding concern of conventional type, with mixed assets of office buildings, flats, and dwelling-houses. Intending subscribers could have made more use of the profits estimate if a fuller indication had been given regarding the state of lettings on the various properties, for it is framed, like the valuation of the properties, on a "fully-let" basis. There remain, finally, four prospectuses on behalf of companies whose capitals range between £50,000 and £75,000. Of these, *General Engineering*

Company (Radcliffe), Pages, Ltd. (to be dealt in on the Manchester Exchange), and *J. Berry and Sons* offer their ordinary shares at premiums varying between 50 and 100 per cent., and on earnings yield bases of 10 to 14½ per cent. All are typical "recovery" businesses, and their very limitation of size may involve difficulties of dealing and provide a limited buffer during times of falling profits. *Dinnor Quarries* is of interest largely to Liverpool investors and the undertakings acquired have an indifferent profits record. A conversion offer of 4 per cent. debenture stock, due 1957, has been made at par to holders of *Atlantic and Northwest Railway* 5 per cent. guaranteed mortgage bonds. Statements "for information only" have been published this week by *E. G. Brown and Company, A. E. Jenks and Cattell, Grand Union Canal Carrying, and Cortonwood Collieries, and Vitacream, Ltd.*

ISSUES OF THE WEEK

January 1 to December 5, 1936, including conversions, Old Basis, £459,511,421.
January 1 to December 5, 1936, excluding conversions, Old Basis, £233,878,960.
January 1 to December 5, 1936, including conversions, New Basis, £529,255,042.
January 1 to December 5, 1936, excluding conversions, New Basis, £386,744,140.

Net Sales National Savings Certificates, week ended December 5, 1936, Dr. £50,000.

TOTALS OF CAPITAL ISSUES DURING WEEK

	Nominal Capital	Conversions	New Money
To the Public	4,430,000	1,300,000	3,191,000
To Shareholders only	6,286,387	4,066,578	3,025,816
By Share Exchange Introduction	4,635,000		4,879,325
By Permission to Deal	5,269,782		71,346,781(c)
(c) Includes Woolworth (F.W.) and Company bonus issue of 15,000,000 new 5s. ordinary shares at a market price of 4½ = £67,500,000.			

Total Capital Raised—	Including Conversions	Excluding Conversions	Total offered for Subscription—	Including Conversions	Excluding Conversions
January 1 to date—					
1936 (New Basis)	617,014,542	469,137,062	Whole year (Old Basis)		
1936 (Old Basis)	464,827,999	240,045,776	1935	548,351,393	236,147,637
1935 (New Basis)	692,498,796	352,337,711	1934	410,980,300	169,108,700
1935 (Old Basis)	544,201,317	232,624,159	1933	467,921,500	244,789,500
January 1 to date (Old Basis)			1932	2,699,684,265	188,909,963
1934	406,352,595	166,554,196	1928	683,000,056	369,058,073
1933	465,010,067	243,575,585			
1928	538,263,908	363,882,925			

(a) This figure includes £1,920,000,000 for conversion of 5 per cent. War Loan into 3½ per cent. War Loan.
(b) Including securities for which "permission to deal" was given in fifty weeks ended December 14, 1935.

Nature of Borrowing (Excluding Conversions)

	Debentures	Preference	Ordinary	Total
January 1 to date—				
1936 (New Basis)	172,501,683	39,856,981	256,778,398	469,137,062
1936 (Old Basis)	149,525,116	22,883,647	67,637,013	240,045,776
1935 (New Basis)	192,034,465	47,242,281	113,060,965	352,337,711
1935 (Old Basis)	166,156,571	30,520,491	35,947,097	232,624,159
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	244,789,500
1934	102,769,300	21,461,000	44,878,400	169,108,700
1935	167,185,508	31,696,741	37,265,387	236,147,637

PUBLIC OFFERS

Simpson (Piccadilly).—Issue at par of £250,000 4½ per cent. guaranteed first mortgage debenture stock and £150,000 5½ per cent. guaranteed notes. Stock: first charge on Piccadilly leasehold building, redeemable from 1940 at 102 by sinking fund or at 104 on notice, or in 1971 at 102; interest and annual sinking fund guaranteed by S. Simpson, Ltd. Notes (part of £200,000) similarly guaranteed; unsecured but charges cannot be created except to secure stock or bankers' advances; redeemable from 1940 at 103 by sinking fund or at 105 on notice, or in 1965 at 103. Company (operating men's clothing store) is a subsidiary of guarantor company, wholesale clothiers. Proceeds to repay loans. Guarantor company's net assets, £299,283 (stock, £115,071); profits after depreciation, years to April 30th: 1934, £60,639; 1935, £72,358; 1936, £51,983; 6 months to October 31, 1936, £30,019. Company's profits, 6 months to October 31st, Dr. £11,843, after capitalising £25,000 advertising expenditure. Lists closed 10 a.m., December 10th.

Dinnor Quarries.—Issue at par of £50,000 6 per cent. redeemable convertible debenture stock. Convertible to 1942 into four 5s. ordinary shares per £1 stock; redeemable at 105 from 1938 by twenty annual drawings, or from 1942 on three months' notice. Incorporated 1932, but has done no business. Acquires quarries in Anglesey. Assets, £113,808; purchase prices, Dinnor, £53,650 payable by £25,000 cash and 114,600 5s. shares; Flagstaff, £5,000 cash. Dinnor vendor company's profits after depreciation: 1933, £2,936; 1934, £5,075; 18 months to June 30, 1936, £3,159. Flagstaff Quarry idle several years. Application will be made to Liverpool Stock Exchange for permission to deal.

Associated British Properties.—Issue of £2,000,000 4½ per cent. first mortgage debenture stock at par. Redeemable at 101½ from 1941 by drawings, or in 1972; or at 103 on notice. Cinema property owners; leases to the parent company, A.B.P. Corporation, who pay rent of 6 per cent. of purchase price, also outgoings, repairs and company's expenses. Corporation's profits, after depreciation, before interest, years to March 31: 1934, £447,873; 1935, £494,086; 1936, £745,673. Fifty-three properties valued at £3,025,200, purchased from Associated Cinema Properties for £3,000,000, payable by £2,000,100 cash and 999,900 £1 ordinary shares. Lists closed 10 a.m., December 9th.

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Badenoch Rubber Estate.—Issue of 175,000 £1 shares at par. Acquires estate in Kedah, Malaya, of 6,955 acres (5,234 planted). Standard production: 1936, 2,621,418 lbs.; 1937, expected to be 2,623,094 lbs. (501 per planted acre). Purchase price, £275,000, payable by £150,000 cash and 125,000 shares. Vendor pays expenses (say £13,700). At 3d. per lb. profit, 70 per cent. of standard production gives 7.65 per cent. on capital; 100 per cent. gives 10.92 per cent. Lists closed 9.5 a.m., December 10th. Heavily oversubscribed.

Page's, Ltd..—Offer for sale of 500,000 2s. ordinary shares at 4s. House furnishers, with subsidiaries. Aggregate profits, before depreciation, fees, etc., years ending up to June 30: 1934, £9,208; 1935, £13,505; 1936, £19,077. Net assets, £50,106; purchased for £50,000, payable by £48,488 in shares and £1,512 cash. British Pacific Trust buy 250,000 shares at 3s. 7

THE ECONOMIST

Prices, Year 1936					Prices, Year 1936					Prices, Year 1936									
Jan. 1 to Dec. 9, inclusive	Lowest	High-est	Last two Half-years Dividends	Name of Security	Price, Dec. 9, 1936	Price, Dec. 9, 1936	Rise or Fall	Yield, Dec. 9, 1936		Jan. 1 to Dec. 9, inclusive	Lowest	High-est	Last two Half-years Dividends	Name of Security	Price, Dec. 9, 1936	Price, Dec. 9, 1936	Rise or Fall	Yield, Dec. 9, 1936	
(a) (b) (c) (d)	(e) (f) (g) (h)	(i) (j) (k) (l)	(m) (n) (o) (p)	(q) (r) (s) (t)	(u) (v) (w) (x)	(y) (z) (aa) (ab)	(ac) (ad) (ae) (af)	(ag) (ah) (ai) (aj)	(ak) (al) (am) (an)	(ao) (ap) (aq) (ar)	(as) (at) (au) (av)	(aw) (ax) (ay) (az)	(ba) (bb) (bc) (bd)	(be) (bf) (bg) (bh)	(bi) (bj) (bk) (bl)	(bm) (bn) (bo) (bp)	(bq) (br) (bs) (bt)	(bu) (bv) (bw) (bx)	
37/4	18/	74/	38/	Hadfields 10/-	33/6	32/6	-1/-	2 6	d	58/7	49/6	m29(c)	m29(c)	Boat's Pure Drug 9/-	57/3	58/-	+1/6	2 12	6
12/6	7/2	24/	Nil	H. & Wif. 6% Cm. Pt.	10/9	10/-	-9d	Nil		36/-	20/6	24/	5(c)	Borax Deferred £1	35/-	34/-	-1/-	2 19	9
30/4	19/7	Nil	(a) (b)	Hard Collieries £1	28/9	28/9		5 4	3	22/7	16/8	3(c)	4(c)	Borax Deferred £1	21/3	21/3		3 15	3
30/-	21/6	5(c)	5(c)	Lambert Bros. Ord. £1	26/10/4	26/10/4		3 14	0	46/11	71/3	62/10	4(a) 5(b)	Bowaters Paper Mills £1	38/3x	38/6x	+3d	4 11	6
13/6	5/6	2(c)	Nil(c)	Ocean Coal & Wilsons £1	13/11	13/11		Nil		42/11	38/3	71/3	5(a) 7(a)	British Aeroplane (10/-)	63/9x	63/9x		3 12	8
10/10	4/1	Nil	Nil	Peace and Partners 10/-	23/6	23/6		5 0	9	40/10	37/10	5(b)	22(a)	British Match £1	39/-	38/6	-6d	4 0	0
25/7	17/-	43/	(a) (b)	Ruston & Hornsby £1	28/-	27/6	-6d	3 12	0	62	51	+20(c)	+20(c)	Brit.-Amer. Tobacco £1	61	61		3 1	3
50/6	29/6	24/	74/	Sheepbridge Cl. & In. £1	46/3	46/3		4 6	6	135/-	36/10/4	9(b)	7(a)	British Oxveen £1	116/3	116/3		2 10	0
41/6	21/3	24/	54/	Shipley Collieries Ord. £1	38/9	38/-	-9d	4 3	0	31	18/	Nil	Nil	Cable & Wic. A. Ord.	19/1	19/-		Nil	
66/-	44/11	11(c)	12(c)	S. Durham B. Ord. £1	60/-	57/6	-2/6	3 16	10	115/	100/3	44(c)	5(c)	Holdings "54 5/4"	101/1	101		5 8	3
40/9	24/9	5(c)	6(c)	Steel & Iron B. Ord. £1	33/9	31/3	-2/6	3 10	0	29/6	21	15(a)	6(a)	Carerra's A. Ord. £1	21/9	22/-	+3d	9 1	0
60/9	50/-	6(b)	4(a)	Stanton Ironworks £1	57/3	57/3		3 3	0	33	23	Nil(c)	20(c)	Critical Manuf. Ord. 5/-	25/7/3	25/-	-7/4	4 0	0
39/4/4	47/-	13(a)	16(b)	Stevenson Coal Co. £1	56/3	55/7/4	-7/4	3	0	83/-	65/-	71/	10(c)	De Havilland Aircraft £1	74/4/3	71/3	-3/11	2 16	0
40/8	25/9	5(c)	24(a)	Stewart & Lloyds £1	38/9	39/-		2 11	0	42/9	33/9	8(c)	8(c)	Dunlop £1	35/3	34/6	-9d	4 12	0
17/11	12/9	9(b)	5(a)	Swan, Hunter £1	36/10/4	36/9	-7/4	2 15	6	57/6	49/-	5(a)	10(b)	Eastwoods Ord. £1	50/-	50/-		6 0	0
26/9	13/3	Nil	Nil	Thomas (Richard) (6/8)	17/-	16/9	-3d	5 13	0	29/7/3	20/3	22(c)	15(a)	Elec. & Musical Ind. 10/-	23/-	22/6	-6d	4 9	0
11/9	7/8	Nil	24(c)	Thornycroft, John, £1	8/6	8/6		3 12	0	34/6	25/3	34	12(c)	Ever Ready Co. 5/-	30/-	30/-		2 2	0
81	24/7	Nil	Nil	Un. Steel (S.A.) Ord. 5/-	57/6	57/6		4 15	0	150/-	125/-	194/6	51(a)	Finlay (James) & Co. £1	61/3	61/3		3 5	0
86/-	28/6	24/	50/	U. States Steel \$100/-	31/6	31/6		2 7	0	14/9	8/10/	7(c)	Nil(c)	Gallagher Ltd. Ord. £1	140/-	140/-		3 11	0
28/6	19/3	24/	50/	Vickers (10/-)	34/6	34/6		4 6	0	48/									

(a) Interim dividend. (b) Final dividend. (c) Last two yearly dividends. (d) Paid in New Zealand currency. (e) Allowing for rate of exchange.
(f) Flat yield. (g) Before bonus. (h) After bonus. (i) Yield on 3½% basis. (j) Yield on 12½% basis. (k) Yield worked on redemption at par on February 1, 1957.
(l) Yield worked on redemption at par on December 1, 1952. (m) Based on payment of 24%. (n) Yield worked on redemption at par on April 1, 1961. (o) Paid in Australian currency. (p) Also Centenary Bonus of 2%. Yield worked on 18½% basis. (q) Free of Income Tax.

(Continued from page 541)

Keen and Gardner take issue at 102 and expenses, for 2½ per cent. commission. Secured on leasehold property (79 years unexpired).

Vitacream, Ltd.—Capital 500,000 2s. shares. Manufacturers of artificial cream, etc. Formed 1929. Profits, after depreciation, years to June 30: 1934, £12,343; 1935, £20,262; 1936, £22,314. Total assets, £68,112. (Acquisition, etc., of secret processes, etc., £16,192). Leadenhall Securities Corporation take 175,000 shares at 6s. 1½d. and expenses (say 2½d. per share).

ISSUES TO SHAREHOLDERS ONLY

Bowater's Paper Mills, Ltd.—Issue of 300,000 6½ per cent. cumulative £1 preference shares at 28s. 6d. each.

Charterhouse Investment Trust.—Shareholders are being offered 500,000 £1 ordinary shares at 25s. each in the proportion of one for every £2 of ordinary stock held on November 18th.

Rand Leases (Vogelstruifontein).—The company has made an issue 5 per cent. debentures £900,000 at par in the proportion of £30 of debentures for every 100 shares held on December 31st.

Ismay Industries.—Issue of 408,000 ordinary 5s. shares at 7s. 6d. per share in the ratio of one new share for every five held.

Gopeng (Perak) Rubber.—Issue of 1,100,000 2s. shares at 2s. 1½d. each at rank for dividend as from January 1, 1937.

Tarran Industries.—Issue of 500,000 ordinary shares of 2s. to ordinary shareholders at 2s. 6d. per share in the proportion of one new ordinary share for every three ordinary shares held on November 23rd. The new shares will rank *pari passu* in all respects with the existing ordinary shares, but will not participate in the dividend payable on December 8th.

D. Smith and Sons, Ltd.—A further capital bonus distribution of one ordinary share for every 15 shares, ranking for dividend as from September 1, 1936. Issue of 200,000 1s. ordinary shares at 6s. per share to shareholders registered on December 18, 1936, in the proportion of one new share to four existing shares, to rank for dividend as from January 1, 1937.

Hewitt Brothers, Ltd.—Issue of 50,000 ordinary shares to ordinary shareholders in the ratio of one share for every six held at bonus price of 55s. per share.

CONVERSIONS AND REPAYMENTS

Atlantic and Northwest Railway.—Offer of conversion at par of £1,300,000 5 per cent. bonds 1937 into 4 per cent. first mortgage redeemable debenture stock due 1957, at par. Secured on part of system leased to Canadian Pacific Railway, who guarantee repayment of stock in 1957. Or redeemable on three months' notice at 102 from 1947 to 1951, or at 101 thereafter.

Bowater's Marney Paper Mills, Ltd.—Issue of £800,000 3½ per cent. first mortgage debenture stock at 97½ per cent. Any stock not previously redeemed will be paid off at par on September 1, 1961. Purpose of issue to repay £800,000 4½ per cent. first mortgage debenture stock on March 5, 1937, at 103 per cent.

Bowater's Paper Mills, Ltd.—The directors will repay on March 5, 1937, £1,000,000 4½ per cent. first mortgage debenture stock at 102 per cent. For this purpose an issue is being made of £1,000,000 new 3½ per cent. first mortgage debenture stock at 98½ per cent. Stock not redeemed to be paid off at par on July 31, 1961.

Indian Iron and Steel Company, Ltd.—Issue of £1,500,000 4 per cent. first mortgage debentures at 98 per cent. to repay on July 1, 1937, £485,950 7½ per cent. first mortgage debentures of Indian Iron and Steel Company at 105 per cent., also £837,850 7 per cent. first mortgage debentures of Bengal Iron Company at 105 per cent. on January 13, 1937. The company is also issuing 731,464 ordinary Rs. 10 shares at par (15s. per share).

LONDON NEW ISSUE PRICES

Stock or Share	Issue price	Paid	Dec. 2, 1936	Dec. 9, 1936
Amalgamated Collieries S. Africa £1	30/-	30/-	33/-33/6	33/-33/6
Argentine 3½% Conversion	84½	84½	1½-1 dis	1½-1 dis
Austin Veneer (2/-)	3/-	3/-	2/6-2/9	2/6-2/9
Bird (Sydney S.) Ord. 2/-	...	...	5/-5/3	4/10½-5/1½
Birkett (T. M.) (4/-)	...	...	...	5/3-5/6
Brown (E. G.) Ord. (2/-)	...	...	...	4/3-4/6
Do. 5½% Pref. (5/-)	...	...	5/-5/3	5/-5/3
Bristol 3%	99½	24½	1½-1 dis	1½-1 dis
Buchan's (Andrew) Brewery Ord. £1	...	...	42/9-43/3	42/9-43/3
Crabtree Electric Ord. (10/-)	12/9	12/9	...	24/6-25/-
Do. 5% Pref. £1	20/6	20/6	...	21/6-22/-
C.T.C. Bazaars (5/-)	15/-	15/-	14/-14/6	13/9-14/3
Do. 6% Pref. £1	21/-	21/-	20/7½-21/1½	20/7½-21/1½
Drey, Simpson (5/-)	...	...	4/10½-5/1½	4/10½-5/1½
Dewsbury 3%	99½	24½	1½-1 dis	1½-1 dis
Dumfries 3% Stock	99½	59½	1½-1 dis	1½-1 dis
Everard Brewery 4% Debs.	102	35	1½-2½ pm	1½-2½ pm
Funding 2½%	98½	43½	1½-2½ pm	1½-2½ pm
Gas Light and Coke 3½% Pref.	100	20	1½-1½ pm	1½-2½ pm
Hackney Wick Stadium	...	...	3/7½-3/10½	3/6-3/9
Inter-Union Finance 5/-	5/-	3/-	1/10½-2/4½ pm	2/1½-2/7½ pm
Do. 5½% Pref. £1	20/-	10/-	1/3-9d dis	1/1½-7d dis
Lewis (J.) 5% 1st Pref. £1	22/6	7/6	par-3d pm	1½d dis-1½d pm
London & Dist. Cinema Ord. 5/-	5/-	5/-	5/6-5/9	5/6-6/-
Do. 5% Debs.	99	59	9½-98½	93½-98½
London County Council 3%, 1956-61	99	59	1-1½ pm	1-1½ pm
M. Morris Cabinet 4/-	...	...	6/4½-6/7½	6/3-6/6
Do. 6% Pref. 20/-	...	...	20/-20/6	20/-20/6
Redman (L. & D.) Ord. 4/-	5/8	5/8	...	...
Walsall Conduits 4/- Ord.	32/6	32/6	31/3-31/9	31/6-32/-
Do. 5% Pref. £1	20/6	20/6	21/3-21/9	21/7½-22/1½

Baldwins, Ltd.—The amount required to redeem the three outstanding debentures is £2,254,857, and to provide the necessary funds it is proposed that 1,500,000 4½ per cent. cumulative first preference shares £1 should be created by converting 7,500,000 unissued ordinary shares of 4s. each, to be consolidated into 1,500,000 £1 shares. The balance would be obtained by issue of 2,078,947 ordinary shares of 4s. each to the present ordinary stock-holders at 8s. per share in the proportion of one new share for every five units of stock now held.

BONUS ISSUES

Monotype Corporation.—The directors recommend distribution of a scrip bonus to ordinary shareholders in proportion of one in three shares held. This is to be effected by the capitalisation of £124,634 of the reserve. The new shares will be entitled to dividends as from October 1, 1936.

BY TENDER

Mid-Southern Utility.—Sale by tender £50,000 4 per cent. consolidated preference stock at a minimum price of £105 per £100 of stock. Tenders will close at noon on 15th December. The issue is being made to finance developments.

REPORTS AND NOTICES

Messrs. Thomas Skinner and Company, announce that "The Bankers' Almanac and Year Book," 1936-37, will be published on December 23rd.

BANKS

BANK OF MONTREAL.—Mr W. A. Bog had intimated to directors desire to retire as general manager effective December 7th, and at subsequent meeting of Board he was elected a vice-president and member executive committee. To fill vacancy Mr G. W. Spinney appointed joint general manager. Joint general managers now: Mr Jackson Dodds and Mr G. W. Spinney.

ITALO-BELGIAN BANK.—Accounts for year to June 30, 1936, show profits of Frs. 10,029,799, an increase of Frs. 910,887. Dividend is unchanged at 8 per cent., free of Belgian tax, and Frs. 100,000 against Frs. 400,000, is provided for taxes. Reserves receive Frs. 9,997,000, against nil, and a balance of Frs. 1,616,067 is carried forward, compared with Frs. 10,287,203 brought in. Deposits at June 30, 1936, amounted to Frs. 395,404,704, and bills held as collateral and for collection on account of customers to Frs. 325,006,713. Cash in hand and with bankers is Frs. 199,989,316.

INSURANCE

THE EQUITABLE LIFE ASSURANCE SOCIETY.—Mr H. T. Adlard, F.I.A., the assistant actuary, and Mr C. P. Waters, the chief clerk will retire after 42 and 47 years' service, respectively, at the end of this year. The directors have appointed Mr H. J. Tappenden, F.I.A., as deputy manager as from January 1st next, and he will retain his appointment as Reversionary Interest Society, Mr M. E. Ogborn, F.I.A., has been appointed assistant actuary. Mr H. D. Beavers, A.C.I.I., chief clerk, and Mr K. Ostler.

THE STANDARD LIFE ASSURANCE COMPANY (Declaration of Bonus and New Business Figures).—The Standard Life Assurance Company has declared an annual compound reversionary bonus at the rate of 42s. per cent. for the year ended November 15, 1936. This high rate has now been declared by the company each year for the last ten years. In 1936 the sum assured. The new business figures show that the total ordinary life assurance business (after deduction of re-assurances) written by the company during the year ended November 15, 1936, was £7,520 policies for £4,071,396. This exceeds the corresponding total for 1935 by £160,788 and is the largest total in any one year in the history of the company, whose ordinary life new business has now surpassed all previous records in each of the last four years. In addition, the company issued group life policies assuring £502,030 (as against £468,672 in 1935) and leasehold life policies for £541,900. Deferred annuities were written securing £84,404 per annum under ordinary policies and £219,740 per annum under group pension policies, and £215,280 was secured in single payments under immediate annuity bonds.

(Continued on page 562)

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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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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COMPANY MEETINGS

THE BRITISH OVERSEAS BANK, LIMITED

A YEAR OF GREATER ACTIVITY

BANKING AND POLITICS

THE COLLAPSE OF THE GOLD BLOC

BUSINESS IN SPAIN

MR A. C. D. GAIRDNER'S ADDRESS

The seventeenth annual general meeting of the British Overseas Bank, Limited, was held, on the 8th instant, at the bank's premises, No. 33 Gracechurch Street (Lombard Court), London, E.C.3.

Mr Arthur C. D. Gairdner (chairman of the company) presided. The Secretary (Mr A. E. Thorne) said: Mr Chairman, we have received apologies for absence from Mr Nigel L. Campbell, one of our directors, and Mr R. T. Hindley, an advisory director.

The Secretary then read the notice convening the meeting and the report of the auditors.

The Chairman said: Gentlemen,—Reference has been made on several occasions at these meetings to the difficulty of discussing general conditions. This difficulty was never more acute than it is at the present time, and it occurs to me that possibly it may not be unprofitable to dwell for a few moments on the reasons for this. It is an established banking principle that it is undesirable for bankers to enter into political controversy, and the observance of this principle makes it almost impossible to comment on the general situation as it exists to-day. Politics dominate all other factors at the present time, and it is the relationship of banking to politics to which I would turn for a few moments.

STATE INTERFERENCE WITH BUSINESS

State interference in business has been on the increase for decades, but in the special conditions of the period since the war, and particularly of the last few years, it has taken peculiar and exaggerated forms. Economic and political discontent has afforded a forcing ground for extremist theories in many countries, and the result has been very nearly a landslide of democracy in favour of dictatorships. Fundamental changes in the principles followed by the Government of any country are brought about not so much through the merits of the new ideals themselves but as a revolt from the unsatisfactory situation created by the immediately preceding Government.

Whether these changes come as a reaction against internal weakness or from outside pressure, or through a combination of both, the result has almost always been an autocratic system. This is so whether the new regime is in the name of the Fascist or the Communist ideal. Every form of Government, however—the new extreme types just as much as the older and looser democracies—requires a workable banking system, and the banker has to conduct his business against a political background which he cannot control and with which, as a banker, he must not interfere. His duty is to make the system adopted by his country work, but the technical problems of finance and credit are not made easier by this preoccupation, exaggerated as it is to-day, with political theories.

If, as should be the case, he is consulted by the authorities as to the financial effects of their measures, it is his part to advise, to point out any difficulties, and to recommend a solution for them. This is a professional duty which does not imply responsibility or even approval for the policy and decisions of the Government, although I do not mean that he should have no opinion of his own on the broader issues. His duty, however, once a course of national action has been decided upon, is to carry out the Government policy to the best of his ability, and this is often a matter of considerable difficulty when policies based on political prejudice have to be applied to the practical questions of the day.

THE BANKER'S PROBLEMS

This line of conduct governs the banker's relations with his own Government, but it must also be followed when he does

business abroad and comes into contact with foreign Powers. In such cases he has the further problem of providing a liaison between his own and a foreign country and reconciling divergent political principles when expressed in concrete business proposals. It is with these practical questions that a banker has to deal, and circumstances may easily arise when he realises that Government decisions on actual questions will not bring about the results desired.

It is then necessary for the banker to point this out, and it may be necessary for him to take up a very strong position in the interests of his own or any Government that consults him. If he were to approach such problems in a partisan spirit, his opinion would no longer be regarded as a professional one and would lose weight accordingly. In our experience we can say that, however unpalatable the views we have expressed may be thought at the moment, we have never found that the resentment caused has endured. It has been realised that our opinion, right or wrong in itself, is a professional one arrived at for reasons that can be clearly and definitely stated. It is for considerations such as these that a banker should not become involved in political controversy but should devote himself wholeheartedly to the field in which he may be of some real benefit to the community, and it is in this field that the British Overseas Bank has a place.

I must apologise for this digression and return to the matters more directly affecting banking, and our own bank in particular, during the last twelve months. The principal matter of general interest has been the collapse of the gold bloc. Last year we suggested this was essential before any comprehensive understanding amongst the nations could be tackled. The effect of this collapse has, however, been partially obscured by the indecision with which the French and Dutch Governments have dealt with the new situation. This indecision is also to be found in Poland. The consequence is that to-day reconstruction has hardly begun, although signs are not wanting in certain directions as to the lines of thought that are being pursued.

INCORPORATION WITH FREDK. HUTH AND COMPANY

Turning to more intimate matters, the most important incident of the year has been the incorporation of Messrs Fredk. Huth and Company with the British Overseas Bank. This firm had its roots deep in the traditions of London banking, and its name was a byword for all that was best in that profession. Recent years and the difficulties they brought made a change desirable, and we are glad to feel that the new relationship has been established with ourselves. In order that this should be maintained to the fullest extent, Mr Huth Walters became an advisory director of this bank and Mr Meinertzhagen joined the board. We were also able to retain the services of a number of the staff.

We have since our foundation had a strong desire to establish ourselves as merchant bankers, but owing to the difficulty of making a start in a completely new field we delayed doing so until an opportunity occurred which would facilitate the initial steps. This we found in Messrs Fredk. Huth and Company, who when they began business in London were known, under the term in use at that time, as "merchant adventurers." From that day to this they have maintained an active merchant business, which in recent times has been developed through the medium of companies with a nominal capital in place of the earlier method of specialised departments. These companies we have taken over and continue to operate. Little time has, of course, elapsed, but we are satisfied that the step we took was wise and will lead to good results.

SITUATION IN SPAIN

Spain has perhaps presented us with the most difficult problem with which we have been faced in the past year. Our business with that country since we absorbed the London and Liverpool Bank of Commerce has been large and important. This was thrown into complete confusion by the hastily and ill-conceived clearing arrangement entered into at the beginning of the year. A certain degree of order had barely been established when the civil war broke out, but even in such conditions it has been surprising how contracts have been observed. The integrity of no debtor stands higher than that of the honourable Spaniard. The confusion of the moment, however, is such that you will not expect me to refer to it in detail.

The system we inaugurated a few years ago under which members of the board become deputy-chairmen for twelve months has proved highly satisfactory, and in continuation of this arrangement Sir James Caird has vacated the office and Lord Aberconway has succeeded him for the ensuing twelve months.

BALANCE SHEET FIGURES

The figures in our balance sheet are very much what might be expected from the circumstances I have described. Current, deposit and other accounts are approximately £1,300,000 higher than a year ago. This has been brought about by a number of clients of Messrs. Fredk. Huth and Company transferring their accounts to us, and also by the greater activity in our own business which we have experienced during the latter months of the period under review. A large percentage of the increase, however, comes from foreign clients, who find London a convenient place in which to maintain their liquid resources. The increase in our acceptances is also accounted for by the incorporation of Messrs. Fredk. Huth and Company and the recent greater activity in our own business.

On the other side of the account there does not appear to be any item specially calling for comment, beyond possibly the extent of our cash resources. Obviously, in the circumstances I have mentioned, it is necessary that these should be larger than would be the case under more settled conditions, although they cannot be considered as a profitable method of employing the resources of the bank. Some people may be inclined to criticise the extent of the balance carried forward in the profit and loss account of £69,146 11s. 1d., but the board consider that the same reasons apply in this case as in that of our cash resources, and the balance carried forward is, in the circumstances, a more desirable destination for any surplus profits than is to be found by crediting them to definite reserve accounts.

I now move the following resolution:—"That the report and accounts for the year ended October 31, 1936, as audited and certified by your auditors, now before the meeting, be approved and adopted: that the dividend of 6 per cent. for the year recommended on the 'A' ordinary shares be approved and paid to shareholders on the register of members at the closing of the books on November 24, 1936."

I now ask Lord Aberconway to second the resolution, and after that I shall be glad to answer any questions which any shareholder may like to ask.

The Rt. Hon. Lord Aberconway, C.B.E. (Deputy-Chairman): Mr Chairman and Gentlemen, I beg to second the resolution which has been proposed to you by the Chairman.

QUESTION OF INTERIM DIVIDENDS

Mr W. Starling: Mr Chairman, may I just ask a question? I should like to know whether there is any intention to make an early resumption of the payment of interim dividends on the "A" ordinary shares. I put that question because on the first occasion when you failed to pay an interim dividend on these shares their value dropped very materially on the Stock Exchange, and it does not seem the right thing in the interests of the bank to find what is practically a preference share quoted at such a very big discount as the "A" share has been, and I think that the resumption of interim dividends, if I may say so, would largely tend to remove that disadvantage. You are carrying forward more than sufficient to pay the whole year's dividend, so that it does not seem to be a very risky proceeding to pay an interim dividend, but, of course, I am not conversant with all the figures of the bank and you are much better informed. I should like to have an idea, however, as to whether there is a possibility of the board reconsidering its decision about interim dividends.

Mr George C. Morgan: Mr Chairman, with regard to what my friend there has just said, I think that the price at which the shares stand on the Stock Exchange is a matter of much less

moment than the safety of the bank, and I should like to endorse the policy of the board in this matter.

Mr Starling: May I just make a further remark? The question of safety does not seem to be at all imperilled by such a payment, and surely in order to encourage confidence in your clients and friends it is worth while running the risk of paying an interim dividend even if there is a possibility of not meeting the full dividend at the end of the year.

THE CHAIRMAN'S REPLY

The Chairman: Well, I am sure that the board are very glad to feel that they have among the shareholders one who is so optimistic as our friend Mr Starling. I am sure that the board would be glad to take the question of the resumption of the payment of interim dividends into account as soon as they thought that it was desirable to do so from the point of view of which Mr Morgan spoke. At the moment, however, I think I can speak for the whole board when I say that we do not contemplate making any change in our procedure adopted some years ago, because the conditions in the world are very uncertain. In fact, we are extremely glad to get to the end of the year and be in a position to pay a dividend for the whole of it. I think that is the view of the board to-day, but we will take note of what has been said, and you may be sure that it will receive careful consideration.

Mr Starling: I submit to your better judgment, of course, sir. The Chairman: If there are no more questions, I now put the resolution to the meeting. Please signify your approval in the usual way; those against; that is carried unanimously. I will now ask Mr Hird to move the next resolution.

RE-ELECTION OF DIRECTORS

Mr Norman L. Hird (Advisory Director): Mr Chairman and Gentlemen, I have the honour to move the following resolution:—"That the directors retiring by rotation, The Right Hon. Lord Aberconway, C.B.E., and Mr Dudley Ward, C.B.E., be re-elected and that Mr Louis E. Meinertzhagen's appointment to the board be confirmed." In doing so, it is scarcely necessary for me to say very much about the two directors who are retiring by rotation. You all know both Lord Aberconway and Mr Dudley Ward. I would just remind you that Lord Aberconway is a man of many interests and activities. When we think of him, it is probably natural that we should remember that he is head of John Brown and Company, and it is particularly gratifying that on this occasion we can congratulate him on the fact that his wonderful company has effected another great achievement in the success of the "Queen Mary" since we were here last.

With regard to Mr Dudley Ward, who is absent abroad to-day on business, I need only remind you that he had been with the British Overseas Bank from its earliest days. He, of course, is a whole-time director, and we are very much indebted to him for all the work he has done here. Then, during the year there has been an addition to the board in the person of Mr Meinertzhagen. He comes from an old banking family with all the advantages of tradition. Mr Meinertzhagen is of great value to the British Overseas Bank by reason of his knowledge of merchant banking. I do not think it is necessary for me to say anything more, and I have very great pleasure in commending to you the motion which I have already read. (Applause.)

Sir James Caird, Bart (Director): I have very much pleasure in seconding that motion.

The Chairman: I beg to put the motion to the meeting. Those in favour; those against; carried unanimously.

THE CHAIRMAN'S DISTINCTION

Lord Aberconway: Mr Chairman and Gentlemen, I beg to thank you for the honour which you have done me in re-electing me a member of so able and distinguished a board. I had intended to say in seconding the resolution for the adoption of the report and accounts how pleased the board were on learning that our chairman, Mr Gairdner, had received the distinction of being presented with the Cross with Star of the Order of the Eagle by the Estonian Government. I am sure that all the shareholders as well as the board desire to congratulate him on the distinction which has been conferred upon him. (Applause.)

The Chairman: I will now call upon a shareholder to move the next resolution.

Mr Morgan: Mr Chairman, I beg to move: "That the retiring auditors, Messrs. George A. Touche and Company, and Messrs. McClelland, Ker and Company, be reappointed as auditors of the company for the current year at the same remuneration, namely, a collective fee of seven hundred and fifty pounds."

Mr Starling: I have much pleasure in seconding that resolution.

The Chairman: I put that resolution to the meeting. Those in favour please show their approval in the usual way; those against; carried unanimously. Well, gentlemen, that is all the business, and I can only thank you very much for your attendance here to-day.

VOTE OF THANKS

Mr Walter Scott: Gentlemen, once again I have the pleasure—and I regard it as an especial honour this time—of asking you to pass a very hearty vote of thanks to the chairman and directors. I am sure that during the last few months times have been most difficult for you and your board and, in all the circumstances, we must all be very pleased to receive the balance sheet which you have put before us to-day. I can only add, sir, that all the shareholders, including those who are absent from the meeting, will be highly pleased to learn of the distinction which has been granted to you. I have not very much more to say except to express my congratulations and to offer to you and the board a most hearty vote of thanks. (Applause.) I will put that to the meeting. All those in favour; that is carried unanimously, sir.

The Chairman: Mr Scott and gentlemen, I thank you very much for those kind remarks and for the way in which you received Mr Scott's all too flattering statements. There is one point on which I can assure him that he has not been mistaken. The balance sheet which we submit to you to-day represents more hard work on the part of the board, and especially on the part of the management, than any balance sheet, I think, which you have ever had put before you. In the turmoil existing all over the world the carrying through of the simplest operation requires a great deal more care and knowledge than ever before, and it is only by the most careful attention to the routine of business—or what ought to be the routine of business—that things can be carried through successfully, and you all owe—we all owe—what success we have achieved to the management and to every member of the staff, whose efforts have enabled us to present the results which we have placed before you to-day. (Applause.)

Mr Walter Scott: In the resolution of thanks which I proposed I unfortunately forgot to mention the staff. May I once again, on behalf of all the shareholders, convey our most grateful thanks to every member of the staff? (Applause.)

The proceedings then terminated.

NEW ZEALAND LOAN AND MERCANTILE AGENCY COMPANY, LIMITED

LARGELY INCREASED PROFIT

The forty-second annual general meeting of this company was held, on the 10th instant, in London.

Mr Harold G. Brown (the chairman) said that the profit was £156,000, compared with £85,045 in the previous year. This was arrived at after providing nearly £45,000 for exchange losses on transfers to London, or some £2,500 more than last year. The directors recommended the payment of one and a half year's dividend on the first preference stock, and were glad thus to be able to make a start in clearing up the arrears.

With regard to Australia, there had been a satisfactory improvement in their business in both Victoria and New South Wales, but in Queensland the returns were not so good as last year owing to the after-effects of the drought and the very heavy losses of stock due thereto and to subsequent unseasonable rains. However, the greater part of Queensland was now in very much better shape than it had been for several years past, and, given a continuance of reasonable rainfall, they might look forward to a steady improvement. Conditions generally in Australia might be regarded as fairly satisfactory.

There had been a marked improvement in the company's business in New Zealand. The expansion was attributed not only to higher values and improved trading conditions generally, but to increased efficiency. Recent legislation in New Zealand, however, had seriously increased the burden of the already high taxation which they had had to bear on their profits there. They were doing all they could to economise and to improve their efficiency, but were advised that, in spite of every saving, their extra costs this year would be something like £25,000 or £30,000, thus still further reducing their already inadequate remuneration for the important work they did.

The outlook for the current year was fairly encouraging. The prices of commodities with which they were mainly concerned had risen steadily to a point at which they gave a fair, if not very handsome, return to the producer, and at which the company should be able to get a reasonable return on their capital were it not for the unavoidable loss they made in remitting their profit.

The report was unanimously adopted.

GREAT BOULDER MINING AND FINANCE, LIMITED

SATISFACTORY PROGRESS

MR CLAUDE DE BERNALES' STATEMENT

The meeting of Great Boulder Mining and Finance, Limited, was held, on the 7th instant, in London.

Mr Claude de Bernales, the Chairman, said: The Revenue Account shows a deficit on the year of £138 4s. 10d., explained by the fact that a substantial proportion of the company's investments consist of shareholdings in subsidiary companies still in the development stage, and in other companies not yet on a dividend-paying basis.

At the date of the accounts the cash available was £225,216 12s. 3d., and in addition we held marketable securities to the extent of £191,292 10s. 3d. Our ready financial resources were therefore £416,509 2s. 6d., which can only be considered as most satisfactory.

I will now refer to our most important holdings and interests. Whether viewed from the results obtained from work carried out to date, or from the historical angle, the prospects of the Gladiator developing into a mine of magnitude and importance must be regarded as very sound, and in time we can reasonably hope to see the Gladiator mine transformed into an active and profitable gold-producing concern.

The history of the Lochinvar mine follows closely that of the Gladiator, and there is also a strong resemblance between the heartening events which have taken place since the property passed into our control. The three other mines directly under our control, namely, the Woolgar, Bindah and Black Range mines, are being intelligently prospected, although evidence of success here cannot yet be said to be as concrete as it is in the two mines just discussed. It is probable that one or more valuable mines will emerge from amongst them, each mine has a good past production record and has been the subject of favourable reports.

The Crescent and Jupiter mines both have undeniable possibilities and information gathered so far has encouraged us to secure a further period of six months during which our option over them may be exercised.

Our principal investments in gold mines, other than completely owned by us, are represented in our considerable shareholdings in the Yellowdine, Great Boulder Proprietary, Comet and Carmen Valley mines.

THE YELLOWDINE MINE

This remarkable mine is expected to be able to declare in a few months a dividend which will be equivalent to the whole of the invested capital to the several companies which originally purchased the property. The mine is expected by the end of January next to be making a net profit of £27,000 (Australian currency) per month. Our company hold nearly a one-sixth interest in the Yellowdine property, and the possibilities appear excellent.

With regard to Great Boulder Proprietary Mine, the completion of the scheme for increasing production will be reflected in the payment of a higher dividend rate, and a consequent appreciation of our invested capital. This mine is likely to prove a most satisfactory investment. Since the date of the accounts we have acquired a fourth-ninth interest in the Comet Gold Mines, Limited, a company registered in Western Australia.

News just received informs us that the east shaft in the Comet Mines is now down to a vertical depth of 27 ft. from the present collar of the shaft, and that sulphide ore is showing in the bottom of the shaft carrying high values.

Our company held a one-third interest in Carmen Valley Mines, United States of Colombia, South America. The mine has an excellent record for gold production, and there are sound mining reasons why certain specified development work should be immediately proceeded with.

GOOD PROSPECTS

In conclusion, we have every reason to be satisfied with the progress made during the year under review. Our cash resources are sound and we possess a good list of share investments, most with a ready cash market on the London Stock Exchange. I look forward to better news next year. You can rest assured that I and my co-directors will do everything possible to further the interests of the company.

The report and accounts were adopted and the meeting closed with a vote of thanks to the chairman.

THE COMMERCIAL BANK OF SCOTLAND, LIMITED

SUCCESSFUL YEAR—INCREASED PROFIT

FURTHER IMPROVEMENT IN TRADING CONDITIONS AT HOME

EARL OF MAR AND KELLIE'S ADDRESS

The annual meeting of the shareholders of The Commercial Bank of Scotland, Limited, was held at Edinburgh, on the 10th instant, the Earl of Mar and Kellie, Governor of the Bank, presiding.

In submitting the report the Governor said:—

Before commencing the business of the meeting I have to refer to the loss we sustained during the year through the death of Sir Archibald Denny, Baronet, who, since our last meeting, was appointed by the Board to be an extraordinary director. Sir Archibald took much interest in the welfare of the Bank and was the third member of his family to hold office. We greatly regret that his official relationship with us continued for so short a period.

It gives me pleasure to meet you again to-day and be in the position to submit for your approval a report which I consider gives further evidence of that vitality and strength which have long been associated with this institution.

TRADING CONDITIONS

A year ago I was able to refer to a steadily improving tendency in trading conditions at home, and I am pleased to say that we have still evidence of that tendency. In almost all fields of enterprise improvement can be observed, and it is only when the position in the international field is considered that we find little to encourage optimism. Although that is so and in many directions the extreme Nationalistic outlook, which has been the outstanding feature of the post-war world, is still as pronounced as before, there are signs that a recognition of the fundamental need of trade between the nations, unfettered by exchange complications and artificial barriers, is again dawning. In this connection the recent devaluation of the gold *bloc* currencies and the agreement between the United States of America, France and this country, entered into in a spirit of understanding and goodwill, were events of outstanding importance.

IMPORTANCE OF DEVELOPMENT OF INTERNATIONAL TRADE

It appears to me to be of the utmost importance at the present time that manufacturers should recognise that the greatly improved conditions recently experienced in the home market may not continue indefinitely, and that every avenue for the development of international trade should be explored. In so far as the added stimulus given by the defence programme of the Government tends temporarily to obscure the need for the development of overseas outlets, the position is to be regretted, and it will be well that we keep clearly in mind that in the last resort extending overseas markets are what we shall require when saturation point is again approached in the home field. It is symptomatic of restored confidence that a Scottish exhibition should be within the bounds of practical politics. The response which the promoters have so far received to the Guarantee Fund must be most encouraging to them, and I take this opportunity of wishing success to an undertaking which should do much to focus attention upon Scotland and Scottish products at a most opportune time.

BALANCE-SHEET ITEMS

Turning now to the report, you will observe that the directors have applied to the Reserve Fund out of the year's profits the sum of £50,000, which makes the Fund £3,050,000. That is a large sum, but your directors are satisfied that a large reserve employed in the business offers the best safeguard against fluctuating dividends in times of uncertainty, falling interest rates and increasing charges such as we are experiencing.

NOTES IN CIRCULATION

Notes in circulation at the date of the balance amounted to £3,628,810, or £277,000 more than a year ago. Our note circulation throughout the year has remained consistently in excess of the previous year's figure, which provides a very satisfactory indication of the increased spending capacity of the public at the present time.

Deposits and other credit balances at £42,017,265 are more by £1,233,000, and it is worthy of mention as further evidence of the

improved conditions in which we are participating that the major part of the increase in deposits is represented by current account balances.

Acceptances and engagements on account of customers, etc., show an increase of over £1,000,000, which is an indication of the development of our foreign department, which is now very favourably placed to provide for the foreign and colonial currency requirements of our customers.

ASSETS

Turning to the assets side of the balance sheet, coin, bank balances and money at call and short notice provide an immediately available fund of over £10,500,000, which exceeds last year's figure by over £600,000.

British Government Securities amount to over £25,000,000, which is approximately £1,000,000 more than last year's total. Our holdings are carefully selected with due regard to dates of maturity. Outside of the British Government list investments amount to only £225,515, of which our holding of Bank of England stock is the chief item. The market value of the investments is greater than the amount appearing in the balance sheet.

Adding the amount of the investments to the preceding cash items, you will observe the total is almost £36,000,000, or over 78 per cent. of our liabilities to the public by way of deposits and notes in circulation.

Bills discounted amount to £1,143,545, or about £10,000 more than last year. These are bills discounted to customers in the ordinary course of business and do not include any Treasury bills at this time.

LOANS AND ADVANCES

With regard to loans and advances amounting to £13,101,000, there is a relatively small reduction of £146,000 at the date of the balance, but without further explanation no proper conclusion as to the state of trade can be drawn from this reduction. As a matter of interest I might mention that the average monthly figure of advances during the past year was in excess of £14,000,000, and although cheap money conditions have facilitated the issuing of loans and capital on a permanent basis and the consequent repayment of bank advances, there has been a welcome amount of well-spread new lending which has filled the gap which would otherwise have appeared. I venture to think that this tendency and the repayment of the less liquid type of advance which improved conditions have made possible, are satisfactory factors in the situation, which without explanation might escape notice. It is, I think, also worthy of remark that loans against marketable securities are substantially less than they were twelve months ago, and that of our total advances an amount in excess of £3,000,000 represents advances without specific security.

Our policy of gradually but steadily improving our properties has continued with advantage both to our customers and the staff, who are in most cases now working under greatly improved conditions. As you will observe, the properties appear in the balance sheet at £920,000, at which figure they are very moderately valued.

These items produce a balance-sheet total of over £54,000,000, which is a record in the bank's history.

PROFIT AND DIVIDENDS

The profit for the year amounts to £399,733, which as usual is arrived at after providing for all bad and doubtful debts. This shows a small increase of £2,783 over last year's figure. A favourable experience regarding bad debts has served to counteract the effect of low interest yields and increased charges, and, in the circumstances, I think you will feel satisfied with the results.

As to the allocation of the profits, interim dividends have been paid on the "A" shares at the rate of 16 per cent. per annum, and on the "B" shares at the rate of 10 per cent. per annum,

and it is now proposed that a further distribution on both classes of shares be made at the same respective rates, subject to income tax.

WIDOWS' FUND

As I have already indicated, £50,000 has been added to the reserve fund, and there have also been allocations of £50,000 to property accounts; £30,000 to the trustees for the staff non-contributory pension fund; £10,000 to the widows' and orphans' fund, and £5,000 to a new fund for staff insurance. With regard to the last two items a word of explanation is necessary. The widows' fund, which is managed entirely by representatives of the staff, provides an annuity of £100 to all widows and orphan families of members, and at present there are 111 beneficiaries in receipt of annuities. The fund has been built up over a considerable period of years by staff contributions, which do not exceed £6 6s. per annum in the case of married members, and by the help of the bank, and at the present time the fund is actuarially sufficient to support the annuity which I have mentioned. It is the wish of the directors, however, to see the fund still further strengthened, in view of the present low interest yields, and the ultimate aim is to reach a point at which an increased annuity may be found possible.

NEW ALLOCATION EXPLAINED

With regard to the allocation of £5,000 to the insurance scheme, you may recall that in order to provide that pensions be granted to the staff as a right a large fund was handed over to trustees a few years ago, and by annual appropriations from profits since that time the fund now amounts to £545,000. Until such time as the fund is sufficient to bear the liability for pensions, which on the present basis will not be for a good many years, the trustees hold the bank's guarantee for payment of the annual sum required to meet pensions. Under the scheme, any member of the staff, after the qualifying years of service, has not only the right to a pension of two-thirds salary, but also an option to allocate a portion of such pension upon the life of his wife, in which case the pension so payable to a widow is in addition to the £100 per annum from the widows' fund to which I have referred. While this option has been much valued by the staff, the board have felt that where an officer dies in service before reaching the point at which the right to allocate pensions emerges, the widow is placed at a disadvantage, and it is with a view to the establishment of a scheme to provide for such cases that this first allocation of £5,000 has been made. The details of the scheme are at present under consideration and will be announced to the staff in due course.

You will observe that after the allocations out of the year's profits to which I have referred have been made the carry-forward to next account amounts to £65,230, or some £3,000 more than the amount brought in.

RE-ELECTION OF DIRECTORS

It is proposed that I should be re-elected governor, and that Lord Mackenzie be re-elected deputy-governor. During the year the directors had much pleasure, acting under the powers conferred upon them by the constitution, in appointing as extraordinary directors Sir Iain Colquhoun, Bart., D.S.O., of Luss, Mr George Balfour, M.P., and Mr William A. Bailey, and it is proposed that they, and the other extraordinary directors whose names appear on the list, be re-elected. It is further proposed that Sir William C. Johnston, the ordinary director who retires at this time, be re-elected. Mr Macfarlan and Mr Annan, the auditors, being eligible, offer themselves for re-election for the current year.

The Governor then moved the adoption of the report, and the motion having been seconded by Dr. Nasmyth, was put to the meeting and carried.

At the close of the meeting, on the motion of Mr Charles J. Munro, C.A., a vote of thanks was accorded to the directors and the staff for their services during the year, and acknowledgment was made by Mr Houston on behalf of the directors and by Mr Erskine on behalf of the staff.

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

ANSELLS BREWERY LIMITED

36th ORDINARY GENERAL MEETING held at the Farcroft Hotel, Birmingham 21, on Friday, 4th December, 1936.

PROFITS	£495,927	13	10
(12 months ended 30th Sept., 1936), after deducting all charges and expenses for management (including Directors' Fees) and making provision for Interest on Debentures and Debenture Stock, taxation, depreciation, bad and doubtful debts, and other contingencies.			
BROUGHT FORWARD	£309,823	10	6
	£805,751	4	4
DIVIDENDS ON PREFERENCE AND ORDINARY SHARES (paid and to be paid)	£266,787	10	0
TO RESERVE FOR PROPERTIES, ETC.	£125,000	0	0
TO RESERVE ACCOUNT	£100,000	0	0
	£491,787	10	0
TO BE CARRIED FORWARD	£313,963	14	4

Points from the Chairman's Speech.

The undertaking to raise the gravity of the beer by 2 degrees given to the Chancellor of the Exchequer when he reduced the Beer Duty has, and always will be, honoured so long as it lasts.

Ordinary shareholders will receive an extra 2½ per cent., making 25 per cent. for the year less tax as well as an issue of new shares on Bonus Terms. I also congratulate them and especially those who formerly held Holt's shares and decided to throw in their lot with Ansell's by exchanging shares.

By issuing 504,275 bonus shares at £1 each we shall obtain £504,275, which we estimate will be ample to meet our commitments for recent acquisitions and expenditure in connection with the extensions and improvements of the Brewery, Bottling Stores and Licensed Houses of the Company.

We have spent over £720,000 of a Capital nature for the above purposes.

The greater portion of the new premises at Aston is completed and the new garages are capable of accommodating an extra 120 vehicles. Also large additions have been made to Offices and Bottling Stores. The Telsen works have been recently acquired for future development.

We have not omitted to adequately safeguard the future by allocating to reserve the respectable sum of £225,000.

I shall not attempt to prophesy as to the future. It will be abundantly evident that your Company is in the very enviable position of being able to take full advantage of the prevailing state of Trade, and should less favourable conditions be encountered it will still be able to give a good account of itself in consequence of the prudent and conservative policy your Directors have always pursued.

Copies of the Chairman's Speech may be obtained from the Secretary, Park Road, Aston, Birmingham.

BARCLAYS BANK (DOMINION, COLONIAL AND OVERSEAS)

INCREASED NET PROFIT

MR MELVILLE TRITTON'S REVIEW

The eleventh ordinary general meeting of Barclays Bank (Dominion, Colonial and Overseas) was held, on the 10th instant, at Southern House, London.

Mr H. L. Melville Tritton (the chairman), in the course of his speech, said:—The shareholders will remember that I told them last year of my intention to visit South Africa, and, though I was unable to go to Rhodesia, I visited Pretoria, Capetown, Johannesburg and other important towns in the Union. The Empire Exhibition which opened in Johannesburg in September has proved to be deserving of the highest praise, and the interest taken in it is great and well deserved.

The development of the gold-mining industry has played and will continue to play a most important part in the history of the Union of South Africa. The rise in the price of the metal has made possible the exploitation of resources previously regarded as unpayable. The policy of treating ore of a lower average grade has been responsible for the decline in the volume of output from the Transvaal from the record level reached in 1932, but last year there was an increase compared with 1934, and in 1936 production has again been on the up grade.

BREAK UP OF GOLD BLOC

Gold bullion accounted for 71 per cent. of the value of exports of South African produce in 1935 and the prospects of the industry are, therefore, of vital concern to the Union. Its future largely depends, however, on the demand for the metal as a basis for currency and, in particular as a medium for the adjustment of short-term fluctuations in the balances of payments between nations. The break up of the Continental "gold bloc" this year, through the re-adjustment of the values of the currencies of France, Holland and Switzerland, was accompanied by the definite fixing of upper and lower limits of depreciation in terms of gold for French and Swiss francs. The United States suspended the gold standard in April, 1933, but less than a year later a fresh gold content was fixed for the dollar, and although the new level was, and is, liable to further alteration within a definite limit at the discretion of the President, no such action has been taken. Belgium depreciated her currency at the end of March, 1935, but a provisional gold content for the belga was immediately fixed, showing a devaluation of 28 per cent., and the new rate was made permanent a year later.

FAITH IN GOLD

In this country, although sterling remains unlinked to gold, the Bank of England has continued to increase its holding. If further evidence were needed of the widespread faith in gold, strengthened rather than weakened by the world currency difficulties of recent years, it is to be found in the hoarding of the metal by nationals of countries the stability of whose currencies may, for any reason, be regarded as uncertain. Moreover, the decision of the United States Treasury to enable gold to be obtained in America, in exchange for dollars, by any country which gives reciprocal facilities, and the action of the British, French and, more recently, Belgian, Dutch and Swiss Governments, in according such facilities in their own countries to the United States authorities, is an indication of continued co-operation between the various countries.

SOUTH AND EAST AFRICA

Speaking generally of South Africa, wholesale and retail trading conditions in the Union have been satisfactory throughout the year, considerably more business having been done than during the previous year. Easy money conditions continue, and ample funds have been available for investment in mining, industrial and commercial enterprises, whilst the market for gilt-edged securities has been firm throughout the year.

In East Africa during the last twelve months there have been distinct signs of improvement in general conditions.

The export and import figures of the three East African territories for the first half of the current year show increases over the figures for the corresponding period of 1935. This autumn I was able to pay a visit to several of the branches in Egypt and see the progress being made there. During the last twelve months the negotiations entered into with Great Britain were followed by the successful conclusion of an Anglo-Egyptian Treaty, a factor

undoubtedly making for closer friendship between the two countries.

EGYPT AND SUDAN

The uncertainty of the international situation resulted in an unprecedented demand for Egyptian cotton early in the 1935-36 season. The crop was larger than in previous years, and prices showed a marked improvement. The 1936-37 season has made a promising start. A larger crop than last year is anticipated and enhanced prices prevail.

Business in the Sudan has been satisfactory, and crop prospects are good. The Gebel Aulia Dam is nearly completed and should be handed over this winter. In view of the serious and long continued disturbances in Palestine, shareholders will learn with-out surprise that the trade returns, compared with last year, show a marked decrease. Both imports and exports have fallen appreciably, the latter in consequence of the much reduced citrus crop. Fortunately, the new citrus crop, now being moved, is expected to exceed nine million cases. Government finances continue to be satisfactory.

Turning now to the West Indies and British Guiana, the price of sugar continues to be disappointing; record crops, however, have been reaped in Barbados, Trinidad, Jamaica and British Guiana, totalling 550,000 tons for these four Colonies. Trinidad is now the largest Empire producer of oil, exporting as it does about 400 million gallons a year. The West Indian Islands report a record number of tourists during the last season.

With regard to British West Africa, during the year the steady and material improvement noted in the previous year has continued in both the export and import trades, and the tonnage of cocoa shipped constituted a record. In addition, the gold-mining areas upon the Gold Coast have been actively developed. In Sierra Leone the export of diamonds is higher, and there has also been an increase in the output of gold and iron ore.

THE BANK'S ACCOUNTS

Turning to the balance sheet, it is interesting to note that in this, the bank's centenary year, the total has, for the first time, exceeded the £200 million mark, being an increase of over £10 millions compared with the previous year. Current, deposit and other accounts amount to £97 millions, an increase of £9,000,000 upon 1935, partly owing to an increased deposit of Government funds. Notes in circulation are £80,000 higher at £930,000, whilst acceptances, etc., at £4,947,000, show an increase of nearly £1,000,000. The bank's investments now stand at £27,843,000. This is an increase of over £4,000,000, whilst advances to customers, etc., at £32,205,000, show an increase of £3,000,000.

A change has been made in the manner of presenting the profit and loss account, the net profit, namely £401,000, having been shown, on this occasion, after provision for income tax has been deducted, whereas last year's profit of £473,000 was subject to the appropriation of £120,000 to income tax account. Compared with 1935 there is an improvement in profit of about £50,000. The cost to the bank of the centenary grant, announced in March last, of 10 per cent. of the salaries and pensions paid by the bank, totalled £177,846, and has been charged to the profit and loss account.

RESERVE AND DIVIDENDS

A further sum of £75,000 has been carried to the reserve fund, compared with £100,000 in the previous year, the total of that fund now being £1,925,000. Interim dividends at the rate of 8 per cent. per annum on the cumulative preference shares and 5 per cent. per annum on the "A" and "B" shares, less income tax at the rate of 4s. 5d. in the £, in all cases, were paid in June last. The board now recommends the payment of final dividends at the rate of 8 per cent. per annum on the cumulative preference shares, and at the rate of 6 per cent. per annum on the "A" and "B" shares, less income tax in each case at the rate of 4s. 5d. in the £. The dividend for the year, therefore, on the "A" and "B" shares is at the rate of 5½ per cent. After making these appropriations, there remains a balance of £128,903 to be carried forward. It is proposed to pay these final dividends on Monday, December 21st.

The report and accounts were unanimously adopted.

PENINSULAR AND ORIENTAL STEAM NAVIGATION COMPANY

IMPROVED RESULTS

PROBLEM OF JAPANESE COMPETITION

The ninety-sixth ordinary general meeting of the Peninsular and Oriental Steam Navigation Company was held, on the 9th instant, at the company's offices, 122 Leadenhall Street, London, the Hon. Alexander Shaw (chairman of the company) presiding.

The Secretary (Mr D. N. Black) having read the notice convening the meeting and the report of the auditors,

The Chairman, in moving the adoption of the report and accounts, said that on the whole allied companies had in the past year done rather better, and the improvement was reflected in the somewhat increased amount which appeared in the profit and loss account of the P. and O. Company under the heading of dividends from subsidiary companies. The liquid position of the group was strong, and this, he said, was fortunate in view of the necessity for the replacement of old tonnage by new vessels which lay ahead of all the subsidiary companies. The profit and loss account showed that the net receipts from voyages at £1,284,923 had improved by £230,000 as compared with last year, that being the best net result since the accounts appeared in their present form in 1932.

The improved result for the year was due in the main to better trade, of which the company had been able to reap the benefit through the policy of reorganisation, explained at some length at the annual meeting in 1932. He had been asked whether the distribution this year of 4 per cent. might be regarded as the precursor of larger dividends in future years, but while he sincerely wished that he could say "Yes" to that question, he added that the board was no collection of prophets, but that, quite frankly, in their view the uncertainties of British shipping were such that they could see no prospect whatever of a return to the larger distributions which were at one time made. The figures so far available for the current financial year were, up to the present, not so good as those last year.

IMPERIAL SHIPPING COMMITTEE

He recalled that at the meeting in 1933 he had put forward the proposal that the services of the Imperial Shipping Committee, representing as it did all the Governments of the Empire, should be invited to investigate and report upon just such a case as had risen in respect of the trade between Australia and New Zealand on the one side of the Pacific and North America on the other.

The report of the Committee upon the British Shipping trade between Canada and Australia and New Zealand had now been completed, but so far as the P. and O. Company was concerned, he wished to make it quite clear that its interest in that matter was rather remote. It would make no immediate difference to P. and O. finances, he said, if the Canadian-Australasian Line followed the New Zealand-San Francisco Line into the pit dugged for it by high American subsidies and British apathy, because the Canadian-Australasian Line was not a P. and O. subsidiary; and it was hardly conceivable that either its extinction or its survival could in itself make any substantial difference to P. and O. stockholders.

He thought that was a short view; and if the longer view were taken the interest of the P. and O. Company in that matter must be seen to be identical with the interest of all British shipowners and of the British public everywhere. That was a test case, and in its decision the interest of all British shipowners and of the Empire itself was great. If the Canadian-Australasian Line were also wiped out by wholly uneconomic competition, an example would have been given to other lands of how easy it was to extinguish British lines anywhere, and of how British hesitation, timidity and inaction lent themselves to the process.

ACTION BY THE DOMINIONS

Dealing with the aggressive shipping policy of Japan, which he said was, after all, only one aspect of the general question of the peril of British shipping in the face of State-fed foreign competition, Mr Shaw recalled that he had travelled round the world and did whatever he could to call attention at every British port to the subject and had returned here certain that even if Britain did not move to save Empire shipping the Dominions would take such action as was open to them. They knew that New Zealand had emphatically taken her stand and legislation had been placed upon her statute-book, designed to secure, at any rate in her own purely local trade, that British Empire shipping should still sail the seas. Well done,

New Zealand! Australia had shown an equal interest in the problem, and similar legislation had been introduced in the Senate at Canberra.

TO ABOLISH SUBSIDIES

What about Great Britain? Mr. Shaw asked. It was true that the tramp section of British shipping was greatly helped by the tramp subsidy, which enabled it to negotiate with other countries on something like equal terms. The whole country had endorsed the policy. It was a sign to other lands that the British Government was behind the industry. Now they were told that after 1937 the subsidy would not be paid and that the tramps must "make their plans accordingly." In short, the foreigner was informed that after 1937 British tramp shipping would again be entirely at his mercy. How could the British tramp-owner "make plans" to prevent foreign Governments sabotaging British shipping by high subsidies to their own vessels? To tell the tramp-owners to do so was to play with the question. The only way to put an end to lavish foreign subsidies with an aggressive aim was to let the world know that the Government of Britain was behind its shipping, not half-heartedly and for 1937 alone but altogether and all the time. That was the only way they could get rid of subsidies and get back to an economic basis.

CONCRETE SUGGESTIONS

On the subject of Japanese competition he would like, with all deference, to make two concrete suggestions. The first was that the Government of India should be pressed in its negotiations with Japan to use its bargaining power to the full in support of Empire shipping, and urged in particular to make any concessions to Japan dependent entirely upon fair play to the ships which served India and owed allegiance to his Majesty the King Emperor. His second suggestion was that without prejudice or delay to such immediate remedies as suggested themselves for a situation which might soon become desperate, the broad aspects of Britain's shipping position in the Far East should be referred to the Imperial Shipping Committee for their examination and advice.

MERCHANT SHIPS VITAL TO THE EMPIRE

The merchant navy was not a mere sideline of British industry which could be left to its fate with no other result than a measure of financial loss. On the contrary, it was to Britain bone of her bone and flesh of her flesh. Should it fail in time of trial the whole mechanism of defence by land, sea, and air would be revealed as a source of futile expenditure unable to save a nation which had abandoned to foreign domination the channels of its economic life. The mercantile marine was not merely as important to Britain as her navy, her army, and her air force. In simple truth, it was more important than all these put together, since it alone sustained the life which the other services protected. He thanked God that for those protecting services there was in high quarters enthusiasm, determination, and a real policy now. But for the life-giving service of the merchant navy how different was the picture—the cold shoulder, the averted look, years of delay culminating in a vague promise of help coupled with a definite threat of withdrawal of the only support ever accorded.

A CENTURY OF ENTERPRISE

The Chairman concluded that it was nearly a hundred years since the Peninsular Company received its first mail contract from the Admiralty. A century of private enterprise had built up in the P. and O. what in reality was a great branch of the public service. They had passed through lean years when the stockholders went without a penny of return upon their savings. They might have sold out at a profit to the foreigner, but such a thing was never suggested in any responsible quarter. They preferred to keep their house flag and the Red Ensign flying together, because above all considerations of dividends or personal advantage they had placed, and did still place, their duty as citizens to the great service committed to their charge.

Mr H. L. Urling-Clark congratulated the chairman and the board on the success of their management of the company during the past year, on the arrangements made for depreciation, and on paying a dividend on the deferred stock.

The Chairman thanked Mr Urling-Clark for what he had said, and added that he would like to make it quite clear that the question of depreciation had been in his mind since 1931, but it had been very difficult to carry through. The statement he made last year regarding depreciation was made with full knowledge of what might happen, and the qualification then stated by him still remained. On this matter the opinion of the board was unchanged.

The report was unanimously adopted.

ANGLO-TRANSVAAL CONSOLIDATED INVESTMENT COMPANY, LIMITED

ANOTHER SUCCESSFUL YEAR

MR A. S. HERSOV'S SURVEY

The third ordinary general meeting of the Anglo-Transvaal Consolidated Investment Company, Limited, was held, on November 27, in Johannesburg, Mr A. S. Hersov presiding.

The Chairman, in the course of his speech, said: The accounts reveal another successful year, with the maintenance of dividend distribution to shareholders at the same rate as for the previous year, and the augmenting of the reserve fund by a further £250,000.

PROFIT AND LOSS ACCOUNT

Turning now to the profit and loss account, you will see that the company's operations resulted in a total profit from all sources of £667,180—as compared with £414,353 for the previous year, or an increase of £252,827.

The net profit for the year transferred to appropriation account, was £581,133 (compared with £355,481 for 1935). To this must be added the amount of £266,874 brought forward from last year—giving an available total of £848,007, which was dealt with as follows:—

Dividends Numbers 4 and 5 absorbed £150,000—an amount of £250,000 was added to the reserve fund, bringing the fund up to £500,000; provision for taxation absorbed £54,900—leaving a balance of £393,107 to be carried forward to the current year on the Appropriation Account.

Before dealing in detail with the mining and industrial concerns being administered by your company, I would like to touch on some of the events of the year which may be of interest to shareholders.

One of the most important of these has been the devaluation of the franc by France, and the agreement arrived at between France, Great Britain and the United States on the currency question. Whilst complete stabilisation is not yet an accomplished fact, this agreement goes a long way towards it, and, as the question of stabilisation is one of the most important factors affecting the continuance of the prosperity of the gold mining industry, any progress in this direction should be looked upon with very great satisfaction.

The mining industry, generally, has continued to expand, as is evidenced by the further increase in tonnages crushed to over forty-six million tons as against forty-two million tons for 1935. The average grade was 4.6 dwts. against 4.9 dwts over 1935, or a further decrease of .3 dwts. The expenditure for the same period was forty-three and a half million pounds, as against forty million pounds, or an increase of three and a half million pounds.

LARGE TRACTS CONTROLLED

Great activity has been evident in the attempt to discover extensions of the Witwatersrand series in other part of the country, and large areas of ground have been taken up by various interests in the Free State—north of Krugersdorp—Ventersdorp and Lichtenburg districts. Your company has participated in these activities and now, together with associated interests, controls large tracts of ground in all these districts.

The development and exploration that is necessary in order to prove whether this ground has an economic value, is of vital importance to the country, and it appears to me that there is room for greater co-operation between the various interests controlling these areas.

The mining groups act in close co-operation on all important principles affecting the industry, and it is apparent that a great saving would be possible, if, instead of each of the interested parties acting independently, a system of co-operation were introduced whereby all the data available could be co-ordinated and utilised for mutual benefit.

This would unquestionably result in a saving of large and avoidable expenditure, and greatly expedite the exploratory work that has to be done.

OIL FUELS

The Government has recently adopted the policy that lower transport costs are necessary for the general expansion of the

country, and it has been officially announced that, in the near future, substantial reductions in the cost of motor fuel in the hinterland will be made.

As your company is interested in the indigenous production of motor fuels, the prices at which these fuels are to be sold is naturally of importance to you.

There is, however, another aspect to this question. Oil fuels can be regarded to-day as one of the prime necessities of modern civilisation. The indigenous production of oil fuels has engaged the attention of the Governments of many leading countries in the world for some considerable time. Many of these leading countries to-day have sponsored, or are subsidising enterprises for the production of oil from coal and shale, as they realise the danger of being dependent on foreign fuel supplies.

In view of this country's huge coal resources—its enormous distances from sources of supply and its consequent vulnerability—the production of oil from these sources must be regarded as a matter of national necessity.

If low fuel cost is essential for the development of a country—fuel supplies should be regarded as its life blood. The whole fabric and economic structure of a country can be completely paralysed by an interference with its fuel supplies.

GOLD MINING INTERESTS

The Chairman then gave a detailed review of the company's gold-mining interests and, referring to Rand Leases (Vogelstruisfontein) Gold Mining Company, said:—

I am very pleased to be able to report that this company has continued to make rapid progress.

Milling operations were commenced on April 13, 1936, and the first declaration of output, made in June last, was 52,500 tons crushed, yielding a nett working profit of £23,749 15s. 4d.

The working results for a quarter ended September 30, 1936, were 165,000 tons crushed, with a profit of £72,180 3s. 9d., whilst, for October, 1936, the tonnage crushed was increased to 60,500 tons—resulting in a gross profit of £27,311 5s. 2d.

The development disclosures on the three principal Reefs which traverse this company's property, namely, south reef, main reef and main reef leader, continue to show consistent and encouraging values.

No. 11 shaft has been sunk to a depth of 3,310 feet, at which depth shaft sinking operations were suspended in order to permit of an extensive development programme being carried out from this shaft, and also to bring it into commission as a hoisting unit as early as possible.

All units of the plant are functioning smoothly and efficiently. The ore reserves as calculated at December 31 last, amounted to 2,460,000 tons of an average value of 4.7 dwts. over a stoping width of 42 inches.

MIDDLE WITWATERSRAND (WESTERN AREAS), LIMITED

This property has now reached a very interesting stage, as borehole results appear to confirm the opinion in regard to the Main Reef Series deduced from the initial geophysical surveys.

Additional boreholes are contemplated and will be commenced when sufficient information has been gained from the Welgegend borehole.

KLIP NIGEL ESTATE AND GOLD MINING COMPANY LIMITED

Operations up to date have confirmed that the Nigel Reef underlies this company's property at workable depth.

The directors have under consideration various possibilities for improving the prospects of this company.

In association with other interests, your company has acquired options over a large area in the Orange Free State embracing the estimated extension of the occurrences in which the Western Reefs have obtained payable values. Preliminary exploratory and prospecting work is proceeding.

Your company continues to investigate the mineral possibilities of various properties held under option.

The Chairman concluded by giving an exhaustive survey of the company's various industrial and base metal interests.

The report and accounts were unanimously adopted.

J. BROCKHOUSE AND COMPANY, LIMITED

JUBILEE YEAR'S RECORD FIGURES

The thirty-ninth general meeting of J. Brockhouse and Company, Limited, was held, on the 9th instant, at West Bromwich, Mr J. T. Brockhouse, J.P. (chairman and managing director), presiding.

The Chairman, in the course of his speech, said that their meeting was the completion of the fiftieth year since the firm's foundation in April, 1886, and at the same time the figures of the trading account and the balance sheet were the best that the directors had ever presented to an annual meeting of shareholders.

The history of the firm had been one of steady and organised development. At the same time, as might naturally be expected, fluctuation in the general trade of the country had been reflected in the trading results of the company. He did feel, however, that the firm was as young and vigorous to-day and far more firmly established in its fiftieth year than ever in its previous history. He laid a special emphasis on the vigorous vitality of the firm, as it would be wrong to suppose that there was any intention to rest upon the laurels already achieved. Rather did he feel that they had now reached the stage in their development when the company might take advantage of the tremendous opportunities which were always being offered to commercial enterprise. At annual meetings in the last preceding years he had told the shareholders that the company was reorganising, rebuilding and "setting its house in order," and he felt that their achievements in that respect were reflected in the results shown this year. It was true the building was not completed, and he hoped it never would be completed, but the rebuilding and reorganising of the old part of the company was completed, and they were now turning their attention towards further expansion.

The balance available to be dealt with this year was £87,021, and the directors now recommended a final dividend of 10 per cent., less tax, on the 448,000 ordinary shares, making 16 per cent. for the year, which compared with a total dividend last year of 10 per cent.

Their order books to-day showed better prospects of trade than ever before in the history of the company. They enjoyed a good proportion of Government work, but at the same time it did not represent too large a proportion of their total trade. Their orders for private customers were more than they had been, and they prided themselves in giving satisfactory service to all their customers. The report was unanimously adopted.

TIMOTHY WHITES AND TAYLORS, LIMITED

INCREASED PROFIT AND DIVIDEND

The eighth ordinary general meeting of Timothy Whites and Taylors Limited was held, on the 4th instant, at the Hotel Victoria, London.

Mr Philip E. Hill (the chairman) said:—Ladies and gentlemen, —The trading profit of the year at £327,339 is some £49,000 larger than that of the previous year, and it is reasonable to assume that it would have been still larger but for the unfortunate summer season experienced by our seaside branches, from which we had every reason to anticipate a bumper year. We are recommending a final dividend of 22½ per cent.—making 30 per cent. for the year—an increase of 7½ per cent. over that paid last year, which, under all the circumstances, I think we must regard as satisfactory.

As to our business generally, I am pleased to state that the expansion to which I referred last year has continued. During the period under review we served 48,649,807 customers at the 878 shops owned by the company and its subsidiaries. An extensive programme of reconstruction and reconditioning of the company's branches has been and is still being pursued.

Last year I spoke hopefully of the company's outlook. This year I feel justified in expressing a feeling of optimism as to our future. Increased employment throughout the country, particularly in the North, has materially increased the spending power of that part of the community which includes a large percentage of our customers. Our weekly returns from all parts of the country are reflecting this. Our policy is to give the highest value possible for money expended, and this should ensure our receiving a fair share of the increased national spending power.

We propose in future to end our financial year on December 31st. Our next accounts, therefore, will cover a period of 15 months. We propose to declare our first interim dividend on the ordinary shares in April as usual and your directors will also consider the possibility of a second interim dividend in October. If the business progresses as we anticipate, we shall be well rewarded for waiting another three months for our annual report, when, we hope, in addition, to distribute a final dividend.

The report and accounts were unanimously adopted.

BARTON AND SONS (1935), LIMITED

FULL ORDER BOOKS

The first ordinary general meeting of Barton and Sons (1935), Limited, was held, on the 9th instant, at Connaught Rooms, London.

Mr J. E. Hodgkin (Chairman) said that their first duty when the company commenced business was to take steps to co-ordinate the various businesses out of which the company was formed. Some time had been spent in organising a central selling department, which was now attached to their London office, and which was responsible for the general publicity of the group of businesses under their control. They had to some extent reduced their commitments in regard to the neon branch of the business and in the manufacture of the electric valves, which were not found to be very remunerative. Those two departments were the only ones which had not been completely successful from the beginning; but as stated in the report, they had made provision to cover the whole of the outstanding liabilities in connection with those two companies, and they were satisfied that better results would be obtained in the future.

Turning to the more prosperous side of the picture, the Works which they purchased at Netherton had already proved the wisdom of their decision. The order book for this Works and for its parent business—the Clydesdale Stamping Works—was more than full, and they had only recently obtained several very large contracts which would ensure the works being kept fully employed for at least the next 12 months.

During the year they were fortunate in securing on reasonable terms the Bolt and Nut Company of Tipton, and he was glad to say that this business had more than justified the prospects held out to them at the time of its purchase. Later still, they were able to acquire a controlling interest in the Vabest Company, which manufactured brass curtain rails and fittings and a variety of rather less well-known products, many of which were sold through the low-price stores in the country. In conclusion, he said that their books were full with profitable work, and they looked forward to a considerably increased profit in the new year.

The report was unanimously adopted, and a resolution was passed increasing the capital to £250,000 by the creation of 300,000 additional shares of 5s. each.

BRITISH TYRE AND RUBBER COMPANY, LIMITED

INCREASED PROFIT

The twelfth annual general meeting of the British Tyre and Rubber Company, Limited, was held, on the 7th instant, at Winchester House, London, Sir Walrond Sinclair, K.B.E. (chairman and managing director), presiding.

The Chairman, in the course of his speech, said that their total profits at £204,659 showed an increase of £15,733. In addition to maintaining the dividend on the ordinary shares at 8 per cent. for the year the directors were glad to be able to recommend a cash bonus of 2 per cent., as compared with 1½ per cent. for the previous year. The extensive rebuilding and modernisation programme at the Silvertown works of their most important subsidiary was proceeding to schedule.

The tyre market in this country was at present suffering severely from over-production. For some years the board had consistently advocated a voluntary limitation of output more in line with actual requirements and it was very much to be regretted that no measure of agreement on that question had yet been achieved within the industry.

During the last year there had been an appreciable increase in raw material prices, particularly so in the case of crude rubber, but he was glad to say that so far that movement had been regulated in a gradual and orderly manner. The consumption of rubber had grown and seemed likely to grow in the near future to a considerable extent, and while they as manufacturers welcomed the recent increase of releases from 65 per cent. to 70 per cent. of the quota, he felt that the International Committee had failed to give that percentage of release which would ensure that degree of stability so fundamentally vital both to the rubber manufacturing and producing interests.

The report was adopted.

Mr W. T. Anderson, in proposing a hearty vote of thanks to the directors and the staff, expressed the thanks of the shareholders for the increase in the dividend and also for the steady improvement shown in the accounts. An examination of the balance sheet, he said, showed that the company was in a very healthy condition and that it was managed with great initiative, which should result in benefits to the shareholders in future years.

RHODESIAN CORPORATION, LIMITED

GOOD POSITION AND OUTLOOK

The eleventh ordinary general meeting of the Rhodesian Corporation, Limited, was held, on the 8th instant, at River Plate House, London, Captain H. B. Jameson (the chairman) presiding.

The Chairman, in the course of his speech, said that shares in other companies stood in the company's books at £642,642 and the quoted shares had a market value at July 31st last in excess of the book value. That excess amounted to over £300,000 and, after taking into consideration certain sales and purchases made since the close of the financial year, the value of the quoted shares as at the last Stock Exchange make-up prices amounted to over £1,000,000.

As to their mining interests, the profit from the Fred mine was £22,286, as compared with £35,153 for the previous year. Results in recent years had shown some falling off, but developments in the lower levels were now giving much better values and the outlook was distinctly encouraging. The company's principal shareholdings were in East Rand Consolidated, Spaarwater Gold Mining, West Spaarwater and Wanderer Consolidated Gold Mines, all of which were operating in South Africa, and the following companies operating in West Africa, Ariston Gold Mines, Amalgamated Banket Areas, Gold Coast Selection Trust and Gold and Base Metal Mines of Nigeria. The excellent progress made by the Spaarwater Gold Mining Company was specially worthy of note, while East Rand Consolidated was in a very strong position.

Although the profits earned had been less than during the previous year, he thought shareholders would realise that the general position was highly satisfactory, and he thought he was justified in saying that the general outlook for the company was excellent.

The report was unanimously adopted.

BRITISH BURMAH PETROLEUM COMPANY, LIMITED

TURNING POINT IN COMPANY'S CAREER

The twenty-sixth ordinary general meeting of this company was held, on the 8th instant, in London, Major E. Seaborn Marks, O.B.E. (the chairman), presiding.

The Chairman, in the course of his speech, said that the company appeared to have reached a turning point in its career. By the acquisition of the property of the Yenangyaung Oilfield Southern Extension Company, and the issue for cash of £400,000 5½ per cent. first debenture stock, two of their objectives had been achieved. The next objective was to increase the output of oil and to bring the refinery into line with modern practice, and both these were on the way to being accomplished.

In the enlargement of output a decided measure of success had already been met with, the production of crude oil at the end of the year being practically 50 per cent. higher than at the beginning. As a result they had been able to increase the throughput of the refinery and to produce larger quantities of kerosene and benzine, the major products. The former showed a substantial increase in price, but the latter had given less return notwithstanding the fact that shipments had increased by over 20 per cent. They were spending considerable sums in bringing the plant up to date; and the effect should become evident next year. Given a reasonable price for the manufactured products, the indications both in the field and at the refinery were such that they should experience better times.

The chairman went on to refer to the development of the South African Torbanite Mining and Refining Company, Limited, in which they were interested. A gradual improvement was reported in the production of torbanite crude: 300,000 gallons had been produced since the retorts began work last June.

The report and accounts were unanimously adopted.

GOVERNMENT RETURNS, &c.

NATIONAL ACCOUNTS

	(000's omitted)		
Public Department Advances ...	£ 3,910	Treasury Bills	£ 12,060
24% Funding Loan, 1952-7 ...	+ 41,850	Road Fund	300
Land Settlement (Fac.) Acts ...	+ 14	National Savings Certificates ...	50

	+ 45,774	
† Including £375 millions on Account of Exchange Equalisation Fund and Borrowing or Statutory Sinking Fund.		- 12,410

A complete analysis of the approximate position of the National Debt at September 30, 1936, appeared in the *Economist* of October 3, 1936.

REVENUE	Estimate for the year 1936-37	Total Receipts into the Exchequer			
		April 1, 1935, to Dec. 7, 1935	April 1, 1936, to Dec. 5, 1936	Week ended Dec. 7, 1935	Week ended Dec. 5, 1936
ORDINARY REVENUE					
Inland Revenue—					
Income Tax	259,000,000	74,639,000	71,571,000	592,000	964,000
Sur-tax	56,500,000	7,750,000	7,550,000	240,000	230,000
Estate, etc., Duties	89,000,000	59,630,000	56,850,000	1,300,000	1,990,000
Stamps	27,000,000	14,140,000	15,440,000	1,240,000	360,000
Excise Profits Duty and Corporation Profits Tax	750,000	...	...	...	...
Land Tax and Mineral Rights Duty	750,000	150,000	140,000	...	...
Total Inland Revenue	438,000,000	156,309,000	151,551,000	3,372,000	3,544,000
Customs and Excise—					
Customs	207,525,000	137,185,000	144,551,000	4,375,000	3,866,000
Excise	110,000,000	74,800,000	75,400,000	1,500,000	1,687,000
Total Customs and Excise	317,525,000	211,985,000	219,951,000	5,875,000	5,553,000
Motor Vehicle Duties (Exchequer Share)	5,000,000	1,486,000	1,835,000	...	161,000
Post Office (Net Receipt)	11,258,000	11,600,000	10,800,000	500,000	Dr. 50,000
Crown Lands	1,350,000	1,000,000	1,020,000	...	...
Receipts from Sundry Loans	5,000,000	3,337,174	3,525,162	92,170	91,368
Miscellaneous Receipts	25,250,000	16,382,385	14,396,646	251,472	69,003
Total Ordinary Revenue	798,381,000	402,099,559	403,078,808	10,090,642	9,368,371
SELF-BALANCING REVENUE					
Post Office	69,844,000	41,900,000	45,400,000	900,000	1,600,000
Motor Vehicle Duties apportioned to Road Fund	26,500,000	8,954,000	9,397,000	...	...
Total Self-balancing Revenue	95,844,000	50,854,000	54,797,000	900,000	1,600,000
Total	...	452,953,559	457,875,808	10,990,642	10,968,371

EXPENDITURE	Estimate for the year 1936-37	Total Issues out of the Exchequer to meet Payments			
		April 1, 1935, to Dec. 7, 1935	April 1, 1936, to Dec. 5, 1936	Week ended Dec. 7, 1935	Week ended Dec. 5, 1936
ORDINARY EXPENDITURE					
Interest and Management of National Debt	224,000,000	175,135,343	174,372,032	31,293,414	30,787,131
Payments to Northern Ireland	7,500,000	3,686,285	4,423,781	230,392	248,464
Other Consolidated Fund Services	3,200,000	2,052,475	1,477,737	2,755	...
Post Office Fund	600,000	1,126,817	420,529	...	...
Total	235,300,000	182,000,920	180,694,079	31,526,561	31,035,595
Total Supply Services (excluding Post Office)	570,989,000	330,155,399	353,946,179	10,556,000	11,660,000
Total Ordinary Expenditure	806,289,000	512,156,319	534,640,258	42,082,561	42,695,595
SELF-BALANCING EXPENDITURE					
Post Office	69,844,000	41,900,000	45,400,000	900,000	1,600,000
Road Fund	26,500,000	8,954,000	9,397,000	...	...
Total Self-balancing Expenditure	95,844,000	50,854,000	54,797,000	900,000	1,600,000
Total	...	563,010,319	589,437,258	42,982,561	44,295,595

† 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
806,269,000

The aggregate revenue from April 1 to December 5, 1936, is shown below:—

(000's omitted)		(000's omitted)	
Expenditure	Revenue	Expenditure	Revenue
534,640	403,079	534,640	403,079
	219		219
	£137,351		£137,351
	6,009		6,009
	131,342		131,342
534,640	534,640	534,640	534,640

* 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	Dec. 7, '35	Mar. 31, '36	Dec. 5, '36	Dec. 5, '36
Advances by Bank of England	4,000,000	...	...	...
Advances by Public Departments	39,600,000	19,055,000	29,260,000	...
Treasury Bills outstanding	908,295,000	763,115,000	815,890,000	...
Total Floating Debt	951,895,000	782,170,000	845,150,000	8,150,000

* 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 December 4, 1936. The amount applied for was £67,900,000. Tenders were accepted for Treasury bills at three months dated Monday at 99 16s. 1d., and above in full; Tuesday to Saturday at

99 16s. 0d., about 59 per cent. and above in full. The average rate per cent. was 15s. 9.73d. The amount allotted was £50,000,000.

Date	Amount Offered	Total Applications	Amount Allotted	Average Rate %
January 5, 1934	35,000,000	76,260,000	30,000,000	10 18 11.5
July 6, 1934	35,000,000	82,745,000	32,000,000	10 18 4.14
January 4, 1935	30,000,000	49,560,000	27,500,000	10 8 1.64
July 5, 1935	40,000,000	80,905,000	40,000,000	10 12 4.52
January 3, 1936	35,000,000	98,075,000	35,000,000	10 10 10.72
April 3, 1936	40,000,000	78,280,000	50,000,000	10 12 2.73
July 3, 1936	50,000,000	72,750,000	40,000,000	10 12 1.27
October 2, 1936	50,000,000	77,980,000	50,000,000	10 10 6.07
November 27, 1936	50,000,000	65,100,000	50,000,000	10 11 5.29
December 4, 1936	50,000,000	67,900,000	50,000,000	10 15 9.73

NATIONAL SAVINGS CERTIFICATES

Total Sales of Savings Certificates	No. of Certificates	Value
Week ended November 7, 1936	705,788	£529,341
Week ended November 14, 1936	682,547	£486,910
February, 1916, to November 14, 1936	1,276,339,661	£1,003,692,584

At the end of October, 1936, the amount remaining to the credit of investors in Savings Certificates, excluding interest, was £390,178,581.

THE BANKERS' GAZETTE

BANK OF ENGLAND

Return for Week ended Wednesday, December 9, 1936

ISSUE DEPARTMENT

Notes Issued:—	£	Government Debt:—	£
In Circulation	458,852,044	Other Government Securities	248,684,248
In Banking Department	49,808,302	Other Securities	305,982
		Silver Coin	14,670
		Amount of Fiduciary Issue	280,000,000
		Gold Coin and Bullion	248,680,346
			508,660,346

BANKING DEPARTMENT

Proprietors' Capital	£	Government Securities	£
Rest	14,533,000	Other Securities	81,717,564
Public Deposits*	3,339,132	Discounts and Advances	78,145,960
Other Deposits	17,490,611	Securities	20,925,365
Bankers	88,984,500	Notes	29,071,325
Other Accounts	38,884,442	Gold and Silver Coin	49,808,302
			654,494
			161,251,685

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

Both Departments	Amount Dec. 9, 1936	Inc. or Dec. on Last Week	Inc. or Dec. on Last Year
Note circulation	458,852,044	+ 7,264,931	+ 47,921,159
Public deposits	17,490,611	+ 6,929,613	+ 10,648,041
Bankers' deposits	38,984,442	- 12,135,119	- 7,402,767
Other deposits	602,211,597	+ 2,224,000	+ 1,680,274
Total outside liabilities	17,892,132	+ 161,575	+ 52,846,777
Capital and rest	341,396,912	+ 280,591	- 187,831
Government debt and securities	8,145,960	+ 316,373	+ 1,938,847
Discounts and advances	21,231,347	+ 247,972	+ 7,231,172
Other securities	14,670	+ 1,971	+ 1,524,938
Silver coin in issue department	249,314,840	+ 143,554	+ 49,251,649
Coin and bullion (bank's reserves)	50,462,796	- 7,121,377	+ 1,330,689
Reserves of notes and coin in banking department			
Proportion of reserve to outside liabilities—			
(a) Banking Department only ("proportion")	35.2%	- 3.0%	- 0.2%
(b) Gold stocks to deposits and notes ("reserve ratio")	41.4%	No change	+ 5.0%

(000's omitted)		(000's omitted)	
Date	Notes Issued	Circulation	Public Deposits
1936	508,660	444,905	14,118
Nov. 18	508,660	444,905	14,118
Dec. 25	508,660	444,905	14,118
Dec. 2	508,660	444,905	14,118
Dec. 9	508,660	444,905	14,118

(000's omitted)		(000's omitted)	
Date	Govt. Debt and Securities	Other Securities	Gold Coin and Bullion and Reserve Ratio
1936	258,159	1,833	249,505
Nov. 18	258,159	1,833	249,505
Dec. 25	258,159	1,833	249,505
Dec. 2	258,159	1,833	249,505
Dec. 9	258,159	1,833	249,505

BANKERS' CLEARING RETURNS

LONDON
(000's omitted)

	Town	Metropolitan	Country	Total
1936				
January 1 to November 25	31,162,266	1,833,315	3,183,300	36,178,881
Week ended December 2	772,040	40,316	65,041	877,397
Week ended December 9	790,913	47,576	92,481	930,970
Total to date, 1936	32,725,219	1,921,207	3,340,822	37,987,248
Total to date, 1935	30,654,321	1,788,013	3,065,894	35,508,228
Increase or decrease in 1936	+ 2,070,898	+ 133,194	+ 274,928	+ 2,479,020
	= 6.7%	= 7.5%	= 9.0%	= 7.0%
Total for year 1935	32,443,575	1,887,112	3,229,064	37,559,751
Total for year 1936	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 December 5		Month of November			Aggregate Totals January 1 to December 5	
	1935	1936	1935	1936	Inc. or Dec.	1935	1936
	£	£	£	£	%	£	£
BIRMINGHAM	3,317	4,663	10,405	13,757	+ 32.2	114,037	129,265
BRADFORD	1,120	1,143	4,282	4,646	+ 8.5	43,714	47,418
BRISTOL	1,333	1,565	5,232	5,736	+ 9.6	57,713	62,171
DUBLIN	6,230	6,450				261,199	274,496
HULL	800	938	3,687	3,500	+ 5.0	36,251	39,877
LEEDS	875	1,099	4,196	3,970	+ 5.3	43,987	45,010
LEICESTER	849	836	3,012	3,322	+ 10.3	32,293	35,427
LIVERPOOL*	6,064	8,323	25,320	30,877	+ 21.9	276,772	294,586
MANCHESTER	11,680	13,504	41,030	47,438	+ 15.6	470,231	496,205
NEWCASTLE	1,436	1,643	5,626	6,126	+ 8.8	63,461	64,120
NOTTINGHAM	604	697	2,181	2,198	+ 0.7	23,032	24,645
SHEFFIELD	1,287	1,527	3,765	4,362	+ 15.8	41,325	48,730
	35,595	42,388	108,736	125,932		1,464,215	1,561,950

* 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, 1935. Spain in August 15. Argentina, Egypt, Portugal and Danzig in November 28. New Zealand, Canada, Federal Reserve Reporting Members, Yugoslavia, Austria, Czechoslovakia, Poland, Finland and Netherlands in December 6.

BANK FOR INTERNATIONAL SETTLEMENTS

(In Millions of Swiss Francs)

	Nov. 30,	Aug. 31,	Sept. 30,*	Oct 31,	Nov. 30
ASSETS					
Gold in bars.....	1935	1936	1936	1936†	1936
Cash.....	27.6	35.9	35.3	38.5	40.7
Gold.....	2.7	16.2	5.8	16.3	19.3
Sight funds.....	15.6	13.1	14.8	6.2	5.0
Bills and acceptances:—					
Commercial bills.....	131.4	112.3	110.9	119.6	129.7
Treasury bills.....	201.3	217.6	211.8	165.2	161.0
Time funds:—					
Not exceeding 3 months.....	36.3	43.6	55.5	34.3	27.7
Sundry bills and investments.....	222.8	225.6	224.9	222.2	220.1
Other assets.....	11.5	7.9	9.4	1.1	1.5
LIABILITIES					
Capital paid up.....	125.0	125.0	125.0	125.0	125.0
Reserve.....	20.9	22.1	22.1	22.1	22.1
Special deposits:—					
Annuity trust account.....	154.9	154.8	153.1	153.3	153.8
German Government deposit fund.....	77.5	77.4	76.6	76.6	76.6
French Government guarantee fund.....	61.9	61.9	61.9	43.3	43.4
French Government deposit fund.....	2.0	2.0	2.0	1.4	1.4
Time deposits of Central Banks:—					
Not exceeding 3 months:—					
For their own account.....	103.7	126.5	124.9	97.2	98.5
For account of others.....	3.0	...	...	...	...
Sight deposits of Central Banks:—					
For their own account.....	22.1	28.6	21.8	11.2	11.9
For account of others.....	9.9	6.1	6.3	5.4	4.2
Other deposits.....	6.8	0.9	0.6	0.4	0.5
Sight deposits—gold.....	21.7	28.4	27.6	27.5	27.5
Miscellaneous items.....	45.9	38.8	46.0	39.5	40.5

MONTHLY STATEMENT OF LONDON CLEARING BANKS

(000's omitted)

Average Weekly Balance November, 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 Provincial Bank Limited	Westminster Bank Limited	Williams Deacon's Bank Limited	Aggregate
ASSETS												
Coin, bank notes and Balances with the Bank of England.....	43,003	1,983	7,897	4,120	40,303	9,249	51,719	3,278	31,089	36,562	3,724	232,927
Balances with and cheques in course of collection on other Banks in Great Britain and Ireland ...	12,049	851	2,104	1,233	10,916	3,005	11,698	244	6,824	9,186	1,783	59,893
Items in Transit	...	...	...	...	4,020	560	...	...	...	...	...	4,580
Money at Call and short notice	22,971	2,576	8,814	10,105	34,001	5,917	28,382	6,330	27,649	27,343	6,531	180,619
Bills discounted	67,549	1,026	6,632	542	52,331	3,116	92,203	1,565	41,295	60,828	1,555	328,642
Investments	109,712	8,892	29,363	10,089	111,935	35,765	124,080	15,380	87,695	109,700	12,954	655,565
Advances to customers and other accounts	176,889	10,598	27,212	14,933	154,813	38,250	193,333	14,970	120,834	126,465	11,927	890,224
Liabilities of customers for acceptances, endorsements, etc.	8,809	463	7,491	2,667	31,795	6,776	17,522	220	8,106	21,546	1,466	106,861
Bank premises account	7,650	412	1,565	740	7,780	2,619	10,183	729	7,392	5,488	1,053	45,611
Investments in affiliated banks and subsidiary companies	7,009	...	...	...	5,085	...	7,579	...	2,514	2,993	...	25,180
	455,641	26,801	91,078	44,429	452,979	105,257	536,699	42,716	333,398	400,111	40,993	2,530,102
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	1,110	8,000	9,320	800	57,086
Current, deposit and other accounts	420,724	24,338	77,635	39,897	396,868	91,202	493,429	38,540	307,813	359,912	36,852	2,287,210
Acceptances, endorsements, etc.	8,809	463	7,491	2,667	31,795	6,776	17,522	220	8,106	21,546	1,466	106,861
Notes in circulation	...	...	...	...	6	19	...	1,346	...	13	...	1,384
Reduction of bank premises account	...	...	...	275	...	...	...	...	...	...	...	275
	455,641	26,801	91,078	44,429	452,979	105,257	536,699	42,716	333,398	400,111	40,993	2,530,102

* Includes £440(000) First Class Securities maturing six months.

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

Assets	Dec. 5, 1935	Nov. 5, 1935	Nov. 12, 1935	Nov. 19, 1935	Nov. 26, 1935	Dec. 3, 1935
Gold	3,486,664	3,679,396	3,699,171	3,704,519	3,717,262	3,710,209
Silver and other coin	63,342	53,651	53,066	56,288	57,149	55,397
Securities	1,323,837	1,348,901	1,360,489	1,358,334	1,367,236	1,352,078
Advances	107,978	70,889	70,936	68,600	65,762	75,369
LIABILITIES						
Notes in circulation	4,171,487	4,489,018	4,479,238	4,448,839	4,446,076	4,480,422
Deposits: Govt.	33,655	24,348	10,391	38,267	34,000	58,285
Other	971,062	828,375	832,936	889,523	916,219	848,234

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

Assets	Dec. 7, 1935	Nov. 7, 1935	Nov. 14, 1935	Nov. 21, 1935	Nov. 28, 1935	Dec. 5, 1935
Gold and silver	102,810	108,070	106,820	106,580	106,250	106,790
Discounts, advances and other investments	77,970	73,050	74,700	72,910	73,390	73,700
Foreign bills	2,600	2,770	2,880	2,800	2,640	2,150
Other assets	10,690	15,950	13,900	14,580	15,920	21,580
LIABILITIES						
Notes in circulation	180,340	163,440	162,670	158,850	159,890	163,230
Deposits and bills payable	21,770	24,130	23,070	25,610	25,840	28,480

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

Assets	Dec. 7, 1935	Nov. 7, 1935	Nov. 14, 1935	Nov. 21, 1935	Nov. 28, 1935	Dec. 5, 1935
Gold	1,391,898	2,452,337	2,485,337	2,533,655	2,581,006	2,630,687
Of which held abroad	223,317	433,185	453,359	486,595	526,683	568,181
Discounts	99,395	48,252	27,829	22,864	23,068	23,380
Bills of the Confederation	72,334	11,500	8,000	7,500	15,000	16,000
Advances	97,697	44,498	40,704	37,574	41,520	42,041
Securities	51,512	39,410	39,389	39,389	30,300	29,967
LIABILITIES						
Notes in circulation	1,294,749	1,382,524	1,358,332	1,344,839	1,403,476	1,383,736
Deposits	343,302	1,205,290	1,245,216	1,297,628	1,279,659	1,359,887

† Gold revalued, by increase of 35·033, from October 7, 1936.

BANK OF SWEDEN.—In kronor (000's omitted)

Assets	Dec. 7, 1935	Nov. 7, 1935	Nov. 14, 1935	Nov. 21, 1935	Nov. 28, 1935	Dec. 5, 1935
Gold reserve	397,485	437,009	437,510	437,791	444,746	444,746
Government securities: Swedish	78,639	28,678	28,678	28,678	28,678	28,678
Foreign	69,808	70,456	70,456	70,456	70,456	70,456
Gold abroad not included in the gold reserve	...	89,939	89,917	89,775	89,145	83,145
Bills payable in Sweden	11,898	12,807	12,910	12,567	12,207	12,207
Bills payable abroad	356,445	273,787	282,850	291,850	309,863	309,863
Balance abroad	192,021	281,898	280,300	289,747	288,060	288,060
Advances	33,020	28,558	29,581	27,324	27,940	27,940
LIABILITIES						
Notes in circulation	717,339	788,704	728,033	811,713	801,321	801,321
Government deposits	255,173	318,612	314,900	314,900	303,316	303,316
Private deposits	211,457	384,228	333,522	280,391	315,015	315,015

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

Assets	Nov. 30, 1935	Nov. 7, 1935	Nov. 16, 1935	Nov. 23, 1935	Nov. 30, 1935
Coin and bullion (gold reserve)	118,839	118,859	118,859	118,858	118,857
Balance abroad and foreign funds provisionally placed in gold, not included in the gold reserve	33,731	75,331	75,334	78,065	82,122
Norwegian and foreign government securities	38,037	42,977	44,028	44,546	45,533
Discounts and loans	202,952	212,986	215,029	210,162	212,082
LIABILITIES					
Notes in circulation	330,617	399,651	397,322	398,989	406,239
Deposits at sight	76,321	100,281	104,516	100,748	99,999

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

Assets	Nov. 30, 1935	July 31, 1935	Aug. 31, 1935	Sept. 30, 1935	Oct. 31, 1935	Nov. 30, 1935
Gold coin and bullion	117,992	117,958	117,948	117,939	117,944	117,937
Loans and discounts	114,318	129,008	124,356	117,285	120,985	122,612
Securities	95,811	64,670	63,567	60,715	59,495	55,201
Emergency Fund	138,277	132,731	132,307	133,610	133,170	133,108
Advances to Treasury	90,541	56,549	65,446	77,600	55,070	77,641
LIABILITIES						
Circulation	383,724	373,390	375,897	376,726	407,359	384,682
Deposits	64,510	69,318	47,436	46,688	30,960	49,376

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

Assets	Nov. 30, 1935	Nov. 7, 1935	Nov. 15, 1935	Nov. 23, 1935	Nov. 30, 1935
Metals reserve	78,936	78,936	78,936	78,936	78,936
Gold coin and bullion	27,987	36,603	36,757	36,596	31,468
Foreign Exchange	9,001	5,505	6,122	8,154	6,829
Token money	547,145	482,723	469,073	470,986	507,619
Inland bills, warrants and securities	74,134	93,925	94,924	94,924	94,924
Advances to Treasury	383,248	385,333	367,780	343,248	402,214
Current accounts, deposits, etc.	130,115	174,497	181,174	213,651	193,944
Cash certificates	104,298	92,901	92,901	92,901	92,901
Other liabilities	176,304	169,526	169,045	168,577	167,437

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

Assets	Nov. 23, 1935	Oct. 31, 1935	Nov. 7, 1935	Nov. 15, 1935	Nov. 23, 1935
Gold and silver holdings	1,582,875	1,618,134	1,618,134	1,618,134	1,618,134
Balance abroad and foreign currencies	468,360	545,466	632,272	654,163	711,759
Discounts and advances	1,323,670	1,752,478	1,733,661	1,708,271	1,644,942
Advances to the Treasury	2,671,279	2,671,279	2,671,279	2,671,279	2,671,279
LIABILITIES					
Reserves	1,251,044	1,241,914	1,242,405	1,242,428	1,243,271
Bank notes in circulation	2,294,398	2,663,130	2,660,136	2,589,763	2,550,885
Sight liabilities	2,081,727	2,242,952	2,324,674	2,393,388	2,476,207
Deposits	126,689	120,982	118,181	119,154	116,791

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

Assets	Nov. 16, 1935	Oct. 24, 1935	Oct. 31, 1935	Nov. 6, 1935	Nov. 14, 1935
Gold and gold exchange	10,832,093	11,725,287	11,784,221	11,824,198	16,048,417
Commercial bills	5,151,264	6,464,524	6,637,501	6,613,419	8,574,080
Agric. and urban advances	2,697,276	2,438,894	2,435,048	2,434,097	2,435,597
Treasury bills issued against losses on credit	4,745,381	5,745,391	5,747,013	5,749,070	5,762,918
State debt advances to Treasury	5,644,552	5,633,095	5,633,095	5,633,095	5,633,095
LIABILITIES					
Notes in circulation	22,426,262	24,707,992	24,703,572	24,861,552	24,843,557
Other sight liabilities	8,417,985	8,763,276	8,956,428	8,908,404	10,836,282
Long-term liabilities	4,544,025	5,651,593	5,528,903	5,578,303	4,715,501

* Position before changes resulting from decree No. 2504 of November 7th.

† First return showing effect of these changes.

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

Assets	Nov. 23, 1935	Oct. 31, 1935	Nov. 7, 1935	Nov. 15, 1935	Nov. 23, 1935
Gold and gold exchange	3,559,341	2,883,769	2,892,722	2,928,442	2,939,699
State Gold Bonds	567,169	556,944	556,944	556,944	556,944
Bills discounted	323,611	365,613	373,533	383,127	379,160
Advances	4,012,637	4,960,349	5,042,417	4,939,563	4,876,805
State Debt	2,714,111	3,605,111	3,605,111	3,605,111	3,605,111
LIABILITIES					
Notes in circulation	5,961,231	6,145,214	6,081,285	5,970,101	5,970,757
Deposits and current accounts	4,305,538	5,619,410	5,847,598	5,882,949	5,811,919
Foreign exchange liabilities	205,728	150,385	144,871	173,268	176,491

CENTRAL BANK OF TURKEY.—In L (000's omitted)

UNITED STATES DEPARTMENT OF THE TREASURY					
	Aug. 15, 1935	Aug. 22, 1935	Aug. 29, 1935	Sept. 5, 1935	Sept. 12, 1935
ASSETS					
Gold	30,211	30,213	30,213	30,214	30,215
Foreign Exchange	9,398	9,116	8,949	9,784	10,029
Treasury Bonds	146,684	146,684	146,684	146,684	146,684
Bills	15,786	15,767	15,407	18,506	19,032
Securities	38,256	38,255	38,255	38,255	38,284
Advances	16,387	16,724	16,772	17,077	16,423
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	15,118	15,973	14,984	15,900	15,210
Foreign Exchange Liabilities*	28,436	29,242	30,468	31,704	31,763
Miscellaneous	57,273	58,407	58,167	58,149	58,984

SUMMARY OF COMPANY PROFIT AND LOSS ACCOUNTS

[illegible]

NEW YORK MONEY AND EXCHANGE RATES

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

[illegible]

Rates of Exchange, New York on—	Par Level	Dec. 11, 1935	Nov. 25, 1936	Dec. 2, 1936	Dec. 9, 1936

London— 60 days		Old par				
Cable	Dollars for £1 ...	4-8666	4-9137	4-8875	4-8900	4-8903
Cheques		New par	4-9275	4-8968	4-8987	4-9031
Paris cheques	Cents for 1 franc	8-2397	8-6022	8-8962	8-8981	8-9025
Brussels	Cents for 1 belga	23-63	23-63	23-75	23-75	23-64
Switzerland	Cents for 1 franc	29-54	29-54	16-91	16-93	16-925
Italy	Cents for 1 lira	32-67	32-415	22-925	22-995	22-985
Berlin	Cents for 1 mark	8-91	...	5-26½	5-26½	5-26½
Vienna	Cents for 1 mark	40-33	40-23	40-23	40-24	40-235
Madrid	Cts. for Austr. shg.	23-82	18-84	18-72	18-73	18-72
Amsterdam	Cents for 1 peseta	32-67	13-68			
Copenhagen	Cents for 1 guilder	68-06	67-03			
Oslo			67-33	54-24	54-45	54-45
Stockholm			21-85	21-92	21-895	
Athens	Cents for 1 drachma	45-37	24-76	24-61	24-67	24-645
Montreal			25-415	25-24	25-31	25-285
Yokohama	Cents for 1 dollar	1-29½	0-94	0-89½	0-90	0-90
Shanghai	Cents for Can. \$1	169-31	98-½	100	100	100
Calcutta	Cents for 1 rupee	84-40	28-13	28-6½	28-6½	28-6½
Buenos Aires	Cents for 1 peso	28-13	29-80	29-80	29-85	29-80
Rio de Janeiro	Cents for 1 milreis	61-80	37-25	37-02	37-10	37-08
			32-83	32-64	32-71	32-68
			8-30	8-25	8-27	8-26

CENTRAL AND SOUTH AMERICAN EXCHANGE RATES.—The following quotations apply to the two centres shown below:—

Bolivia. "Official" commercial rate was 50.17½ bolivianos per sterling on November 13, 1936.

Nicaragua. Official buying rate was 109½ cordobas per 100 United States dollars on November 18, 1936. Open market rate was 175 to 180 cordobas per 100 United States dollars, at same date.

Other Central and South American Exchange Rates, together with those of South Africa and Australasia, were given in the *Economist* of December 5th, on pages 497 and 498.

The Norwegian Bank Rate was increased on December 7th from 3½ to 4 per cent. Other Overseas Bank Rates were also given in the above issue.

GOLD AND SILVER

The following statistics of imports and exports of gold and silver for the week ended December 10, 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*	Coins†	To	Bullion*	Coins†
Palestine	£ 3,500	£	Sweden	£ 512,728	£
British W. Africa.....	116,125	...	Germany	31,670	...
British S. Africa.....	1,254,633	...	Belgium	223,168	...
Tanganyika.....	2,298	...	France.....	6,870	...
Uganda	3,610	...	Switzerland	459,355	...
British India	605,371	...	U.S.A.	1,381,231	...
British Malaya	14,544	...	Other countries ...	905	...
Australia	3,288	{ 1,450			{ 2,400
		{ 24			{ 3
New Zealand	39,785	...			
Germany	7,650	...			
Netherlands	78,551	...			
France	5,982,255	62,120			
Switzerland	2,976	...			
Egypt	3,850	...			
Morocco.....	...	{ 333			
		{ 12,370			
Venezuela	23,017	...			
Other countries	3,847	{ 40			
		{ 71			
Total	8,144,800	{ 1,823	Total	2,621,927	{ 2,400
		{ 74,585			

Imports			Exports		
From	Bullion*	Coins†	To	Bullion*	Coins†
British S. Africa ...	£		Bengal.....	£2,500	£
British India		169,692	New Zealand		9,300
Canada	19,796	354	Norway	1,271	
Germany	1,810		Denmark	1,410	
Netherlands		229	Germany		8
Belgium	18,916		France	4,879	14
France		48	Switzerland	1,529	
Japan	27,846		U.S.A.	9,475	
Other countries ...	150		Other countries ...	1,566	{ 57
Total	68,518	{ 170,028 277	Total	62,630	{ 19 9.58

* 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		1938	
ARRIVALS		WITHDRAWALS	
Dec. 4	5 Nil	Dec. 4	Nil
" 5	Nil	" 7	Nil
" 7	Nil	" 7	Nil
" 8	Nil	" 8	Nil
" 9	Nil	" 9	Nil
" 10	Nil	" 10	Nil
Total	Nil	Total	Nil
Movement Dec. 4, 1936, to Dec. 10, 1936 (inclusive)	Nil		Nil
Movement during year 1935	Nil		Nil
Movement during 1936	Nil		Nil
Movement April 29, 1925, to Dec. 10, 1936, inclusive			£7,745,822 1/2
Movement September 21, 1931 (gold standard suspended) to Dec. 10, 1936 (inclusive)			£48,609,214 1/2
			£56,356,411 1/2
			£111,971,035 1/2

GOLD MARKET

Messrs Samuel Montagu and Company write—

The Bank of England and Company write on December 9, 1936:—
 £248,660,346 on December 2nd, showing no change as compared with
 November 25th. In the open market about £1,800,000 of bar gold was
 disposed of at the daily fixing. Conditions have been quiet, but demand
 has been more general and prices have included a small premium over
 dollar parity. The s.s. "Malaja," which sailed from Bombay on
 December 5th, carries gold to the value of about £296,000.

SILVER MARKET

There have been only small fluctuations in prices and the market has been quiet. The higher prices reached at the end of last week attracted some bear sales and there has been selling on China account, offsetting being offset by continued demand.

A slightly easier tendency was apparent on December 9th, following a decline in the New York and Bombay rates and, with buyers hesitating, prices declined $\frac{1}{2}$ d. to $21\frac{1}{2}$ d. on China selling and speculative resales. No important change is expected in the near future, but prices may ease further if Indian demand slackens.

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	
Dec. 3	s. d. 141 9½	s. d. 11 11-80	d. 21½	d. 21½	1936 Cent Dec. 2 46½
" 4	141 9½	11 11-80	21½	21½	" 3 46½
" 5	141 11½	11 11-63	21½	21½	" 4 46½
" 7	142 1	11 11-50	21½	21½	" 5 46½
" 8	141 9½	11 11-84	21½	21½	" 7 46½
" 9	141 9	11 11-84	21½	21½	" 8 46½
Average ...	141 10-33	11 11-73	21-229	21-229	
Dec. 10.....	142 0½	11 11-54	21½	21½	

The highest rate of exchange on New York recorded during the period from December 3rd to December 9th was \$4.91 and the lowest \$4.89. The London bullion market will be closed on January 1 and 2, 1937.

COMPANY NEWS

OIL OUTPUTS

THE ATTOCK OIL COMPANY, LTD.—Production for November, 7,1
barrels.

BRITISH CONTROLLED OILFIELDS, LTD.—Production for the week ended October 10th : Venezuela, 24,027 barrels; Trinidad, 27,817 barrels; total, 51,844 barrels. Production for September : Venezuela, 73,857 barrels; Trinidad, 123,192 barrels; total, 197,049 barrels. Deliveries for September : Venezuela, 77,075 barrels; Trinidad, 96,932 barrels; total, 174,007 barrels. Production for the week ended October 17th : Venezuela, 23,338 barrels; Trinidad, 30,176 barrels; total, 53,514 barrels. Production for the week ended October 24th : Venezuela, 21,839 barrels; Trinidad, 29,681 barrels; total, 51,520 barrels. Production for the week ended October 31st : Venezuela, 19,862 barrels; Trinidad, 28,525 barrels; total, 48,387 barrels. Production for the week ended November 7th : Venezuela, 18,551 barrels; Trinidad, 26,839 barrels; total, 45,390 barrels. Production for October : Venezuela, 98,776 barrels; Trinidad, 127,617 barrels; total, 226,393 barrels. Deliveries for October : Venezuela, 97,574 barrels; Trinidad, 130,765 barrels; total, 228,339 barrels. Production for the week ended November 14th : Venezuela, 17,854 barrels; Trinidad, 28,900 barrels; total, 46,754 barrels. Production for the week ended November 21st : Venezuela, 17,859 barrels; Trinidad, 29,205 barrels; total, 47,064 barrels. Production for the week ended November 28th : Venezuela, 17,270 barrels; Trinidad, 28,968 barrels; total, 46,238 barrels. Production for the week ended December 5th : Venezuela, 16,995 barrels; Trinidad, 28,871 barrels; total, 45,866 barrels.

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
					Prefere.	Ordinary					
						Amount	Amount				
Banks		£	£	£	£	£	%	£	£	£	%
National Bank of Scotland	Oct. 31	80,825	272,441	353,266	£ ...	134,200	16	135,000	84,066	270,272	16
Breweries and Distilleries											
Bentley's Yorkshire											
Breweries.....	Sept. 30	30,843	56,476	87,319	19,500	23,500	10	12,500	31,819	43,779	10
Cobbold and Company	Sept. 30	7,035	47,252	54,287	14,000	15,488	12½	17,500	7,299	39,062	(b) 22½
Deuchar (Robert)	Sept. 30	15,757	60,082	75,839	13,750	15,000	20½	25,576	21,513	46,033	10½
Hewitt Brothers.....	Oct. 31	13,472	93,567	107,039	9,150	34,312	15	48,241	15,336	82,165	14
Ind Coope and Allsopp.....	Sept. 30	359,450	618,181	977,631	89,352	350,610	27½	157,901	379,768	492,612	25
Officers' Brewery	Sept. 30	82,853	70,040	152,893	8,400	33,000	27½	25,000	86,493	66,668	25
Warwicks and Richardsons	Sept. 30	27,667	72,492	100,159	15,000	39,000	13	18,000	28,159	69,477	12
Wenlock Brewery	Oct. 31	113,322	87,049	200,371	7,500	52,500	17½	27,373	112,998	88,438	17½
Financial, Land, etc.											
Australian Pastoral Co.....	June 30	7,235	47,244	54,479	...	35,000	3½	10,000	9,479	13,217	2½
Bovril Australian Estates...	Jan. 31	Dr. 4,248	Dr. 4,292	Dr. 8,540	...	...	...	...	Dr. 8,540	Dr. 11,778	Nil
First Garden City	Sept. 30	28,409	26,241	54,650	7,500	(d) 15,830	5	2,737	28,583	19,647	5
Government and General Investment	Nov. 30	...	11,229	11,229	4,316	7,017	10	Dr. 704	...	10,342	6
Industrial Credit	Oct. 31	2,214	29,117	31,331	...	...	...	20,000	11,331	26,995	Nil
Scottish Australian Co.....	June 30	10,975	25,451	36,426	32,000	20,000	4	Dr. 20,000	4,426	Dr. 62,031	3
Second Covent Garden Property	Nov. 30	16,301	68,962	85,263	26,688	35,456	7½	...	23,119	47,118	6
Iron, Coal and Steel											
Blaenavon Company.....	Sept. 30	Dr. 123,579	23,704	Dr. 99,875	...	...	...	...	Dr. 99,875	Dr. 136,655	Nil
Glass Houghton, and Castleford Collieries	Sept. 30	356	55,485	55,841	9,401	21,938	7½	20,000	4,502	(s) 20,391	Nil
Mitchell Cotts and Co.	June 30	10,920	23,248	34,168	2,383	13,725	9	...	18,060	(a)	(a)
Motor, Cycle and Aviation											
Halford Cycle	Oct. 3	29,431	30,065	59,496	...	22,937	15	1,500	35,059	26,052	15
Jowett Cars	Sept. 30	19,381	11,149	30,530	7,500	9,375	7½	4,875	Dr. 38,308	33,745	15
Pobjoy Airmotors, etc.	Sept. 30	...	(c) Dr. 38,308	Dr. 38,308	...	...	...	...	Dr. 38,308	(a)	(a)
Rossleigh, Ltd.	Sept. 30	32,395	34,506	66,901	458	18,300	20	...	48,143	27,525	17½
Rubber											
Kelantan	June 30	1,048	2,407	3,455	...	1,588	2½	500	1,367	2,633	2½
Kong Lee (Perak)	Aug. 31	1,563	72	1,635	...	...	...	...	1,635	Dr. 173	Nil
Malay Planters	Sept. 30	4,350	13,959	18,309	...	10,876	10	1,000	6,433	12,480	11
Peureula (Sumatra)	Sept. 30	Dr. 425	155	Dr. 270	...	...	...	...	Dr. 270	Dr. 210	Nil
Rubber Estates of Malaya...	Sept. 30	2,168	14,456	16,624	...	12,000	3	1,750	2,874	8,672	2
Sembilan Estates	July 31	630	14,577	15,207	2,240	8,601	8	2,500	1,866	8,203	6
Serdang Central	Aug. 31	1,895	871	2,766	...	...	...	...	2,766	296	Nil
Stoughton (Perak)	Sept. 30	4,747	7,314	12,061	...	5,200	4	420	6,441	4,249	2½
Tanah	Sept. 30	Dr. 13,744	Dr. 958	Dr. 14,702	...	...	...	...	Dr. 14,702	Dr. 2,486	Nil
Waterfall (Selangor)	Sept. 30	...	7,743	7,743	...	...	...	1,000	6,743	22	Nil
Shops and Stores											
Harrods (Buenos Aires)	Aug. 31	...	139,124	139,124	94,000	...	...	35,124	...	59,831	Nil
South American Stores	Aug. 31	...	122,892	122,892	...	...	...	112,010	10,782	135,127	Nil
Textiles											
Shannon (John) and Son ...	Oct. 31	22,518	22,176	44,694	9,594	5,756	140	...	29,344	21,642	140
Tramways and Omnibuses											
Barton Transport	Sept. 30	4,033	29,863	33,896	8,400	10,000	20	11,080	4,416	28,759	50 (n)
Ceara Tramway, etc.....	June 30	11,136	4,591	15,727	...	...	...	11,500	4,227	12,726	Nil
East Kent Road Car	Sept. 30	12,878	45,686	58,564	13,000	28,000	8	10,000	7,564	49,378	8
East Yorkshire Motor Services	Sept. 30	9,158	73,709	82,867	...	24,000	10	50,000	8,867	75,691	10
Trusts											
London Scottish American	Oct. 31	62,653	54,598	117,151	17,344	26,979	7	...	72,928	51,184	6
Nelson Financial Trust	Oct. 31	20,015	30,287	50,302	9,316	16,769	4	3,000	21,217	26,013	3½
Northern American Trust	Nov. 2	37,568	109,552	147,120	27,450	64,050	14	17,500	38,120	106,109	14
Scottish Allied Investors ...	Nov. 15	6,638	15,159	21,797	15,050	...	...	515	6,232	12,353	Nil
Other Companies											
Avon India Rubber	Oct. 3	17,583	38,948	56,531	15,000	...	...	27,135	14,396	51,976	Nil
Booker Brothers, McConnell and Company	June 30	25,171	77,146	102,317	19,086	41,250	15	16,000	25,981	55,380	10
Bristol Industries.....	Oct. 31	10,869	36,819	47,688	4,000	17,000	10	17,090	9,598	37,679	10
British Benzol, etc.....	Oct. 31	Dr. 92,994	18,785	Dr. 74,119	...	...	...	...	Dr. 74,119	Dr. 4,811	Nil
British Syphon Company ...	Sept. 30	7,263	12,741	20,004	7,000	7,000	7	...	6,004	19,380	8
Capital & County Laundries	Sept. 30	2,336	11,318	13,654	5,902	2,287	10	650	4,815	6,676	10
Coventry Gauge and Tool...	Aug. 31	2,380	13,976	16,356	...	5,719	7½	670	9,967	13,844	Nil
Dartmoor China Clay.....	Dec. 31	10,888	2,096	12,984	...	...	...	...	12,984	3,236	Nil
Dumont Coffee	Dec. 31	Dr. 140,710	Dr. 20,710	Dr. 160,880	...	...	...	...	Dr. 160,880	Dr. 9,543	Nil
General Cable Manufac'ing	Sept. 30	1,174	19,074	20,248	4,500	7,500	10	7,000	1,248	15,424	10
Hood (R.), Haggie and Son	Oct. 31	49,046	64,467	113,513	4,000	36,000	15	20,000	53,513	62,712	12½
Hunziker (G. Britain).....	Oct. 31	...	Dr. 4,673	Dr. 4,673	...	...	...	4,100	Dr. 8,773	(a)	(a)
Idris Limited	Oct. 31	11,853	14,348	26,201	7,300	7,700	10	...	11,201	17,724	10
Ilford Ltd.	Oct. 31	16,926	108,630	125,556	38,900	40,194	7	25,000	21,462	107,419	7
India Rubber, Guttapercha, etc.	Sept. 30	9,739	66,137	75,876	25,750	9,000	9	25,000	16,126	51,186	6
Manbre and Garton	Sept. 30	193,212	350,296	543,508	35,000	{ 160,534 103,200	{ 14 68½ (m)	25,266	219,508	321,736	{ 14 68½ (m)
Rubber Regenerating Co....	Sept. 30	4,073	9,577	13,650	...	...	...	...	13,650	11,267	4
Sussex Brick Co.	Sept. 30	8,005	70,080	78,085	16,470	37,058	18	16,364	8,193	45,283	18
United Molasses	Sept. 30	45,217	482,464	527,681	57,656	207,148	14	213,397	49,480	398,654	8
Waterlow and Sons	Sept. 30	28,861	185,397	214,258	56,700	34,500	5	90,543	32,515	153,433	5

(a) No comparable figure. (b) Absorbed £8,719. (d) Includes £3,330 payment on account of dividends unpaid in past years.
(e) Eighteen months. (m) Deferred shares. (n) Absorbed £6,250. (s) Nine months. † Free of Income Tax.

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 Last Year	Previous Year
RAILWAYS					
Bengal and North Western	10%*	Feb. 1	8%†	18	16
Rohilkund and Kumaon	11%†	Jan. 25	Same	18	16
BANKS					
National Bank of New Zealand	12%*	Jan. 5	Same	...	...
TEA AND RUBBER					
Allynugger Tea	10%*	Dec. 18	Same	...	...
Bertam Consolidated Rubber	5%*	Jan. 11	Nil*	...	...
Boroi Tea	2%*	Dec. 17	Same	...	...
British Darjeeling Tea	2%*	Dec. 16	2%*	...	...
Chemlong (Malay) Rubber	2%*	Jan. 16	2%*	...	...
Dolce Tea	2%*	Dec. 18	Same	...	...
Dooars Tea	2%*	Jan. 1	Same	...	...
Doolahat Tea	2%*	Dec. 23	Same	...	...
Doom Dooma Tea	2%*	Jan. 2	5%*	...	...
Empire of India and Ceylon Tea	2%*	Jan. 1	Same	...	...
Jitra Rubber	...	...	...	...	...
Kapala Rubber	...	Dec. 23	(First)	2	5
Lankapara Tea	2%*	Dec. 18	Same	...	...
Manchester (N. Borneo) Rubber	1%*	Dec. 17	Nil*	...	...
Mazdehe Tea	2%*	Jan. 15	Same	...	...
Selanea Rubber	2%*	Dec. 16	Nil*	...	...
Sungei Buloh Rubber	5%*	Jan. 7	...	...	...
Sungei Puntar Rubber	...	...	...	4	3
Surmah Valley Tea	...	...	...	...	...
Sylhet Tea	...	Dec. 31	Same	...	...
United Rubber and Coffee	3%*	Dec. 31	Nil*	...	...
MINING					
Government Areas	2/9 p.s.	Feb. 1	3/- p.s.	...	...
Great Boulder Proprietary	12%*	Jan. 15	Same	...	...
Iridis Hydraulic Tin	5%*	Dec. 29	Same	...	...
Indian Copper Corporation	...	Jan. 21	...	...	...
Kepong Dredging	2%*	Dec. 23	Same	...	...
Kinta Tin	10%*	Dec. 22	7%*	...	...
Kramat Tin	15%*	Dec. 23	...	...	...
Langlaate Estate	1/6 p.s.	Feb. 1	2/- p.s.	50	37
Lupatda Vlei	25%†	...	...	...	...
New State Areas	3/- p.s.	Feb. 1	2/6 p.s.	25	25
Onville Dredging	...	...	...	...	...
Randfontein	2/6 p.s.	Feb. 1	2/- p.s.	...	...
Robinson Deep A	1/6 p.s.	Feb. 1	1/6 p.s.	...	...
Do. B (7/8)	2/6 p.s.	Feb. 1	1/6 p.s.	...	...
Simmer and Jack (2/9)	4d. p.s.	Feb. 1	3d. p.s.	15	7
South West Africa Co.	...	...	...	...	...
Southern Ironworks	7%*	Dec. 29	2%*	...	...
Sub-Nigel (12/-)	9%*	Feb. 1	8%*	...	...
Sungei Best Mines	...	Dec. 28	10%*	...	...
Tanjong Tin	5%*	Dec. 22	2%*	...	...
Tongkah Harbour Tin	1/- p.s.	Dec. 15	Same	...	...
Trompsburg Mines	12%*	Dec. 30	10%*	...	...
Van Ryn Deep	2/6 p.s.	Feb. 1	3/- p.s.	...	...
Witwatersrand (Knights)	2/6 p.s.	Feb. 1	2/- p.s.	...	...
OTHER COMPANIES					
Aberdeen, Edinburgh, etc., Trust	...	...	...	3	3
Advance Laundries	4%*	Jan. 1	3%*	...	...
American Celanese (Com.)	11 p.s.	Dec. 23	...	...	...
Argentine Lands and Industries	...	...	...	5	5
Associated Biscuit	1%*	Jan. 1	2%*	...	...
Atlas Stone	...	...	...	15	10
Barclay, Perkins and Company	2%*	...	Same	...	...
Berthelme Steel Corp.	2%*	...	...	...	...
Betts and Company	1%*	Dec. 24	Same	...	...
Boots Pure Drug	2%*	...	Same	...	...
British Maritime Trust	4%†	Jan. 1	3%†	7	6
British Northrop Loom	5%†	...	...	7	7
British Steamship Investment	2%*	Jan. 1	2%*	...	...
British Tar Products	8%†	...	Same	15	15
British Vacuum Cleaner	...	...	...	...	...
Butterley Company	2%*	...	1%*	...	...
Cadena Cafés	5%†	...	Same	7	7
Canadian Celanese (Com.)	40 cts p.s.	Dec. 31	...	...	...
Capitol, etc., News Theatre	3%†	...	First Year	5	5
Chinese Engineering, etc.	...	Jan. 18	6%†	...	...
Colombo Commercial	7%†	Jan. 8	Same	11	10
Cork Manufacturing	3%†	Dec. 15	4%†	...	...
Corbrook Brewery	8%†	...	Same	16	16
Cow and Gate	4%†	...	...	...	...
Do., New Ord.	4%†	...	Same	...	...
Cranston London Hotels	2%*	Dec. 30	Same	...	...
Finlay (James) and Company	4%*	Dec. 31	Same	...	...
Foreign Securities Investment	...	...	...	1	Nil
Forestal Land, etc.	3%†	Jan. 1	2%*	...	...
Gledhill-Chalk's Kral Sugar	3%†	Jan. 15	Same	...	...
Great Yarmouth Waterworks	3%†	Jan. 1	Same	...	...
Grout and Company	2%*	Dec. 31	Same	...	...
Hewitt Brothers	10%†	...	9%†	15	14
Iford, Ltd.	...	...	...	7	7
Imperial Colonial Finance	2%*	Jan. 1	Same	...	...
International Combustion	2%†	Jan. 20	Same	30	20
Inter-State Royalty "A"	16 cts p.s.	Jan. 1	Same	16	15
Key Glass Works	11%†	...	...	8	10
Lewis and Burrows	...	...	3%†	7	6
London Scottish American Trust	4%†	...	...	3	3
Low Temperature Carbonisation	...	...	...	17	18
Mann Egerton and Company	...	...	First	5	5
Marshall, Sons and Company	4%*	Jan. 15	3%*	...	...
McDougal's Trust Estates	...	...	...	...	...
Midland Woodworking	6%*	Dec. 16	5%*	...	...
Monotype Corporation	7%†	Dec. 18	Same	10	10
Morris (Herbert)	2%*	Dec. 18	Same	...	...
Nalder and Collyer's Brewery	25%*	Dec. 18	Same	...	...
Newcastle Breweries	8%†	Dec. 31	8%†	11	9
Reynolds Brothers (Natal)	3%†	Jan. 15	Same	...	...
Saunders Bros. (Stores)	2%*	...	...	...	...
Second British Steamship Trust	4%†	Dec. 31	3%†	6	5
Second Covent Garden Property	...	...	...	7	6
Shotts Iron	...	...	...	2	Nil
Shropshire Electric A.	4%*	Dec. 5	Same	...	...
Shropshire Electric B.	4%*	Dec. 5	Same	...	...
Smith (D.) and Sons	2%*	Dec. 5	15%†	40	25
Sunlight Laundries	8%†	Dec. 31	Same	16	16
Trust Houses	2%*	Jan. 7	Nil*	...	...
United Dominions Trust	6%*	Jan. 1	...	...	...
United River Plate Telephone	1%*	...	2%*	...	...
United Service Transport	2%*	...	Same	13-614	13-614
United States Trust of Scotland	2%*	...	Same	...	...
Waddington (John)	2%*	Dec. 11	Same	...	...

(c) Paid on a larger capital of £100,000 against £29,731. † Free of income tax.

DE BEERS CONSOLIDATED MINES, LTD.—The board of directors has declared a dividend of £3 per share to all preference shareholders registered at December 31, 1936, in respect of the cumulative arrears of preference dividend from July 1, 1932, to June 30, 1935. The directors announce that the improved condition of the diamond market and arrangements which have been made to realise certain of the company's reserve investments enable them to pay the above dividend of £3 per share and to state that, if the present volume of trade continues, a further £2 per share will be paid in July, 1937, covering all the dividends due to preference shareholders at that date.

FIRST PROVINCIAL FIXED TRUST "B" SERIES.—Fourth distribution on Series "B" certificates payable on December 16th to all registered holders will be at the rate of 5.1274d. net per sub-unit. This amount includes 6714d. net per sub-unit, amount realised on bonuses and rights declared during the period. The managers having certified under the provisions of Clause 3 (a) of the Principal Trust Deed that it was desirable in the interests of the certificate holders to realise the holding of 200 fully-paid ordinary shares such holding has accordingly been sold, and the net proceeds of sale amounting to 4.691d. per sub-unit are being distributed to sub-unit holders with the income distribution on December 16th.

HUDSON'S BAY COMPANY.—A distribution of one half-year's dividend on the 5 per cent. cumulative preference shares will be paid on January 1, 1937. Dominion income-tax relief has been agreed with the Inland Revenue authorities at 6d. in the £; consequently, the net deduction for income-tax on the distribution will be 4s. 2d. in the £.

FOREIGN GOVERNMENT BOND TRUST.—The total value of the Trust at December 9, 1936, market prices shows an appreciation over the net proceeds subscribed by purchasers as follows: Year ending October, 1935, 5½ per cent.; year ending October, 1936, 5½ per cent.

REPORTS AND NOTICES

(Continued from page 544)

ROYAL INSURANCE COMPANY (Interim Bonuses on "Royal" Life Policies).—The directors of the Royal Insurance Company, Ltd., announce claims or be surrendered during the twelve months ending December 31, 1937, and which are entitled to an interim bonus, will be at the rate of 45s. per cent. per annum, which is the same rate as for the previous year.

MISCELLANEOUS

GAUMONT-BRITISH.—Combined assets and liabilities of Gaumont-British Picture Corporation, Limited, and 64 subsidiary companies at March 31, 1936.

Share Capital—Authorised and Issued	£
50 per cent. cumulative first preference shares	3,250,000
50 "A" Ordinary shares	2,500,000
4½ per cent. debenture stock with interest accrued	500,000
(Note.—£1,340,000 debenture stock has been issued in part security for bank overdraft.)	5,075,198
Loan on mortgage including interest	...
Debentures and loans of subsidiaries including interest	50,428
Amounts attributed to outside holdings of subsidiaries' shares	1,301,339
Bank overdraft (secured)	5,292,822
Sundry creditors, for taxation, etc.	1,577,481
Dividends payable to outside shareholders	975,700
Surplus, being proportion of reserves and profit and loss balances	75,952

Balance, March 31, 1935	£
Excess of aggregate earnings of subsidiaries, applicable to Corporation with other profits of Corporation for year, over amounts appropriated and distributed by Corporation	1,111,617
Less: Special appropriation in respect of film production on distribution	218,982
	1,330,599
	200,000
Total	1,130,599

Cash at bankers and in hand	Assets	£
Debtors and payments in advance		431,424
Investments, net		374,514
Released and unleased films, productions in progress, and expenditure in respect of future productions		11,029
Less: Reserve for contingencies		1,578,908
		200,000

Stocks and stores	£
Interests in associated companies	1,378,908
Interests in two subsidiary companies	104,788
Freehold and leasehold theatre, studios, etc., plant and equipment, based on a valuation at October 26, 1936, and at net cost	218,897
Sinking fund policies	...
Excess of aggregate cost of shares in subsidiaries over proportion of aggregate book value net tangible assets at dates of purchase, after adjustment for valuation of freehold and leasehold properties	16,273,149
	158,768
Total	1,638,341

BRITISH BURMAH PETROLEUM.—Report for year to July 31, 1936, shows trading profit £43,213, as compared with £14,578 in previous year. 7 per cent. "A" debenture stock sinking fund account. Profit on sale of shares, £65,416, compared with £21,479. Credit balance forward £823, from £1,616,988 to £2,139,430. Total assets have increased £49,632 on July 31, 1935. Debtors, £228,186, against £177,135. Creditors, £164,650, against £104,270.

MANBRE AND GARTON, LTD.—The Company's report shows an increase in net trading profits of £37,310, to £367,796, for the year to September 30, 1936. Debenture interest absorbed £17,500 and the year's fund (£7,500). After providing for debenture sinking interim on the ordinary shares, there remains £452,375. A final dividend for the year at 14 per cent., less tax. It is also proposed to repeat the £10,000 to reserve for special purposes. A sum of £5,000 goes to legal expenses reserve, which leaves a balance of £219,508 to carry forward compared with £193,212 brought in.

SCOTTISH AUSTRALIAN COMPANY.—This company secured a profit of £25,451 for year ended June 30, 1936, compared with a loss of £62,031 for the previous year. The balance brought forward amounted to £10,975. After meeting the Guaranteed Preference stock requirements, the directors propose a dividend of 4 per cent., against 3 per cent., less tax, on the Meeting, Winchester House, E.C.2, December 18th, at 12 noon.

WEEKLY TRAFFIC RETURNS
RAILWAYS OF GREAT BRITAIN AND IRELAND

(b) Week ended Dec. 4, 1936. (c) Week ended Dec. 5, 1936.	Miles Open	Gross Receipts, week ended Dec. 6, 1936 (‘000)					Aggregate Gross Receipts 1936 compared with 1935 (49 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	181	215	118	333	514	10,232	9,410	4,947	14,357	24,589
(c) L. & N. Eastern	1936 8,332	275	360	256	616	891	15,784	16,066	11,415	27,481	43,265
L. M. & Scottish	1936 6,016	414	524	299	823	1,237	15,460	15,549	11,025	26,574	42,034
Southern	1936 2,183	252	59	31	795	1,148	24,236	23,555	11,821	35,376	59,612
	1935 2,171	244	50	28	78	322	23,616	22,288	11,465	33,733	57,349
		1122	518	28	782	322	15,002	3,083	1,507	4,590	19,592
		1122	518	28	782	322	14,691	3,027	1,477	4,504	19,195
Total	1936 191,461	11,222	11,558	704	18,622	2,984	65,254	52,114	26,990	81,804	147,058
	1935 191,772	10,752	10,669	704	17,732	2,848	63,782	49,862	28,896	78,758	142,540
(b) Belfast	1936 80	1-6	...	0-6	2-2	124-0	...	...	...	26-3	150-3
(b) Co. Down	1935 80	1-6	...	0-6	2-2	123-0	...	...	...	25-1	148-1
(b) Great Northern	1936 543	8-6	...	9-6	18-2	522-1	...	...	...	468-1	989-1
(b) Great Southern	1935 543	9-0	...	9-1	18-1	501-1	...	...	...	463-0	964-3
	1936 2,076	31-0	...	63-6	94-6	1733-4	...	...	...	2106-9	3840-2
	1935 2,124	30-5	...	59-4	89-9	1679-7	...	...	...	1972-5	3652-2

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	+ 283	+ 937	+ 534	+ 85
Second half-year 1936, compared with second half-year, 1935:				
28 weeks to December 6, 1936	+ 364	+ 1,326	+ 655	+ 312
Weekly average second half 1936	+ 15½	+ 57½	+ 30½	+ 13½
Latest week 1936 compared with 1935	+ 25	+ 49	+ 42	+ 20

LONDON TRANSPORT

	Compared with corresponding period of last year
Week ending December 5, 1936	757,040
Aggregate 23 weeks to December 5, 1936	12,903,000
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	32	Nov. 10	1,330	\$5,66,300	+ 41,339	1,03,72,672	+ 3,88,547
Barsi L. Ry.	32	Nov. 10	292	131,500	- 33,600	9,10,600	+ 2,18,500
Bengal & N Western	20	Nov. 12	292	49,92,524	- 83,221	48,05,587	+ 1,34,573
Bengal-Nagpur	30	Nov. 22	3,268	18,00,000	- 5,57,829	5,03,55,089	- 34,67,732
Bombay, Bar. & C.I.	35	Nov. 30	3,072	34,69,000	+1,53,000	7,17,69,000	+19,53,000
Madras & S. Mahr.	34	Nov. 22	2,229	17,66,000	- 50,534	4,50,54,507	+1,45,712
Rohilk'd & Kumaon	7	Nov. 20	546	11,41,778	- 6,549	7,68,494	+1,17,32
South Indian	34	Nov. 20	2,532	12,82,795	+ 30,215	3,43,10,187	+2,80,923

In the United States the upward trend of quotations continued during the past week. Thus, Moody's index (December 31, 1931 = 100) rose to 196.2 on Wednesday, against 194.7 a week earlier, 186.4 a month ago, and 165.7 on the same day last year.

COAL

SHEFFIELD.—There is little change on the export market and a moderate demand for all qualities is maintained. Requirements for furnace coke are considerable and gas coke cannot easily be obtained. Demand for industrial purposes at home is growing. The household market is more active, but the fog of last week caused some dislocation of supplies.

NEWCASTLE-ON-TYNE.—The coal market in this area is very strong, there being a good inquiry for all classes. Every effort is being made to increase production, but this must necessarily take some time. North-umbrian steam classes have a good sale to Scandinavian countries; these consumers have paid higher prices and are disposed to cover ahead at current quotations. Collieries are now fully stemmed for this year and only odd parcels are available. Patent oven coke is just as scarce.

GLASGOW.—The market is firm, collieries being well booked up. Occasionally, however, odd lots can be obtained, especially in the export branch in which tonnage delays are still hampering the movement of coal. In this connection the outlook for meeting the pre-holiday pressure later in the month is not too bright. The shortage of waggons is less acute for landsale business, and the active demands of industry, public utilities and domestic consumers are being satisfactorily met. Quotations for house coal are considered likely to be further advanced.

CARDIFF.—Chartering for the French market has improved under the stimulus of the increased import quota, and, as shipments are a little more active in other directions, the heavy stocks of best large coals have been slightly reduced. The recent expansion in the volume of the inland trade is maintained. Except for certain classes of small coals, which continue very scarce owing to the contracted output of large coal, prices show no material alteration. The Control Board is aiming at a higher average price level, and the contract with the Egyptian State Railways has been renewed at about 5d. per ton higher. Both foundry and furnace coke continue very firm; patent fuel is unaltered at 22s. per ton f.o.b.; while the ex-ship price of French pitwood under the coal-pitwood barter agreement has been reduced for the balance of 40,000 tons for the October-December quarter from 24s. 10d. to 23s. 6d., owing chiefly to the recent devaluation of the franc. The arbitrators under the Central Council have considered this week a claim from the South Wales Executive Board for some relief from the decision of the Council prohibiting long-period contracts beyond March, 1938. Schemes are under contemplation for the installation of two important new works in the district, but the promoters of these enterprises have asked for long-period coal contracts, extending in the one case for seven years and in the other for twenty-five years, but subject to the usual rise and fall price clause, and also to arbitration in the case of the more important of the two projects. The arbitrators will announce their decision in the course of the next few days. Foreign and coastwise exports last week totalled 357,700 tons, compared with 386,981 tons in the corresponding week last year. Up to the end of the first week in December the decrease compared with the same period last year exceeds 2.1 million tons.

IRON AND STEEL

LONDON.—The weekly report of the London Iron and Steel Exchange indicates that no improvement has taken place in the stringent conditions which have ruled in the iron and steel markets for many weeks. Whilst it is expected that some relief will be afforded by the recent release of the Continental quota of steel, it is not likely that the quantity will be sufficient to affect the situation to any extent in view of the extraordinarily heavy demand.

In the pig iron section the recent increases in price have had practically no influence on the market and there is little material available for sale until the first quarter of next year. Most consumers have bought forward for some months and in a few cases until the end of June, 1937. Some anxiety is felt regarding future supplies of steel-making iron as well as of foundry qualities.

In the semi-finished steel department most of the British works have sold their production for several weeks to come, and it is not easy to place contracts for anything like near delivery.

Demand for finished steel shows no signs of declining and recent orders for new ships and extensions to factories and workshops will shortly increase the requirements of the market. There is little surplus left for export after the home demand has been dealt with. Tightness is apparent in the market for Continental steel for overseas destinations, and prices this week have been substantially increased.

SHEFFIELD.—The increase in pig iron prices has had little effect upon demand and the market remains strong. Foundry iron is in keen request, but only a few small parcels have been available this week. Demand for forge iron is somewhat less insistent than for foundry, but consumers are ready buyers. A distinct shortage of both East and West Coast hematite prevails and deliveries under contract are in arrears. The premium of about 10s. per ton already operating will, it is expected, shortly be officially added to quotations. There is no further change with regard to finished iron. The strongest feature is still common bars, in which business is very active. Marked bars are also a good market. The shortage of basic steel billets becomes more and more pronounced and producers are unable to accept all the business offering. Users are also pressing for bigger supplies of acid billets and in other sections of the market there is an obvious desire to cover requirements in view of the early likelihood of increased prices. The iron and steel scrap market remains very firm, prices showing no further change except that steel works heavy cast iron is now quoted around 56s. per ton delivered.

MIDDLESBROUGH.—Whilst buyers are anxious to purchase further quantities of Cleveland foundry iron, the quantity sold under contract is absorbing current output. Consequently, makers cannot see their way to enter into further commitments. East Coast hematite is in strong demand and until there is some official announcement regarding an increase in price, makers are not inclined to discuss new business. The prices of both Cleveland foundry pig iron and East Coast hematite remain unchanged, but the quotation for the latter is purely nominal. There is an increasing demand for semi-finished and manufactured steel, eleven new shipbuilding orders having been received on the River Wear in eleven days. It is expected that prices of certain steel products will be increased shortly owing to the rising cost of production and owing to the cessation of the railway rebates at the end of this year. Heavy steel melting scrap is firm at 60s. per ton delivered works, whilst good Durham blast furnace coke is readily disposed of at 24s. 6d. per ton, delivered at local furnaces.

GLASGOW.—Steel makers are quite unable to meet the demand, requirements being greatly in excess of the capacity of plants. Supplies of all grades are far short of the needs of users in the West of Scotland, and, although some relief has been afforded through deliveries of Continental material, total supplies are only sufficient to meet immediate requirements, and it is impossible for users to carry such stocks as are deemed necessary. At the present time makers both of semis and finished materials are refusing to quote except for delivery many weeks ahead, for in almost every branch the output of the next few weeks is booked up. In the Glasgow district, and manufacturers, involving heavy tonnages. Apart from the delay in securing supplies of material, the outlook is satisfactory in almost every branch of the trade.

CARDIFF.—Conditions in the South Wales iron and steel trades continue satisfactory. The blast furnaces in operation are working full time; the steel melting furnaces are also very active; while the tinplate factories are employed up to their allotted 65 per cent. output quotas. The quotations for tinplate bars are very firm at 46; galvanised sheets the inland trade; while tinplates, though nominally unchanged, are of tinplates at Swansea last week totalled 78,471 boxes, compared with 73,361 boxes in 1935.

OTHER METALS

COPPER.—With the cessation of liquidation, prices recovered sharply and closed on Wednesday £1 1s. 3d. higher on the week at £44 7s. 6d. per ton and are discounted in responsible quarters. This year's output is unlikely to be panies was considerably curtailed in the first seven months of the year. Moreover, stocks in home warehouses are now almost 50 per cent. smaller view of the upward trend of consumption. Sales on the London Metal Exchange: 700 tons on Monday, against 800 tons last week; 1,800 tons on Tuesday, against 3,800 tons last week; 1,250 tons on Wednesday, against 2,100 tons last week. Domestic spot was quoted at 10.52½ cents per lb. in New York on Wednesday, against 10.47½ cents a week ago and 10.52½ cents a month ago. Wednesday's official closing price for standard cash in London was £44 7s. 6d. to £44 10s., compared with £43 6s. 3d. to £43 7s. 6d. a week ago. Stocks of refined copper in British official warehouses at the end of last week, at 45,181 tons, show an increase of 449 tons, while stocks of rough copper, at 715 tons, show a decrease of 52 tons.

LEAD AND SELLER.—Lead prices firmed up and at the close on Wednesday showed a gain of £1 6s. 3d. on the week. Demand from strong statistical and technical position of the market. World output of metric tons during October. But since no less than 8,645 tons was accounted for by the United States, which is not an exporter at present, the London market will derive little benefit from the higher output, and the present scarcity is therefore likely to persist. Spelter rose in sympathy with lead. output, from 120,090 metric tons in September to 127,870 in October. At 4.125 metric tons, daily production in October was higher than at any time since 1929. Here again, however, about half the increase—3,641 tons out of a total of 7,780 tons—was attributable to the increase—3,641 tons Sales of lead on the London Metal Exchange: 2,400 tons on Monday, against 1,000 tons last week; 1,650 tons on Tuesday, against 1,550 tons last week; 4,250 tons on Wednesday, against 2,000 tons last week. The New York quotation on Wednesday was 5.20 cents per lb., against 5.20 cents a week ago and 5.10 cents a month ago. The official closing quotation for lead in London for soft foreign for shipment during the current month was £24 1s. 3d. per ton, compared with £22 15s. a week ago.

Sales of spelter on the London Metal Exchange: 1,325 tons on Monday, against 1,400 tons last week; 1,000 tons on Tuesday, against 2,300 tons last week; 2,750 tons on Wednesday, against 1,650 tons last week. Wednesday's quotation in East St. Louis was 5.05 cents per lb., against 5.05 cents the week before and 4.95 cents a month earlier. Wednesday's official closing quotation in London for "good ordinary brands" for shipment during the current month was £17 per ton, against £16 5s. last week.

TIN.—After a sharp fall to £226 per ton, prices scored a recovery, both the cash and forward quotations closing on Wednesday at £231 10s. per ton. The disappearance of the "backwardation" is evidence that the Committee met on Friday of this week, and most London merchants expected them to recommend some reduction in the quotas—hence the sharp recovery of the market during the past few days. But it must be remembered that a reduction in the quotas would not necessarily mean a lower rate of production, for the basic quota of Siam and the Belgian Congo is mittee's decision is not known.

Sales of tin on the London Metal Exchange: 250 tons on Monday, against 225 tons last week; 300 tons on Tuesday, against 350 tons last week; 425 tons on Wednesday, against 275 tons last week. The New York quotation on Wednesday was 52.25 cents per lb., against 51.25 cents a week ago and 53.50 cents a month ago. Wednesday's official closing quotation in London for standard cash was £231 10s., against £231 5s. compared with £231 5s. to £231 15s. a week ago. Stocks of tin in London and Liverpool at the end of last week totalled 1,171 tons, a decrease of 102 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, was quoted at £14 5s. per flask of 76 lbs., the same as last week. Chinese antimony was quoted at £56 per ton ex warehouse, the same as last week. Chinese wolfram for "December-January" shipment was quoted at 32s. 6d. to 33s. 6d. per unit, c.i.f., as against 31s. 6d. to 32s. 6d. per unit last week. Refined platinum at £9 15s. per ounce remains unchanged.

TEXTILES

COTTON.—Manchester.—An encouraging inquiry has been experienced in the market during the past week, the tone being firm. Spinners and position. Buyers are keeping well covered owing to there being little probability of lower prices in the near future.

In raw cotton circles the feature of interest has been the slightly bullish crop estimate of the United States Government of 12,407,000 bales. The general position, however, as regards supplies, shows very little alteration. Important developments are not likely to take place until some announcement is made relating to the disposal of loan cotton and the Government's crop plans for next season.

Demand for American yarns has kept up fairly well. Some spinners have described buying as rather patchy, but the larger output is being well absorbed. A steady demand has been experienced in Egyptian qualities. The ballot of Egyptian spinners on the price maintenance scheme has not so far been successful, but it is believed that before the end of this week the necessary majority of 80 per cent. will have been obtained.

Demand in the cloth market has covered a wide range of goods, and although bulk lines have been few and far between, turnover has been good. Business offering for India has shown some improvement. Some very fair orders have been put through in mulls and light bleaching descriptions, generally for Madras and Karachi. Scattered transactions have been mentioned in white yarn dhooties and prints for Calcutta. Although the auction news from Shanghai continues better, there have been very few indications of more trade for China, but a persistent demand continues to be experienced for Java, especially in dyed fabrics. Heavy shirtings and prints have moved off fairly well for West Africa. Further buying has taken place in finishing and printing styles for South America. A varied business has been done for the Continent and the Dominions. The home trade section has been disturbed by the constitutional crisis and the possibility of the Coronation next May would restore trade to its recent state of activity, however, have been put through in household goods.

COTTON PRICES.

	1936				Corresponding Date	
	Nov. 18	Nov. 25	Dec. 2	Dec. 9	1934	1935
Raw Cotton—Mid. American..... per lb.	d. 6-80	d. 6-73	d. 6-82	d. 6-94	d. 7-08	d. 6-57
Sakellaris Fully Good Fair..... per lb.	11-15	11-85	11-11	10-49	9-07	9-82
Yarns—32's twist..... per lb.	11½	11½	11½	11½	10½	10½
" 40's well..... per lb.	11½	11½	11½	11½	10½	11
" 60's twist (Egyptian)..... per lb.	17½	17½	17½	17½	16½	16½
32-in. Printers, 116 yds., 16 by 16, 32's and 50's.....	s. d. 19 0	s. d. 19 0	s. d. 19 0	s. d. 19 0	s. d. 18 4½	s. d. 18 1½
36-in. Shirtings, 75 yds., 19 by 19, 32's and 40's.....	26 6	26 6	26 6	26 6	24 0	25 1½
38-in. ditto, 38 yds., 18 by 18, 10 lb.....	10 6½	10 6½	10 6½	10 6½	10 9	10 6
39-in. ditto, 37½ yds., 16 by 15, 8½ lb.....	9 6½	9 6½	9 6½	9 6½	9 8	9 6

AMERICAN COTTON CROP.—On Tuesday last the Crop Reporting Board of the United States Department of Commerce estimated the cotton crop for this season at 12,407,000 bales, against 12,400,000 bales a month ago. The amount gained so far this season was stated to be 11,494,000 bales, compared with 9,357,000 bales a year ago. The average abandonment of acreage is 2.8 per cent. The statistics were very near market expectations, but on the whole the report was considered to be slightly bullish, and prices in New York and Liverpool have advanced a few points.

The general situation, however, shows very little change, and in cotton trade circles interest is now centred on the policy of the Washington Government concerning the disposal of the 3,000,000 bales held and the future of crop control. According to the facts available, there seems to be little probability of lower prices in the near future, especially in view of the heavy consumption in the United States which may exceed last season's by 1,000,000 bales.

WOOL.—Bradford.—The recent London wool auctions have been the most successful this year. They finished on a very good note, though prices for some merino qualities had receded slightly from the highest point. On the average, prices showed an increase of 10 to 15 per cent. over those realised at the previous sale, while crossbreds showed an increase in price varying from 20 to 30 per cent. Buyers went home feeling that current prices were resting on a sound foundation. The home trade was credited with purchasing 45,000 bales, the Continent 44,000 bales, and America 5,000 bales. The carry-over was only 11,000 bales, the smallest in London for many years.

The constitutional issue has upset all markets, and hesitancy has been in evidence. The position at the manufacturing end is still very sound, but a good deal of the improvement, particularly in crossbreds, has been due to the expected Coronation next May. Great preparations have been made for that event, and the trade is anxiously waiting to see what is going to happen. In the meantime a good deal of business is being held up, and merino tops have already eased slightly. A settlement of the present difficulties would considerably ease the situation, while a fulfilment of the Coronation next May would restore trade to its recent state of activity.

GRAIN MARKETS

WHEAT.—A further advance in quotations occurred this week. The continuance of Italian demand, the resumption of interest from the Far East and the receipt of "bullish" private estimates of the Argentine crop, were the factors mainly responsible for the movement. On Wednesday Liverpool futures closed at the highest level since April, 1930.

On Wednesday last, "December" futures were quoted in Chicago at 128 cents per bushel, against 124½ cents the week before and 114½ cents a month ago. Quotations in London, Wednesday: No. 1 Northern Manitoba, ex ship, 47s. 9d. per 496 lbs., against 46s. 6d. a week ago; No. 2 Northern Manitoba, ex ship, 47s. 3d., against 46s. a week ago.

FLOUR.—Following the lead of wheat, flour prices have recorded a further advance. Wednesday's London quotations (excluding quota payments) were: Straight run, delivered Home Counties, 38s. per 280 lbs., against 37s. a week ago; delivered inner London, 37s. 6d., as compared with 36s. 6d. a week ago. Manitoba patents, ex store, 35s. 6d. to 36s., against 34s. 6d. to 36s. a week ago. Australian, ex store, 32s. to 32s. 6d., against 32s. to 32s. 6d. a week ago.

BARLEY.—Despite the strong tendency on North American markets, prices in this country are practically unchanged. "December" futures were quoted at 72½ cents per bushel in Winnipeg on Wednesday, against 64½ cents a week ago. Quotations per 448 lbs. in London on Wednesday were: "English feed" (new), at farm, 28s. to 29s., as against 28s. to 29s. a week ago; "English malting" (new), at farm, 34s. to 50s., against 34s. to 50s. last week; Californian (new), ex ship, 48s. to 58s., against 48s. to 58s. last week; Chilean, brewing, ex ship, 37s. to 42s. 6d., against 37s. to 42s. 6d. a week ago.

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OATS.—In common with other grains, oats are dearer this week. On Wednesday, "December" futures were quoted at 49½ cents a bushel in Chicago, against 46 cents a week ago and 42½ cents last month. Quotations in London, Wednesday: "English Black" (new), at farm, 21s. to 22s. per 333 lbs., against 21s. to 22s. a week ago; "English White" (new), at farm, 21s. to 22s., against 21s. to 22s. a week earlier; mixed Canadian feed (Vancouver), landed, 22s. 3d. per 320 lbs., compared with 22s. 3d. last week.

MAIZE.—In sympathy with wheat and in response to an active demand, prices have again advanced. "December" futures were quoted on Wednesday at 109½ cents per bushel in Chicago, against 108½ cents a week ago and 101½ cents last month. Quotations in London, Wednesday: "Plate," landed, 25s. per 480 lbs., compared with 24s., a week ago; "Plate," ex ship, 24s., as against 23s. a week ago; "Plate," "December," 24s., as against 23s. a week ago; yellow maize meal, ex wharf, was quoted at £6 5s. to £6 10s. per ton, as against £6 5s. to £6 7s. 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	Dec. 11, 1935	Dec. 31, 1935	Dec. 2, 1936	Dec. 9, 1936
Winnipeg (No. 1, Manitoba) — Cents per 60 lb.	65½	82½	83½	84½	115½	114½
Chicago (No. 2, Winter) — Cents per 60 lb.	84½	98½	95½	75½	124½	128

The visible supply of wheat in Canada amounts to 65,887,000 bushels, against 73,454,000 bushels last week, and 141,684,000 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 December 5	267,045	380,540	318,377	298,075
14 weeks to December 5	4,810,449	6,234,072	6,125,842	4,451,638
Average price of English wheat per cwt.	s. d. 4 7	s. d. 4 10	s. d. 5 8	s. d. 8 5

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
December 3, 1932 ...	Cwts. 318,485	Cwts. 393,707	Cwts. 50,559	s. d. 5 5	s. d. 6 11	s. d. 5 9
December 2, 1933 ...	267,045	420,569	43,502	4 7	9 1	5 4
December 8, 1934 ...	380,540	312,573	41,241	4 10	8 7	6 8
December 7, 1935 ...	318,377	367,864	35,421	5 8	8 3	5 11
November 23, 1936 ...	274,372	534,339	53,814	8 5	9 8	8 10
December 5, 1936 ...	298,075	441,641	52,848	8 5	9 5	6 10

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, 86s. to 92s.; Canadian 80s.; Danish, 90s.; as against 88s. to 90s., 80s. and 90s. last week. Arrivals in London last week included Danish, 12,115 bales; Canadian, 6,879; Dutch, 2,022; Lithuanian, 1,499; and Polish, 2,005; as against 11,618, 7,546, 1,994, 1,427 and 2,569 bales, respectively, in the previous week.

BUTTER.—After a quiet opening, the market showed a firmer tendency. Prices are about unchanged on the week. Quotations (per cwt.) on the London Provision Exchange on Wednesday were: New Zealand, finest salted, 104s.; Australian, choicest salted, 102s.; Danish, 118s., compared with 104s., 102s. to 103s. and 118s., respectively, a week ago.

CHEESE.—English was again firm this week, with other makes steady. Quotations (per cwt.) on the London Provision Exchange on Wednesday were as follows: English, finest farmers, 86s. to 88s.; Canadian, finest coloured, 70s. to 72s.; and New Zealand, finest coloured, 63s. 6d., against 82s. to 88s., 70s. to 72s. and 63s. to 64s., respectively, a week ago.

COCOA.—Although the world supply-demand position has undergone no material change, the price of cocoa continued its upward movement, stimulated by speculative buying in New York. The spot quotation in New York on Wednesday was 11½ cents per lb., as against 11½ cents per lb. last week. In London, on Wednesday last, good fermented new crop, "December-February," was quoted 49s. 9d. per 250 kilos, c.i.f. Continent, against 48s. 9d. a week ago. Last week's movements of cocoa in London were as follows: Landed, 4,034 bags; delivered, for home consumption, 11,929 bags; exported, 117 bags; stocks, 98,066 bags, against 117,971 bags a year ago.

COFFEE.—The London spot market again ruled quietly steady. In New York, prices firmed up at the end of last week, and have since been steady. On Wednesday, Rio No. 7 (cash) was quoted at 8½ cents per lb. in New York, as compared with 8½ cents per lb. last week and 8½ cents per lb. a month ago. Movements of coffee in London last week were as follows: Brazilian, landed, nil; delivered, for home consumption, 257 cwt.; exports,

nil, stocks, 9,217 cwt., against 12,138 a year ago. Central and South American, landed, 1,967 cwt.; delivered, for home consumption, 2,973 cwt.; exported 559 cwt.; stocks, 53,423 cwt., against 70,911 last year. Other kinds: landed, 3,644 cwt.; delivered, for home consumption, 4,329 cwt.; exported, 658 cwt.; stocks, 89,742 cwt., against 106,135 last year.

EGGS.—In consequence of a quiet demand, prices for some selections have shown an easier tendency. At Smithfield, on Wednesday, English (ordinary packing, Grade 1, about 15-15½ lb.) realised 19s. to 20s. per 120; as against 19s. to 20s. last week; while Danish (15½ lb.) made 14s. to 15s. as against 15s. 3d. to 15s. 6d. last week.

FRUIT.—Business at Covent Garden, though still moderate, shows a tendency to improve, states *The Fruitgrower's* report. Imports of some of the principal December lines are below normal, owing to the United States shipping strike and the Spanish civil war. Apples remain in consistent demand and prices are steady at the moderate level now ruling. With limited arrivals of Californian pears at the moderate level now ruling. Grapes are also becoming dearer on shorter supplies, but Kent cobnuts are a point easier. French walnuts encounter a fair demand. Brazils are moderate and almonds dear. Chestnuts enjoy a steady sale. Oranges are a good item, but grapefruit are slow. Lemons remain at a moderate level.

MEAT.—Trade was not so good at Smithfield this week and prices were reduced in certain instances. On Wednesday last, Argentine chilled hind-quarters were quoted at 3s. 10d. to 4s. per 8 lbs., as compared with 4s. per 8 lbs., against 3s. 2d. to 3s. 10d. a week ago. According to the Smithfield Market official report, supplies during last week amounted to 8,730 tons, a decrease of 1,115 tons on the corresponding week last year. Beef and veal bacon 1,182 tons, mutton and lamb 2,432 tons, and pork and 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, 18 tons; delivered 8 tons; stocks, 1,827 tons, against 1,518 tons a year ago. White, landed, 67 tons; delivered, 67 tons; stocks, 11,840 tons, against 13,996 tons a year ago.

RICE.—The spot price of Burma No. 2, cleaned, was 9s. per cwt., ex warehouse, on Wednesday, as compared with 9s. per cwt. a week ago. "January-February" in singles to Continent and U.K. was quoted during the past week were as follows: Landed, nil; delivered, 81 tons; stocks, 1,738 tons, against 5,489 tons a year ago.

SUGAR.—The tone of the markets, both in London and New York, has been rather quiet, with prices showing little alteration. The spot price cents per lb. on Wednesday was 3-85 cents per lb., as compared with 3-85 sales of raw sugar in London included "January" delivery at from 4s. 9d., movements of raw sugar at public warehouses in London and Liverpool last week, and 31,289 tons in the same week of last year; deliveries 14,977 tons, against 15,947 tons last week and 16,717 tons last year; stocks, 156,000 tons, against 146,126 tons last week and 204,920 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 ended	Northern India	Southern India	Ceylon	Java	Sumatra	Africa	Total
Dec. 5, 1935	12-61	12-31	13-58	13-04	10-27	11-56	12-83
Oct. 29, 1936	12-99	12-12	14-61	11-61	10-03	11-52	13-24
Nov. 5, "	13-03	12-51	14-85	11-93	10-12	11-97	13-40
Nov. 12, "	12-80	12-21	14-82	11-79	9-75	12-07	13-30
Nov. 19, "	12-69	12-27	14-72	11-58	10-24	12-07	13-12
Nov. 26, "	12-67	13-44	14-70	11-85	10-13	11-77	13-09
Dec. 3, "	12-67	12-44	14-50	11-61	10-24	11-61	13-03

The quantities catalogued for the public auctions in Mincing Lane this week comprised 51,529 packages of Indian and 19,859 packages of Ceylon tea. At the Indian auctions a good tone prevailed and prices were about steady. Competition for Ceylon grades was active at last week's rates.

VEGETABLES.—Tomato prices have eased at Covent Garden, according to *The Fruitgrower*, owing to larger supplies from the Canary Islands. Asparagus are in very limited supply, but are not inquired for. Forced peonies and chrysanthemums are a prominent item. Cabbages and savoy are doing better, but carrots, turnips and parsnips show no change. Cauliflowers and showing of Christmas trees, holly and mistletoe show no change. A fair buying is limited as yet. Meanwhile, the potato trade at the various London land King Edward again made 9s. to 9s. 6d. per cwt., ex market.

MISCELLANEOUS COMMODITIES

VEGETABLE OILS AND OLSEEDS.—Markets are buoyant and oilseeds and vegetable oils almost without exception are dearer. The decision of which had been in operation since last December, removed uncertainties. Continental crushers replenished their scanty stocks by large purchases of Plate seed. This re-stocking movement, coupled with the rise of the buyers were more interested in new crop for January and February. The Argentine Government is held to support the optimistic outlook. Doubts should be set at rest by the official estimate due next week. The quantity afloat for Europe is 135,000 tons, including 13,600 tons from India. The unshipped balance of the old crop in Argentina is now reported at advancing prices.

Vegetable oils have advanced in sympathy. Linseed oil ex Hull is now quoted at £26 per ton, naked, in all positions to August. Crude cotton oil ex Hull is held for £30 and refined for £32, prompt; but demand is not active. Oilcakes are in improved request and firm.

POTASH.—The Soviet potash industry is making rapid headway, the Kama, which commenced production early in 1934 and which are the

only working mines of the country, have been completely mechanised and their capacity extended. Their output, which is expected to total 1,800,000 metric tons of sylvinite (with an approximate K₂O content of 15 per cent.) in 1936 will probably be raised to 3,000,000 metric tons next year. It is also reported from Moscow that a new potash mine is being developed near Bereznyak, about 30 kilometres from Solikamsk, and that this mine will come into production before the end of next year. Even if these plans do not materialise, an output of 3,000,000 tons would be greatly in excess of Russian requirements—which apparently aggregate some 1,600,000 tons per annum at present. In the circumstances, it is possible that Soviet exports, which have recently shown a decline, will record a sharp increase next year. However, this would not necessarily have a depressing effect on prices, for the world market in potash is at present showing an improving tendency.

RUBBER.—The tone of the markets, both in London and New York, has been strong, and prices are higher on the week. The rise was mainly traceable to trade buying, although speculators also took a hand. The recent advance in quotations and the continuous decline in United Kingdom stocks now make it virtually certain that the International Committee will sanction an increase in production quotas at its meeting next Tuesday. The spot price in New York on Wednesday was 19 cents per lb., compared with 18½ cents per lb. a week ago and 17½ cents a month ago. Wednesday's official buyers' price for standard ribbed smoked sheet on the spot in London was 9½d. per lb., as against 8½d. on the corresponding day last week. In forward positions, business has been done at 9½d. to 9½d. for "January-March" shipment, as against 8½d. a week ago. Stocks in London and Liverpool at the end of last week totalled 85,285 tons, against 89,228 tons a week earlier. A year ago stocks amounted to 165,526 tons.

WHOLESALE COMMODITY PRICES

UNITED KINGDOM

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

LONDON, December 9th				The prices in the following are revised with the assistance of an eminent firm in each department.			
GRAIN, ETC.—				POIATORES—			
Wheat				English King Edward			
No. 2, N. Man. 496 lb.				per cwt.			
Eng. Gaz. av. per cwt.				9 0 9 6			
Barley, Eng. Gaz. av. ...				SPICES—			
Oats, 480 lb.				Pepper, per lb.—			
Maize, La Plata, landed				Black Lampong			
290 lb.				White Muntok			
Rice, No. 2 Burma, per cwt.				Cinnamon—1st sort, per lb.			
MEAT—				Cloves—Zanzibar, per lb.			
Beef, per 8 lbs.—				Ginger—per cwt.			
English long sides				African			
Argentine chilled hinds				Jamaica, ord. to good			
Mutton, per 8 lbs.—				Mace, 65's, per lb.			
English wethers				Nutmegs, 65's			
N.Z. frozen "				SUGAR—			
Lamb, per 8 lbs.—				(Duty, 11/8 per cwt.)			
Pork, English, per 8 lbs.—				Centrifugal, 99's, per lb.			
OTHER FOODS				shipm., c.i.f. U.K. (Cont.			
BACON—				B.W.I., crystallised			
English, per cwt.				Java, white, c. & India			
Irish				Oct.-Dec.			
Danish				REFINED—London—			
Dutch				Yellow Crystals			
HAMS—				Cubes			
Canadian				Crushed			
United States				Granulated			
BUTTER—				Home Grown			
Australian				TEA—			
New Zealand				Indian—per lb.—			
Danish				Pekoe			
CREASES—				Broken Pekoe			
Canadian, per cwt.				Orange Pekoe			
New Zealand				Broken Orange Pekoe			
English Cheddars				Ceylon—per lb.—			
Dutch				Pekoe			
COCOA—				Broken Pekoe			
(Duty, British grown, 11/8; foreign, 14/- cwt.)				Orange Pekoe			
Accra, f.f., per cwt.				Broken Orange			
Trinidad				TOBACCO—			
Grenada				(Duty, 9/6-10/84 per lb.,			
COFFEE—				Empire growth, 7/54			
(Duty British grown 4/8; foreign 14/- cwt.)				8/94 per lb.)			
Santos, sup. c. & f. cwt.				Virgin leaf			
Colombian, good				Common to fine			
Costa Rica, med. to good				Rhodesian leaf			
East Indian, " "				Nyasaland leaf			
Kenya, medium				" strips			
EGGS—				East Indian leaf			
English, per 120				" strips			
Danish				TEXTILES			
PRUIT—Oranges				COTTON—			
Valencia, boxes				d.			
Brazilian, boxes				Mid-American, per lb.			
Lemons, Malaga, cases				Sakellaridis, f.g.f.			
Sicilian, boxes				Yarns, 32's twist			
Apples: Amer. (var.) bris.				80's twist			
" (var.) boxes				FLAX—			
Onions—				Lithonian 2K, per ton			
Egyptian, case				Pernau HD.			
Kaukapian, bags				Shanetz Medium 1st sort			
Grapes, Almeria, barrels				HEMP—			
Grapefruit, Jaffa				Italian B.C. per ton			
LARD—				Manilla, Dec.-Feb. "J2"			
Irish bladders				Sisal, African			
" "				JUTE—			
" "				Native 1st mks., per ton			
" "				c.i.f. H.A.R.B.			
" "				Dec.-Jan.			
" "				Dunee 2/3 c.i.f. Dundee			
" "				Dec.-Jan.			
" "				SILK—			
" "				c.i.f. s. d.			
" "				per lb.			
" "				Tosah.			
" "				Japan			
" "				Italian—raw, fr. Milan			
" "				WOOL—			
" "				English Southdown, greasy, per lb.			
" "				Lincoln hog, washed, 13½			
" "				Queensland, sod. super cmbg.			
" "				N.S.W. greasy, super cmbg.			
" "				N.Z. grey, half-bred 50-56			
" "				Tops—Crossbred 40-44			
" "				Merino 70's Average			
" "				" 64's			
" "				Crossbred 48's			
" "				48's			
" "				MINERALS			
" "				COAL—			
" "				Welsh, best Ad'ty, ton 19 0			
" "				Durham, best gas, f.o.b.			
" "				Tyne			
" "				Sheffield, best house, at			
" "				pits			
" "				IRON AND STEEL—			
" "				Fig, Cleveland No. 3, d/d			
" "				ton 81 0			
" "				Bars, M'brough, 210 0			
" "				Steel rails, heavy, 170 0			
" "				Tin plates, per box 18 9			
" "				METALS—			
" "				Copper, Electrolytic, ton 48/5/0			
" "				Sheets (strong), 77/0/0			
" "				Standard, 44 7/6			
" "				Lead, Eng. pig, per ton 26/0/0			
" "				Soft foreign, 23/18/9			
" "				Spleiter G.O.B., 24/1/3			
" "				Tin—English ingots, 231/15/0			
" "				Standard cash, 231/10/0			
" "				231/15/0			
" "				MISCELLANEOUS			
" "				CHEMICALS—			
" "				Acid, citric, per lb., less 5%			
" "				Nitric, 100% strength, 0 24 0 34			
" "				Oxalic, net, 0 5 0 6			
" "				Tartaric, English, less 5%			
" "				Alcohol, Plain Ethyl, 12 0			
" "				Alum, lump, per ton 8 10 8 15			
" "				Ammonia, carb., ton 27 0 28 0			
" "				Sulphate, 7 0			
" "				Arsenic, lump, per ton 35 0			
" "				Bleaching powder, per ton 8 15 9 0			
" "				BORAX, gran., per cwt. 13 0			
" "				Do, powder, 7 6			
" "				Nitrate of soda, per cwt. 7 4			
" "				Potash—Chlorate, net, 0 4 0 44			
" "				Sulphate, per cwt. 9 9 10 0			
" "				Soda Bicarb., per cwt. 10 0 11 0			
" "				Crystals, per cwt. 5 0 5 3			
" "				Sulphate of Copper, per ton 17 0 18 0			
" "				CEMENT, best Eng. Portland, d.d. site,			
" "				London area, jute sacks, to ton			
" "				(changed and credited 1/34 each, or			
" "				paper bags 20 to ton (free, non-returnable-)			
" "				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 21/3/9			
" "				DRUGS—			
" "				Camphor			
" "				Japan, refined, per lb. 2 3			
" "				Ipecacuanha, per lb. 7 0			
" "				HIDES—			
" "				Wet salted—Australian			
" "				per lb. 0 5½ 0 6			
" "				West Indian, 0 3½ 0 4			
" "				INDIGO—			
" "				Bengal, g.d. red-vio. to			
" "				fine, per lb. 5 6 6 0			
" "				LEATHER—			
" "				Sole Bends 8/14 lb.—			
" "				per lb. 1 2 2 5			
" "				Bark Tanned Sole			
" "				Shoulders fm DS Hides			
" "				Do, Eng. or WS do.			
" "				Belles from DS do.			
" "				Do, Eng. or WS do.			
" "				Dressing Hides			
" "				Ro. Eng. Calif, 20/30 lb.			
" "				Aust. Bends			
" "				VEGETABLE OILS—			
" "				Linsed, naked, p. ton net 25/10/0			
" "				Rape, refined, 34/10/0			
" "				Cotton-seed, crude, 29 10/0			
" "				Coconut, crude, 81/5/0			
" "				Palm, 25/5/0			
" "				Oil Cakes, Linsed, Eng.			
" "				Oil Seeds—Linsed			
" "				La Plata, p. ton, Jan.			
" "				Calcutta—per ton 13/15/9			
" "				Turpentine, per cwt. 41 9			
" "				PETROLEUM PRODUCTS—			
" "				Motor Spirit, No. 1, Lon-			
" "				don			
" "				Perroleum, Amer. rif.			
" "				brl. London, per gal.			
" "				Fuel oil, in bulk, for			
" "				contracts, ex instal.			
" "				Thames—			
" "				Furnace, ex gall.			
" "				Diesel, per gall.			
" "				ROBIN—			
" "				American, per ton 21/0/0			
" "				22/5/0			
" "				RUBBER—			
" "				St. ribbed smoked sheet			
" "				per lb. 0 9½			
" "				Fine hard para, per lb. 1 0			
" "				SHELLAC—			
" "				TN Orange, per cwt. 54 0 56 0			
" "				SHELLS—			
" "				W. Aust. M.o.-P., per cwt. 2 10 9 10			
" "				TALLOW—			
" "				London town, per cwt. 22 6			
" "				TIMBER—			
" "				Swedish u/s 3 x 8, per std. 20 10 0			
" "				2½ x 7, " 20 0 0			
" "				2 x 4, " 18 10 0			
" "				Can'dn Spruce, Dis., 22 10 0			
" "				Pitchpine, per load 9 10 0			
" "				Rio Dais, per std. 32 0 0			
" "				Honduras Mahg, kg's, c. ft. 0 12 0			
" "				African, " 0 6 0			
" "				Amer. Oak Boards, " 0 6 0			
" "				Ash, " 0 6 0			
" "				English Oak Planks, " 0 6 0			
" "				Ash, " 0 7 0			

ITALO-BELGIAN BANK

(BANQUE ITALO-BELGE, S.A.)

(Incorporated in Belgium with limited liability.)

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Branches:
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BRAZIL: Rio de Janeiro, Sao Paulo, Santos, Campinas. URUGUAY: Montevideo.

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London Office: 100 OLD BROAD STREET, E.C. 2.
Managers: CHARLES A. CRIGHTON, LYDER SANDAL.

BALANCE SHEET at 30th June, 1936.

LIABILITIES		ASSETS	
	Frs.		Frs.
Capital	100,000,000-00	Cash in hand and with bankers	199,889,316-80
Reserves	100,000,000-00	Bills receivable and for collection	254,540,277-98
Current and Deposit Accounts	395,404,703-89	Investments	22,769,083-25
Bankers and Correspondents	119,800,328-10	Bankers and correspondents	289,725,077-18
Bills payable	110,505,941-14	Loans and advances	873,123,480-78
Bills held as collateral and for collection on account of customers	325,006,713-44	Premises	21,000,000-00
Dividends unclaimed	160,135-56	Paris, Buenos Aires, Montevideo, Rio de Janeiro, Sao Paulo, Santos, Campinas.	
Re-discount on bills	653,347-95	Furniture and fittings	1-00
Dividend payable on December 1, 1936	8,000,000-00		
Balance of profit and loss account carried forward	1,616,066-69		
	Frs. 1,161,147,236-77		Frs. 1,161,147,236-77

Depositors and sundry accounts as per contra Frs. 2,067,651,948-04 Securities deposited and sundry accounts as per contra Frs. 2,067,651,948-04

Dr. PROFIT AND LOSS ACCOUNT for the Year ended 30th June, 1936.

	Frs.		Cr.
Dividend at the rate of 8 per cent. per annum net of Belgian tax	8,000,000-00	Brought forward from the business year 1934-1935	10,287,203-23
Directors' fees	603,936-00	Net profit for the year	10,287,203-23
Provisions for taxes	100,000-00		10,287,203-23
Reserves	9,997,000-00		
Balance forward	1,616,066-69		
	Frs. 20,317,002-69		Frs. 20,317,002-69

THE JOHANNESBURG CONSOLIDATED INVESTMENT COMPANY, LTD., GROUP

DECLARATION OF DIVIDENDS

NOTICE IS HEREBY GIVEN that Dividends have been declared payable to Shareholders registered in the books of the undermentioned Companies at the close of business on 31st December, 1936, and to persons presenting the respective Coupons, detailed below, detached from Share Warrants.

The Dividends are declared in the currency of the Union of South Africa and become due on 2nd January, 1937, but Warrants in payment will be posted both from Head and London Offices on or about 30th January, 1937, this interval being necessary for the balancing of the books and preparation of the Warrants. Dividends payable from the London Office will be paid in British currency at par provided there is no material difference between South African and British currencies on 2nd January, 1937. Should there be any material difference between the two currencies the London Office will pay on the basis of the equivalent British currency calculated at the rate of exchange ruling on that date. Amounts payable to persons presenting Coupons will be on the same basis irrespective of the date of presentation of Coupons.

Warrants despatched from the London Office to persons resident in Great Britain or Northern Ireland will be subject to a deduction of United Kingdom Income Tax at rates to be arrived at after allowing for relief (if any) in respect of Dominion Taxes.

Shareholders with registered addresses outside South Africa who desire to have their Dividends paid to an address therein or vice versa must give notice to the Companies to that effect on or before 31st December, 1936.

The Transfer Books and Register of Members will be closed in each case from 1st to 7th January, 1937, both days inclusive.

The Dividends on the shares included in Share Warrants will be payable to the persons presenting the relative Coupons at the London Office, 10 & 11, Austin Friars, E.C.2, on or after 1st February, 1937, in accordance with a Notice to be issued by the London Office.

Coupons must be deposited FOUR CLEAR DAYS before being paid and, unless accompanied by Inland Revenue Declarations, will be subject to a deduction of United Kingdom Income Tax as above.

NAME OF COMPANY (each of which is incorporated in the Union of South Africa)	Div. No.	Cou- pon No.	Rate of Dividend	
			Per share in the Union of South Africa	Per share in the currency of the Union of South Africa
Government Gold Mining Areas (Middelfontein) Consolidated, Ltd.	39	39	55 2s. 9d. (per 5s. share).	55 2s. 9d. (per £1 share).
New State Areas, Ltd.	24	24	15 3s. (per £1 share).	15 3s. (per £1 share).
The Langlaagte Estate and Gold Mining Co., Ltd.	91	80	7½ 1s. 6d. (per £1 share).	7½ 1s. 6d. (per £1 share).
The Randfontein Estates Gold Mining Co., Witwatersrand, Ltd.	18	18	12½ 2s. 6d. (per £1 share).	12½ 2s. 6d. (per £1 share).
Van Ryn Deep, Ltd.	47	47	12½ 2s. 6d. (per £1 share).	12½ 2s. 6d. (per £1 share).
Witwatersrand Gold Mining Co., Ltd.	62	60	12½ 2s. 6d. (per £1 share).	12½ 2s. 6d. (per £1 share).

By Order,
JOHANNESBURG CONSOLIDATED INVESTMENT COMPANY, LTD.,
London Agents.
A. W. CHRISTIE, Secretary.
10 and 11, Austin Friars, London, E.C.2.
10th December, 1936.

THE CUNARD STEAM SHIP CO., LTD.

The Directors of the Cunard Steam Ship Company Limited, have resolved to defer payment of 1½ per cent. Dividends on the 5 per cent. Cumulative Preference Stock and 6 per cent. Second Cumulative Preference Stock of the Company due to be made on the 1st January next for the half-year ending 31st December, 1936.

CITY OF REGINA

FOUR-AND-A-HALF PER CENT. DEBENTURES

The City of Regina announces that the INTEREST COUPONS of the above-mentioned Debentures maturing 1st January, 1937, may be PRESENTED on and after the 17th December, 1936, between the hours of 10 and 2 o'clock (Saturdays excepted) at the Bank of Montreal, 47, Threadneedle Street, E.C.2.

Three clear days required for examination.
Lists may be obtained on application at the Bank.

The Economic Journal

The Quarterly Journal of the Royal Economic Society, December, 1936

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PLANTATION ECONOMY
C. R. Fay
BRITISH OVERSEAS INVESTMENTS IN 1934 AND 1935
Sir R. Kindersley
ROAD COMPETITION AND THE REGULATION OF RAILWAYS
Gilbert Walker
ECONOMIC CALCULUS IN A PLANNED ECONOMY
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THE ECONOMIST

Vol. CXXV

SATURDAY, DECEMBER 19, 1936

No. 4869

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(In view of the Christmas Holidays, next week's issue of THE ECONOMIST will be published on Thursday, December 24th)

EPILOGUE

THE story of the Royal House of Windsor reached its dramatic climax on Friday of last week, when Edward the Eighth—of Great Britain, Ireland and the British Dominions beyond the Seas, King, Emperor of India—stepped down from his throne, spoke over the air for a few brief minutes to his people in five continents, and passed out, almost unseen and unattended, into the darkness of night and exile.

Despite ill-timed strictures addressed from a few pulpits on the Sunday after he had gone, the Duke of Windsor, as we must now call him, knows that he carries with him the goodwill of the great mass of the British peoples. Though they strongly desired that he should make a different choice, they deeply appreciate his frankness, his loyalty to the Constitution, the royal dignity of his last message, and the real consideration shown for his successor in the unobtrusive manner of his going.

In the opening words of his now historic broadcast—words heard by more human beings than have ever before listened to a single voice—he evinced his relief that the constitutional seal of silence had been removed.

At long last I am able to say a few words of my own. I have never wanted to withhold anything, but until now it has not been constitutionally possible for me to speak.

There could hardly have been a more forceful illustration of the limitations that hedge a constitutional monarch. Indeed, it is now known that a week previously King Edward had drafted and shown to the Prime Minister a short statement of his point of view which he wished to address to the people "over the air." But the Cabinet took the view that such a proceeding could hardly fail to give the impression of appealing to the people over the heads of his Ministers, and advised against it. This decision King Edward sorrowfully but loyally accepted. It is, in fact, not the least of his services to his country that he never in the

slightest degree attempted to challenge the constitutional authority of the Ministers of the Crown.

There has never been any constitutional difference between me and them or between me and Parliament. Bred in the constitutional tradition by my father, I should never have allowed any such issue to arise.

This statement, read in conjunction with Mr Baldwin's declarations to Parliament, shows how very wide of the mark were those newspapers and Parliamentary groups which conceived of the problem a fortnight ago as a clash between King and Cabinet and sought to rally the nation in support of the Constitution. Rivers of ink have been spilled on learned articles, which, because of this misconception, were entirely beside the point.

The issue was, indeed, personal and not constitutional; and it could not have been better put than by the chief actor himself. He prayed his people to believe that he had carefully weighed his duty to the country and to the Empire; but the deciding factor in his mind had nevertheless been his feeling that he could not efficiently "carry the heavy burden of responsibility and discharge my duties as King as I would wish to do without the help and support of the woman I love." This decision he had reached in spite of the efforts of "the other person most nearly concerned" to persuade him to take a different course.

In this statement, and the further reference to the happy family life of his brother, a lonely, not to say tragic, figure stood revealed. Though by no means blind to his deficiencies, the country realises that with the passing of King Edward it has lost a personality of immense possibilities. Those who were personally in touch with him during the last days were forcibly struck with his courage and his sense of what was due to the country from its King. These qualities inspired every word of his broadcast, and they deepened the regret universally felt by the British

peoples at his decision to depart. King Edward VIII will not be forgotten.

The new King was proclaimed at once. He has taken the title of George VI. The choice is apparently to be symbolical of the new reign; for the new King's endeavour is evidently to follow as closely as may be in his father's footsteps. With King Edward's abdication and King George's accession, public excitement vanished; and there has been a universal willingness to consider the whole episode of the preceding fortnight as past history. So strong is this feeling that considerable resentment has been shown at the persistence with which eager guardians of public morality such as the Archbishop of Canterbury and *The Times* have pursued King Edward even after his abdication. It is lamentable that the fundamental moral sense of the British people should thus be confused with a smug respectability.

The gradual lengthening of the perspective in which the whole episode can now be seen also serves to clarify some of the confusions so prevalent at the height of the crisis. The political importance of the King's action, for example, is now seen to be very much smaller than at one time seemed to be the case. His direct and democratic methods of demonstrating his interest in the lives of his subjects undoubtedly caused much shaking of heads in certain quarters. These same quarters were the first to proclaim that the vital constitutional principle of responsible government was at stake and to hint that the King was hesitating to take his Ministers' advice. It is now clear that there was no truth whatever in any of these suggestions. Politics, in this sense, played hardly any part at all in the crisis.

There was also much misunderstanding of the request made by the King for legislation to enable him to marry without making his wife Queen. That unfamiliar word "morganatic" was believed to imply something disreputable—a sort of concubinage without "rite of Holy Church." It was assumed far too quickly that if a lady is not fit to be Queen, she is not fit to be the King's wife. Clearly, however, there are many women who would be unsuitable to be the centre of the pomp and ceremony that surrounds the throne, but whom a private person could quite properly wed. Is a King barred from choosing a person in this category as his wife? This question has not been satisfactorily answered by the events of the past few weeks, and it may well arise again to plague the institution of monarchy.

Much of the blame for the confusion and bewilderment in which the public had to consider the issue thus suddenly sprung upon it can fairly be put upon the British Press. By a purely voluntary decision, the Press agreed not to give prominence to the friendship of the King with Mrs Simpson or to the divorce proceedings which took place in October. This decision was taken with much hesitation and was only acquiesced in by many newspapers in the belief that, if the friendship proved to be only a passing fancy, no good and much harm would follow from blazoning it abroad. The decision proved profoundly wrong—if only because in a non-totalitarian State which does not enjoy the blessings of an omnipotent Propaganda Ministry it is impossible to prevent the import of foreign newspapers which handled the matter with none of the self-imposed reticence of the British Press.

It is, however, doubtful whether a longer time for discussion or clearer understanding of the issue would have altered the last act of the drama. The King asked that his subjects should acquiesce in a course which would have given offence to a large proportion of them. If it had been carried out it would have been the cause of discord among them and possibly between different members of the Empire. For the sake of unity, they asked him to make a great personal renunciation, arguing that in a nation whose citizens had been, are, and may yet be called upon to sacrifice themselves for the good of their country, the King may be asked to do likewise. But King Edward believed that the renunciation would impair his capacity for kingship. On that he alone could judge. His decision taken, there was no course open to the public except to acquiesce in it with the deepest regret, and to transfer to his successor some at least of the affection with which he himself was regarded.

CHINA'S DILEMMA

EVEN the best seasoned observer of China must have been dumbfounded at the news that President Chiang Kai-shek had been placed under arrest by Marshal Chang Hsueh-liang. The President, setting out for Shensi with intent to dismiss the Marshal, took with him so small a bodyguard as to be powerless. Notice of dismissal was therefore promptly countered by the arrest of Chiang Kai-shek at the command of his recalcitrant subordinate.

Now President Chiang has a million or so of troops at his disposal to Marshal Chang's hundred thousand. He could easily have concentrated an overwhelming force at Sianfu, with the Lunghai railway to transport the troops and with his rear protected by the recent reconciliation between Nanking and Canton. To dismiss Chang Hsueh-liang without having the physical force to make the dismissal effective sounds like an elementary mistake in any system of power-politics; especially in the Chinese system, in which the opposing powers are accustomed to weigh up their respective strengths and strike their bargains in proportion, without resorting to the barbaric method of ordeal by battle. Chiang Kai-shek is one of the greatest living masters of this Chinese politico-military art. It is well-nigh incredible that he should have made so great a gaffe. Consequently it has been suggested that perhaps, after all, he has actually excelled himself by being an accessory to his own arrest; and that we are now really witnessing the formation, Chinese-fashion, of a Chinese "popular front" in which Chiang, Chang and the Communists will join hands in order to launch a national war of liberation against Japan.

In any case, a "popular front" of this kind, is the *dénouement* which Marshal Chang is demanding. Here we come up against an urgent problem which must be faced by all the statesmen responsible for China's destinies. The question is whether the Chinese are to continue to promote the progress of Japanese Imperialism at China's expense by spending their own energies on fighting one another; or whether they are to close their ranks in a supreme effort to bring the Japanese to a halt—and perhaps to push them back.

Hitherto, President Chiang has always been fighting on at least three fronts simultaneously. On the north he only got rid of the Chinese Northern militarists (of whom Marshal Chang Hsueh-liang's father, Chang Tso-lin, was the most effective) to be faced with the Japanese aggression which began in the autumn of 1931 and has continued ever since. On the south he has had—until the other day—rival Chinese Government at Canton. In the interior he has been fighting a truceless war with the elusive Communists. Chiang's policy has been to temporise with the Japanese, to come to terms with Canton, and to fight the Communists to the death. The second of these three policies has recently been crowned with success. Nanking and Canton are at last politically reunited; and this is a notable achievement. On the other hand, the policy of off the ever more sharply whetted aggressiveness of the Japanese militarists. And successive campaigns against the Communists have merely pushed them out of one province into another, without ever having wiped them off the map.

This interminable anti-Communist warfare was the task on which Marshal Chang's army of Manchurian Chinese soldiers of fortune was supposed to be engaged in Shensi. These troops are awkward customers. They are embittered and their camp—now pitched in the distant north-west—is all that remains to them of their country. It was perhaps a typical Chinese stroke of policy on President Chiang's part to wage his war against the Communists with troops whose loss he could bear with equanimity—like the seventeenth-century Turkish Sultan who laid siege to Candia as a means of killing off the Janissaries. Marshal Chang's Manchurians, however, seem to have been well aware of President Chiang's calculations and to have set themselves to frustrate them by the elegantly simple method of fraternising with the Communist armies. The Communists seem to have been no less adroit. They

realised that the Manchurians had one arch-enemy, in the shape of the Japanese, with whom they were eager to join battle. So they intimated to Marshal Chang's troops that there was nothing that the Communists would like better than to join up with them in this Holy War. This proposal has evidently taken the Manchurians' fancy; and it has now been put up by their leader, the Marshal, to his captive, the President.

In effect, President Chiang Kai-shek has been given the choice of falling in with Manchurians and Communists on an anti-Japanese front, or else taking the consequences. In this grim dilemma, which choice is likely to be made by the President of the Chinese Republic—or, rather, by his friends and representatives at Nanking?

The answer largely depends upon the feelings of the Chinese bankers and business-men in Shanghai. They hold the money-bags of the Kuomintang Party. This element in China certainly has no love for Communism; and the precarious alliance with the Communists which the Kuomintang contracted, on the initiative of their founder and leader, Dr. Sun Yat-sen, in their days of adversity a dozen years ago, soon ended in the bitter quarrel of 1927. Even after the Japanese opened their offensive in 1931, influential Chinese at Shanghai and Nanking still felt in private that a Red regime in Kiangsu Province would be a still more appalling disaster than a Japanese regime in Manchuria. The Japanese were a long way off, while the Reds were now uncomfortably near. Even the Japanese Army's destruction of Chopei, which was a passing incident, though a cruel one, was not enough by itself to change the point of view of the Chinese *bourgeoisie*. Since then, however, it has gradually been borne in upon them that Japanese Imperialism is insatiable. The point has perhaps been reached at which even a Shanghai Chinese banker would prefer a Chinese Communist ally to a Japanese Fascist master. If this is really the present state of mind in those Chinese circles in which the Nanking Government's policy is determined, then it is not impossible that Chang Hsueh-liang's *coup* may bring to a head the recent growing tendency for all parties in China to make common cause against the Japanese aggressor.

If President Chiang does find a happy issue out of his present afflictions by becoming the joint promoter, with Marshal Chang, of a nation-wide anti-Japanese crusade, then the tragi-comedy that is being performed at this moment in the far interior of China may affect the fortunes of countries as distant as Java in one direction and Czechoslovakia in another. A Chinese counter-offensive might be extremely awkward for the Japanese; and Japanese embarrassments in the interior of Eastern Asia, in the depth of winter, might do more than merely ease the anxiety of statesmen at The Hague who are responsible for the defence of the Dutch East Indies. Japan's plight might even upset the calculations of statesmen at Berlin who are dreaming of an eastward expansion of the Third Reich. For if Japan falls into difficulties, Russia's hands will be freed in the Far East. The less the statesmen at Moscow have to worry about the defence of Transbaikalia and Vladivostok, the better will they be able to honour the bond they have given to their friends at Prague.

ELECTRICITY SUPPLY PROBLEMS

THE electricity supply industry in this country has had much experience of investigation by official committees. The almost invariable result, however, has been that the bold recommendations which the committees have sometimes made have been emasculated on their way to the Statute Book. The economic framework of the industry had taken shape by 1920: its division into municipal and company undertakings, the location of generating stations, the nature of tariffs and commercial policies were all fairly well established by then. But it was already apparent, and had been since 1888, that the framework thus in process of formation was not economically sound. Nevertheless, it was only after the Great War, the appointment of three official committees ending with the Williamson Committee

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of 1918, the abortive Act of 1919, the constant criticisms of the Electricity Commissioners formed by that Act, and the Weir Committee's recommendations in 1925, that passage was secured for the Act of 1926 setting up the Central Electricity Board, which at long last compelled the re-organisation of generation and transmission.

The central scheme was opposed for 20 years, not least by the industry itself; yet in the event it has proved a triumphant success. In fact, statistics of the progress made by the industry under Government tutelage are frequently advanced to prove that everything is now perfect, and that further progress can safely be left to the existing municipal authorities, and distribution and power companies. Certainly, the statistical measures of the progress of recent years are startling enough, as may be seen from the report* prepared by PEP (Political and Economic Planning).

Total output from public supply stations has increased from 10,294 million units in 1929 to 17,569 million units in 1935. This rate of increase was exceeded only by the U.S.S.R.; but it left Britain in 1935 with a consumption per head of population about equal to that of France, less than two-thirds that of Sweden, one-third that of Switzerland, one-fifth that of Canada, and only slightly more than one-half that of the United States.

In 1926, the capacity of the electrical plant connected to public supply stations was 7,301,403 kw. The total net maximum load put on the supply stations by this plant was 2,557,956 kw., and the generating stations had a capacity of 4,421,602 kw. In other words, the total connections were 286 per cent. of maximum load, and the surplus generating plant was 73 per cent. of the maximum load. Some very remarkable changes had taken place by 1935. Generating capacity had increased by 75 per cent., net maximum load had increased by 107 per cent., and capacity of total connections by 175 per cent. The generating plant was being much more efficiently used; surplus plant was only 47 per cent. of maximum load. Thermal efficiency in all steam generating stations had risen from 13.4 per cent. to 20.15 per cent. And the total number of consumers had risen from 2,007,604 in 1926 to nearly 7,000,000 in 1935.

Innumerable statistics can be quoted to show the progress made in efficient generation, but the situation in the distributing field is by no means so happy. The economic and commercial organisation of this side of the industry is almost what it was a generation ago. Practically the only innovation has been the development of holding companies, with doubtful benefits for the consumer in practice, no matter how much may be claimed for them in theory. Distribution is still in the hands of some 371 local authorities, 247 companies, 3 joint electricity authorities, 5 joint boards. The consumer may obtain alternating current or direct current supply at all manner of voltages, reasonable

* Report on the Supply of Electricity in Great Britain. PEP. London. 6s. 164 pages.

and absurd. His tariff may be simple or complicated, cheap or dear; he may be encouraged to increase his consumption by assisted wiring schemes, hire purchase, and promotional rates; or he may be treated by the supplying authority as if he were a necessary but hardly tolerable nuisance.

PEP reports that in March, 1936, out of 951 undertakings analysed, 32.2 per cent. had a lighting flat rate over 6d.; 16.4 per cent. had no assisted wiring schemes; 17.4 per cent. had a lighting flat rate of over 6d. with no two-part tariff, or where a two-part tariff was in force, had a running charge in excess of 1d. Of the sample, 85 per cent. had two-part tariffs, but only 25.4 per cent. had a running charge of ½d. or less. Classified by size, local authorities selling 200 million units and over in 1935 charged an average price per unit for domestic and lighting purposes of 1.79d.; below 25 million units a year the average price rose from 2.14d. for the 10-25 million units group to 7.62d. for undertakings selling less than 50,000 units a year. The price charged by companies was somewhat higher in each size group.

The burden of most criticisms of the existing system is that there can be no proper expansion of electricity consumption, particularly for domestic and rural uses, in the absence of certain overdue developments. One is the complete standardisation of the system and voltage of supply throughout the country; another is efficient management of areas with a demand sufficiently diversified to permit the maximum benefits in operation. Other essentials are a progressive commercial policy, operating in conjunction with a simple and reasonable method of charging; and an intimate and public system of financial and economic control to ensure that the consumers are not exploited by monopolist local authorities for the benefit of local rates, or monopolist companies for the benefit of shareholders.

In these circumstances it is regrettable that the PEP report should be as timid in handling the problem as was the McGowan report of last June. The latter made a bow in the direction of control by regional public authorities, and then postponed the solution for not more than 50 years. The former suggests a framework which gives the appearance of good intentions; but just what amalgamations are to be made, by whom, and when, if at all, is left for yet another Committee of Inquiry, with instructions to reject nationalisation, and not to be misled by arguments in favour of greater size.

If the Committee which time and again recommended the Central Electricity Board solution had been as cautious as the present committees, we should presumably be still without any Board, and disorder would be reigning in generation as it now is in distribution. Surely the alternation of investigation and procrastination has gone on long enough, and a time limit should be set for definite action?

There are obviously many things upon which more information is needed—a comprehensive analysis and comparison of distribution costs is an outstanding example. But it is equally clear that technical standardisation of systems of supply will no more be achieved by the existing companies and local authorities than standardisation of frequency, or concentration of generation, was obtained without Government intervention. The same point applies to rates and tariffs. And since it is essential that these things should be standardised if the consumer is to obtain the maximum benefit, immediate steps should be taken to require adherence to the desired standards. The most drastic suggestion would be to form a number of distributing areas, within each of which control both of policies and of actual operations would be handed over to a Public Distribution Authority. The existing undertakings would be taken over in much the same manner as the bus, tram and tube undertakings were taken over at the formation of the London Passenger Transport Board. If this is thought to go too far, an alternative proposal would be to allow existing undertakers to continue their separate existence so long as they lived up to standards of performance set by the Electricity Development Board proposed by PEP, which would exercise the functions of a management company. In either case holding companies would be subjected to close regulation, if they were allowed any say in the economic operation of their subsidiaries.

Comments may be made on two points among the many possible objections. It is sometimes argued that the industry suffers from too much legislation, not too little, and that if only it were left to go its own way the virtues of capitalism would bring their rewards to consumers as well as to stockholders. True, our legislation has tended to promote inefficiency, rather than to protect the consumer from exploitation. But electricity supply is naturally a monopoly, and the consumer must be protected. If it is impossible to do this and maintain efficient private management, then the solution is to set up a public board.

Secondly, it is frequently objected that compensation of private owners for handing over their concerns to a public board will raise impossible problems. There will obviously be great discussion over the principle upon which compensation should be paid. The McGowan Committee recommended cost less depreciation for local authorities, with no allowance for past, or prospect of future contributions to rates; but companies were to be allowed compensation for loss of future profits in addition to the valuation of their fixed assets. There seems no rational basis for such discrimination; nor will compensation on market value bear justification, since it rewards most the organisation which has most exploited its monopoly position. A fairer basis in both cases might be the principle of compensation for "prudent investment," which has been developed in the United States of America.

But all these are problems which can be settled within a margin of reasonableness once it is decided that the existing state of affairs can no longer be tolerated. Within a few years after the change is made the objections will have been reduced to their proper proportions. We believe that the distribution of electricity should be efficiently organised, not within fifty years, but within five at the most.

THE LORRY AND THE LAW

UNDER the first section of the Road and Rail Traffic Act of 1933, no person may engage in the business of carrying goods by road unless he has a licence. There are three types of licence. "A" licences are issued to full-time public carriers, and last for two years. "B" licences are issued to operators whose vehicles are employed part-time as public carriers and part-time on private work in connection with the business of their operators (other than haulage). These licences are granted for one year and limit the operator, as far as his public carrier work is concerned, to a certain radius and to particular types of goods. "C" licences, issued to operators who use their vehicles in their own service and not for public haulage, are granted for three years. There are also "A" Contract licences, issued to firms who are under contract to provide the road transport required for some concern not employed in haulage work.

The Ministry of Transport has just issued its first return of the number of licences issued, which shows the position at April 30, 1936:—

GOODS ROAD VEHICLES					
	No. of Licence Holders	Per cent. of Total	No. of Vehicles in Possession	Per cent. of Total	Average No. of Vehicles per Licence Holder
"A" Licences	25,671	11.51	85,337	18.55	3.32
"A" Licences (Contract)	2,084	0.93	5,156	1.12	2.47
"B" Licences	34,119	15.29	52,809	11.48	1.55
"C" Licences	161,221	72.27	316,714	68.83	1.96
Total	223,095	100.00	460,016	100.00	2.06

If the railway companies (which owned 9,140 vehicles) are excluded, some 54½ per cent. of the "A" licensees had only one vehicle, and only 12½ per cent. owned more than four. Of the "B" licensees, 78 per cent. had only one vehicle, and 40 per cent. were colliery proprietors or coal merchants, etc.

Although the "C" licensees outnumber all others by nearly three to one, and own twice as many vehicles, the position of "A" and "B" holders has inevitably given

rise to most controversy. Under the Act of 1933, the Chairmen of the Area Traffic Commissioners, established by the Road Traffic Act of 1930, are constituted Licensing Authorities. In exercising discretion to grant or refuse these licences, each Authority is directed to have regard primarily to the interest of the public, and to consider

any objections to each application which may be made by persons already providing facilities, whether by rail or road, for the carriage of goods for hire or reward in the district or between the places which the applicant intends to serve on the ground that suitable transport facilities, either generally or in respect of any particular type of vehicles are (or would be) in excess of requirements, or on the ground that any of the conditions of a licence have not been complied with.

Appeal from any decision of an Authority lies to a Tribunal for goods cases, which is quite independent of the Minister of Transport.

Carriers already in business were entitled to claim licences for vehicles equivalent to those operated in the base year, April 1, 1932, to March 31, 1933, but those who have set up since or have applied for additional vehicles have been required to prove their case before the licensing authorities. Newcomers have had to prove, first, that there were persons able and willing to employ them, and secondly, that the haulage work they proposed to do could not be done by already existing operators, by rail or road. The first point has generally been established by the production of letters from prospective customers, but in recent cases the Appeal Tribunal has expressed dissatisfaction with letters, and has been demanding the attendance of customers' representatives as witnesses. The initiative, further, must come from the trader and not from the haulier. Under the second point, an application will be lost if an objector can show that the work the applicant is proposing to do is already being done satisfactorily by some other carrier, by rail or road, or will be obtained at his expense, since this will be regarded by the licensing authorities as evidence of "wasteful" competition. It will be lost, too, if there are suitable vehicles standing idle, or if the intending haulier has not made a serious effort to hire the necessary vehicles. But proof that the applicant has himself been hired by other hauliers is proof of public need for his services, and he will win his case. An application will not succeed merely because additional facilities would be a convenience to the traders concerned, or because a particular trader may wish to employ a particular haulier. A successful application must show that the type of service offered is not provided by anyone else (e.g. a daily parcels service) or that the applicant can offer specialised facilities (e.g. particular skill in handling fragile articles).

An established carrier must prove a general expansion in his business if he wishes to obtain licences for additional vehicles. But it is not enough for him to show merely that the traffic he carries has increased. He must satisfy the authority that this is due to an increase in the business of his customers, an increase shared by their own trade or industry; and that additional transport facilities are consequently necessary in the districts where the applicant operates. He must be prepared to meet the objection that the additional traffic has been abstracted from other carriers by rail or by road, or obtained by charging rates uneconomical to the applicant. Finally, his application may fail if it is evident that he might have hired the necessary vehicles from other "A" licensees, unless he can show that his business requires a special type of vehicle, such as a furniture van, which is not generally available on hire.

The upshot of the legislation passed since 1930 has been to impose a strict licensing system on an industry formerly free, whose peculiar problems turn, in fact, on questions of administration rather than of law. The position is complicated by the fact that appeals on passenger cases go, under the 1930 Act, to the Minister of Transport, who has consistently refused to be bound by precedent, while appeals on goods cases are decided by an entirely separate Tribunal, which has adhered strictly to the precedents laid down in its earliest cases. Some of the Licensing Authorities might well have preferred, in the early years of the new system, to allow the transport industry to reach an equilibrium by the help of its own concrete experience,

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rather than to compel its conformity with rigid principles drawn up shortly after the passing of the Act. One of the most important of these, laid down in *Ridgewell's Case*, concerned the maintenance of the *status quo*, and declared that no radical changes were to be made in the extent of the facilities offered to the public by the industry. Now, "A" licences are granted for two years and "B" licences are granted for one year only, and a case must be satisfactorily made out for all vehicles when a licence is renewed. But the precedent set by *Ridgewell's Case* applied only to the first currency period of a licence, and does not bind the Licensing Authorities in considering applications for renewals.

The Tribunal has been hearing two appeals this week, from decisions of the Licensing Authorities in what are generally regarded as test cases. Last October, the Metropolitan Licensing Authority renewed Messrs. Bouts-Tillotson's licences, not for the whole of the vehicles they already owned and operated, but only for their vehicles actually in use; and the Authority for the West Midland Area declined to renew Messrs. McNamara's licences for certain vehicles which had been put into service since the date of the application in the preceding July. The decisions of the Appeal Tribunal have not been handed down as these words are written. But as neither applicant had asked for more than the vehicles he was already operating, the Tribunal's decisions, whatever their nature, will not, unfortunately, throw any light on the all-important question of the attitude of the authorities to applications for "A" licences for additional vehicles.

Is future road haulage business to be confined to the position it occupied in the base year 1932-33, a year of industrial depression? Or will it be allowed to expand in response to any increased demand for its services which may follow improvements in the facilities it offers the public? The Metropolitan Licensing Authority, in deciding on the Bouts-Tillotson case, considered it prudent to apply the principle of *Ridgewell's Case*, "notwithstanding that the first currency period of the licences under the Act had expired." So long as that restrictive precedent is followed the road transport industry can rise above the depressed level of 1932 only to the extent that an increase occurs in the traffic offered for transport generally. But the framers of the Act of 1933 can scarcely have intended to exclude the possibility of using improvements in the efficiency of road haulage as an argument for the licensing of additional vehicles (even at the expense of the railways) since Section 6 (2) lays down that the Licensing Authority, in exercising discretion, is to have regard to the interests of persons requiring as well as to those providing transport.

The issue, in short, is whether existing legislation is to be interpreted so as permanently to stereotype the relations which existed between road and rail in 1932, without regard to any evolutionary increase in the efficiency of the newer service. It may be hoped that a decision on a matter which closely concerns the entire business community will be reached without undue delay.

THE PLIGHT OF SOUTH WALES

THE Government are pledged to introduce new legislation early next year for the relief of the Special Areas, whose distressed condition was vividly described by a correspondent in *The Economist* of October 31st and November 7th last. The draughtsmen of the Bill will presumably work the harder for the castigation which the Government's existing policy received in the House of Lords this week. But if really effective measures are to be devised it is essential that due account be taken of the special needs of particular areas. The percentage reduction in the number of unemployed in all the Special Areas between December, 1935, and September, 1936, was 10.9 per cent., against 13.1 per cent. for the whole country. During this period, however, Durham and Tyneside recorded a decrease of as much as 20 per cent., while South Wales showed a negligible decline of 0.6 per cent. South Wales, in other words, has been unaffected by prosperity elsewhere.

The percentage of unemployed in the county of Glamorgan last September was 33.4. The figure for Great Britain as a whole was 12.9; for Greater London and for Birmingham it was under 10. The insured population of the South Wales Special Area was 414,260 in July, 1935. The number of registered unemployed was nearly 150,000 in January last, 163,476 in March and 141,771 in September. These figures acquire additional significance when they are related to the returns showing the duration of unemployment. In Great Britain as a whole about 50 per cent. of the registered unemployed have been unemployed for three months or less, and only about 15 per cent. have been out of work for twelve months or more. In South Wales, on July 20, 1936, only 19.6 per cent. of the men unemployed had been out of a job for less than three months; as many as 54.7 per cent. had been out of work for more than a year and 12.4 per cent. for more than five years.

It may be instructive to relate these figures to their industrial setting. The Special Area embraces the central portion of the South Wales coalfield. To the west lies the anthracite section, and on the eastern boundary is a narrow belt of bituminous coal mined for domestic use. These two "wings" are relatively prosperous. It is in the central section, which comprises about one-half of the coalfield and produces steam coal, chiefly for shipping and for export, that depression has been most severe. The area was first developed about the middle of the eighteenth century, when local supplies of ore attracted iron masters to South Wales at a time when charcoal was being superseded by coal. In the nineteenth century the local iron ore supplies became exhausted, the iron industry moved gradually down the valleys towards the coast, and coal displaced iron as the principal industry of the district.

The geographical nature of the area is itself a handicap to industrial development. The Special Area consists of a series of long, narrow valleys running south to the coast, which have been subjected to a species of ribbon development. Most of the mining towns and villages are little more than one long street of grey houses. The population of the Special Area (which excludes the anthracite section and the coast) is about 40 per cent. of the population of Wales. Lord Portal's investigation in 1934 showed that 68 per cent. of the insured persons in the area were engaged in coal mining, 4.8 per cent. in iron and steel, 2.6 per cent. in the tinplate industry and 24.6 per cent. in other industries. Lord Portal estimated that there was a permanent labour surplus of 39,000 in the area. But his estimate was based on the capacity of existing industries and made no allowance for the probability that part, at least, of any future increase in the coal output would probably be met initially by an increase in the number of shifts worked by miners already in employment, and eventually by acceleration of the process of mechanisation.

It is unlikely that the coal output of South Wales will again be expanded to its full capacity. Between 1920 and 1935 it fell from 48 million tons to 35 million tons, and over 10 million tons of this decrease was due to lower coal exports and bunkers. Replacement of coal by oil fuel and its increasingly economical use for industrial purposes are tendencies which are likely to progress further rather than

to be reversed. An estimate of the surplus labour of South Wales, based on the absorption of 34,000 workers into the coal industry, is therefore in all probability over-optimistic. The surplus labour supply is probably nearer 50,000, and may well be greater.

Though unemployment is widespread throughout the area, pockets of unemployment exist in a number of towns and villages which have become practically derelict. The problem is greatest higher up the valleys, where the coal measures lay close to the surface, and, consequently, were the first to be worked. As these measures were exhausted, mining moved further down the valleys, and towns like Brynmawr became mere dormitories whose population travelled many miles to work. When these miners lost their employment, practically the whole population of the town lost their means of subsistence. Even in 1934 Brynmawr had an insured population of 2,620, of whom 1,941, or 74.1 per cent., were unemployed. Blaina, a town of approximately the same size, had some 71.7 per cent. unemployed. In September, 1936, Merthyr Tydvil (the great centre of the iron industry in the early nineteenth century) had 60.6 per cent. of its insured population out of work.

A serious hindrance to the development of industries in South Wales is the high level of local rates. The present rate in Merthyr Tydvil is 27s. in the pound, and the public assistance charge is equivalent to 17s. The rate in Brynmawr is 21s. 6d. and in Blaina 21s. Although factories pay only 25 per cent. of the ordinary rate, this facility applies to the whole country and leaves the relative disadvantages of sites in South Wales unchanged.

A second hindrance is the lack of adequate road connections between South Wales and other parts of the country. For any industrial centre in South Wales the south-west region of England is a natural market. But the journey by road between Cardiff and Bristol is over fifty miles longer than by rail. Sooner or later the building of the proposed Severn road bridge will be recognised as essential if the area is to attract new industries. Opposition from the railways is natural to any scheme which affects their special position in South Wales; and the coal-owners, as such, would not benefit greatly from the project. But road transport is being increasingly used by the lighter industries, and adequate facilities are an indispensable condition of their establishment in South Wales. Moreover, the development of parts of South Wales as a tourist area is very largely dependent on the building of the Severn Bridge.

In any case, the siting of new industries in South Wales presents various intractable problems. The economic disadvantages of the area include such factors as distance from great centres of population; a railway rate classification which charges more for manufactured goods than for materials, and consequently stimulates the development of factories in proximity to markets for finished goods; the strong traditions of trade unionism in South Wales; and the absence of local amenities. It is becoming more and more evident that such disadvantages as these can only be overcome by Government action. In its absence, the position of South Wales will not only fail to improve, it will deteriorate. A mere ban on the further development of Greater London, for example, would not necessarily solve the problem, for other areas would still have competitive advantages over South Wales. Short of compulsory location of new factories, which Mr Malcolm Stewart has rejected, the State may have to provide inducements sufficient to overcome the disadvantages of the area. But these should certainly not be offered promiscuously to any employer willing to establish a factory in the Special Areas, lest the public be laden with a heavy burden in perpetuity.

Detailed preliminary investigation must determine which industries are likely to prosper, and to them alone should national support be accorded. Secondly, it has to be decided which parts of the Area should be re-developed and which relieved mainly by transfers elsewhere. It is fairly clear, for instance, that the upper parts of the valleys other than Ebbw Vale cannot be industrial centres in the future. Every survey of the problem brings us, in short, back to Mr Stewart's statement: "Preferential treatment, involving unconventional principles, is still required for the Special Areas."

NOTES OF THE WEEK

The New Reign.—On Friday, December 11th, the day following the announcement of King Edward VIII's abdication, which we reported last week, an Abdication Act was passed through both Houses of Parliament. At 1.52 p.m. the Royal Assent was given to the Bill by a Commission in the House of Lords; and the former Duke of York became King with the title of George VI. Late in the evening the ex-King, who has now been invested with the title of the Duke of Windsor, broadcast a speech of farewell to the nation and Empire. He left the country the same night. Earlier in the day the Australian Parliament had passed a resolution giving effect to King Edward's abdication. In Canada, South Africa, and New Zealand it was not found necessary to summon Parliament. The Canadian Government authorised the British Government to include the Dominion in the British Act; and the New Zealand and South African Governments decided to ratify the abdication later. On Saturday, December 12th, King George VI attended the Accession meeting of the Privy Council, which gave orders for "proclaiming His Majesty." The same day, the Accession was proclaimed in the traditional manner both in London and throughout the Empire. On Monday, December 14th, King George VI's birthday, a message from the King was read to both Houses of Parliament, and both Houses afterwards adopted loyal addresses to the King. These addresses were presented to the King at Buckingham Palace next day. So the old reign ended and the new began.

* * *

The Free State and the Crown.—The crisis over the monarchy was at once an embarrassment and an opportunity for Mr de Valera's Government. It was an embarrassment, because it forced them to make up their minds between resigning from the Commonwealth altogether and acknowledging the authority of the British Crown in Ireland. It was an opportunity, because the awkwardness of that same choice had already held up their promised new Free State Constitution, which could now be hurried through as a matter of urgency before opposition on either side had had time to crystallise. Although the vision of a "united Ireland" has not yet been finally destroyed by the declaration of a 26-county republic, the legal connection between the Free State and the Crown has been radically altered by two measures passed by the Dail last Friday and Saturday. The first does away with the office of Governor-General, and therefore with all those parts of the royal power and prerogative that are entrusted in the Dominions to the King's representative—the signature of Bills, the convening and dissolution of Parliament, and so on. These functions are now to be performed by others, generally by the Speaker of the Dail or the President of the Executive Council. This change may, perhaps, be welcomed as abolishing an unwholesome sham. Is it not more appropriate to the dignity of the Crown to be removed from the internal affairs of the Free State than to be personified in an obscure shopkeeper wielding a rubber stamp? The second measure authorises the King to act for the Irish Free State (by and with the advice of his Ministers there) in external affairs, such as the signing of treaties or diplomatic representation. It remains questionable, nevertheless, how far the royal authority has thus been circumscribed; for the Constitution of the Free State still contains the clause describing it as a co-equal member of the British Commonwealth, whose members, according to the Balfour formula, are "united by a common allegiance to the Crown." That even Mr de Valera had doubts on this point was shown by his hasty introduction of an amendment making it clear that King Edward's abdication held good, not only as regards the specified external functions, but also as regards "all other, if any," functions of the Crown. It is a curious phrase with which to write off one of the fundamental issues in the history of Ireland.

Mr Eden's Speech.—Mr Eden's speech at Bradford on Monday was in several respects a timely supplement to his foregoing speech at Leamington. It is encouraging to observe that, on almost every point on which the Foreign Secretary has now gone beyond what he said on that previous occasion, he has laid emphasis on British responsibilities instead of minimising British commitments. He now adds, with specific reference to his previous utterance:—

If I were to say that Britain's interests in peace are geographically limited, I should be giving a false impression. If our vital interests are situated in certain clearly definable areas, our interest in peace is world-wide. . . . We cannot disinterest ourselves from this or that part of the world in a vague hope that happenings in that area will not affect us. We must neither mislead others nor be misled ourselves by any of those comfortable doctrines that we can live secure in a Western European glass-house.

In effect, Mr Eden is now telling the dictators that, after all, they cannot count upon British neutrality if they attack any non-British country whatsoever. An equally important point in the present speech is the Foreign Secretary's definition of the kind of international behaviour which the British Government regard as a *sine qua non* for international co-operation. After reiterating our British refusal to be herded into the camp of either Fascism or Communism, Mr Eden stated clearly what he meant by sincere co-operation for peace: "Observance of treaties and willingness to resort to free negotiation in case of disagreement constitute together the only true basis of international confidence." The most important passage in the speech was his reference to the contribution which could be made by Great Britain towards giving economic aid to other nations:—

If a lasting settlement of world difficulties could be reached, including—and this is indispensable—an arms agreement, our help would be willingly, and indeed wholeheartedly, given. But—and this is fundamental—this country cannot be expected to render help to others either in the economic or in the financial sphere if the only result of such action is to be a further piling up of armaments and a consequent further stress and strain upon the fabric of world peace.

We trust that Dr. Schacht, General Goering and Herr von Ribbentrop will convey its meaning to Herr Hitler.

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Spain and the Powers.—While at Geneva the League Council has been drafting its resolution on the Spanish Government's indictment of Germany and Italy under Article XI of the Covenant, the German and Italian replies to the Franco-British mediation proposal have reached the hands of the Non-Intervention Committee in London. The Spanish Government have also agreed in principle to international supervision to ensure non-intervention. The Council's resolution declares that a good understanding between States ought to be maintained without regard to their internal regimes; recalls the duty of all States to respect one another's territorial integrity and political independence; spurs on the London Committee; and blesses the Anglo-French *démarche*. The German and Italian replies to the Anglo-French suggestion were manifestly drafted in close consultation between the two Governments; and their common policy is to damn the Anglo-French proposal with faint praise. Mediation, they say, would be a fine thing if it were practical politics; and, as for stopping the flow of volunteers, the two Fascist Powers repeat their formula that from the beginning they have been in favour of preventing indirect intervention; but that they do not see why the effort should be confined to the single point of volunteers, instead of being extended as well to gifts of money and even expressions of sympathy. Moreover, there is one passage in the German reply which is extremely disquieting. "The German Government has, however, by its recognition of the

Boom in Commodities.—One of the most important developments in recent weeks has been the steep and almost uniform rise in the prices of primary products. It appears that the gradual upward movement in recent years, punctuated by occasional spurts, is now entering a phase during which quotations are pushed up rapidly by mass suggestion. World consumption of primary products is rising more rapidly than at any time since recovery began. Stocks of materials, though still adequate, have been reduced during the depression. There is some danger, therefore, of a scramble among consumers to lay in heavier supplies, in order to be neither caught short later on nor nipped by increasing prices now. During such a re-stocking movement, especially if sellers invariably adopt a Fabian attitude, quotations frequently rise above the level justified by the current and prospective position. Thus, the quotation for rubber has risen from 9½d. per lb. to 9½d. per lb. during the past week in spite of the decision of the International Rubber Regulation Committee last Tuesday to raise export quotas to 75 per cent. of capacity in the first quarter, and to 80 per cent. in the second quarter of 1937. The facts that exports and estimated consumption will probably balance if these rates of release are effective and that the Committee may well decide to raise quotas still further, have been given scant consideration by the market. We discuss the Committee's decision in greater detail on page 593. Doubts that the Argentine linseed crop may not reach 2,000,000 tons, as had been previously estimated, have started a sudden buying movement which has driven up the quotations for linseed oil this week by £2 to £27 12s. 6d. per ton. Wheat prices, too, have risen sharply on substantial buying, but the market position has remained fundamentally unchanged. The Tin Committee's decision to reduce quotas from 105 per cent. to 100 per cent. of the "standard" tonnages during the first quarter of 1937 (announced at the end of last week) does not involve a curtailment of supplies. The price for tin, however, has risen £5 to £236 15s. per ton. In fact, production during the first quarter of next year is expected to be at least as high as the current rate of output, for both Siam and the Belgian Congo have been conceded appreciably higher quotas under the new regulation agreement. Lead, early supplies of which are somewhat scarce, has been pushed up this week by £2 to £25 17s. 6d. per ton, compared with an average of £23 5s. per ton in 1929. In contrast, spelter, at £18 1s. 3d., though £1 per ton dearer than a week ago, is still well below the 1929 average of nearly £25. The price of copper, finally, has taken a further sharp upward turn this week. Quotations for primary products clearly cannot continue long to rise at this week's pace, and an early breath-taking pause would not be unwelcome even to producers. Already a movement which is bringing relief and increased purchasing power to many raw material-producing areas threatens manufacturing countries, like Great Britain, with an unwelcome rise in industrial costs. Many observers who are prepared to look complacently on the trend are becoming uneasy over this gradient of prices.

Cotton Recovery and Wages.—As a result of an improvement in business the number of spindles in operation has increased in recent months. The greater interest attaches, therefore, to Dr. Burgin's statement in the House of Commons last week concerning Lancashire's spinning capacity. He stated that the number of spindles on September 14th was 46 millions, and that 6.2 millions had been completely idle during the preceding six months. The remaining 39.8 million spindles were working at 89 per cent. of capacity during this period. Meanwhile, the General Committee of the Master Cotton Spinners' Federation met in Manchester a fortnight ago to consider the demand of the spinning operatives for an increase in wage rates. The Federation left the matter in the hands of the Wages Committee, which at a meeting on Tuesday last week decided to request a meeting with the trade union representatives to take place this week. No progress, however, had been made by

Wednesday evening. The operatives' demand for an increase in wages of 1s. 8d. in the pound drew an offer of 7d. in the pound from the employers. As this was rejected outright, a further offer is understood to have been made, but as we go to press the trade union has given no sign of its willingness to accept a compromise. As the strike notices expire on Saturday, there is not much time to be lost if a stoppage of work is to be averted.

Proposed Rise in Wool Wages.—A general increase of 10 per cent. in the wages of wool textile workers is recommended by the Report of the Board of Inquiry published last week. The change, which should take effect from January 1st, will affect about 200,000 workers. In making its recommendations the Board took account of the "almost complete control of the home market" secured by the industry as a result of the tariff, of its increased share of the world's exports, of the probability of a further increase in internal and international purchasing power, and finally of the rise in the cost of living. Various additional recommendations were made affecting piece-rates, overtime and night work. The Board also remarked that "it is very much to be hoped that both sides will endeavour to strengthen their organisation and thus facilitate collective bargaining," and it expressed the opinion that the employers need not be afraid of the institution of a trade board in the worsted spinning section. If, as is generally expected, the Board's report is accepted by both employers and workers, another important step forward will have been taken in the distribution of the fruits of recovery to the wage-earning population.

Indices of Business Activity.—A paper was read to the Royal Statistical Society on December 15th by Dr. E. C. Rhodes on "The Construction of an Index of Business Activity." Dr. Rhodes based his paper on the figures of *The Economist* Index of Business Activity and endeavoured to discover whether the system of weights employed could be improved upon. The weights at present assigned to the 14 component series from which the Index is calculated are confessedly arbitrary and dependent upon judgment, after assessing a variety of considerations. Dr. Rhodes set out to enquire whether there was a more scientific method of arriving at the weights. "Can we discover from the data themselves," he asks, "how far the guess-work was right?" His method is that known as factor-analysis, a lengthy and complicated algebraical process which is designed, broadly speaking, to give the component series weights in accordance with what may be called their conformity to the final index. By this method Dr. Rhodes concludes that the most trustworthy indices are those of Employment, Electricity Consumption, Commercial Motors in Use and Building Activity, while he would reduce the weights assigned to Cotton Consumption, Shipping, Town Clearings, etc. The paper is interesting and valuable, both for its statistical method and also for the conclusions reached (though it is noteworthy that Dr. Rhodes' final index is almost identical with that of *The Economist*). But it is doubtful how far Dr. Rhodes' criteria for the assignment of weights could be accepted, even if his method were not too lengthy for use every month. Conformity with the ultimate average is not the only, or even the chief, test of the value of a constituent series. Coal consumption, for example, is a poor conformer. But are we therefore to say that it is unworthy of inclusion, or that its weight should be reduced? What real justification is there for increasing the weight of series which happen to conform well, especially if, as is the case with three out of the four series which Dr. Rhodes especially favours, their conformity is the result of statistical accident rather than of the inherent nature of the phenomena measured? There is a Parliamentary constituency in Lancashire which is reputed to have voted on the winning side in every General Election since the Reform Act of 1867. But that would hardly be accepted as sufficient reason for giving every voter in that constituency ten

votes, still less for dispensing with the General Election and allowing the one constituency to elect the whole House of Commons.

Iron and Steel Developments.—Activity in the iron and steel industry continued at a high level during November. Pig-iron production during the first eleven months of 1936, at 7,014,300 tons, exceeded output during the whole of 1935 by 588,300 tons. Similarly, the output of steel ingots and castings during January-November this year showed an increase of 836,600 tons over the whole of 1935. The recent increase in pig-iron prices by 6s. per ton has had little effect on business. There is still acute stringency in numerous sections of the industry, and many manufacturers appear to be quite unable to satisfy all requirements within the time specified by consumers. The downward trend of exports, therefore, continues:—

(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	180.2
1934 " "	488.2	738.3	113.8	187.8
1935 " "	535.3	821.6	96.0	197.7
1936—August	543.4	759.9	74.3	193.6
" September	529.6	855.9	89.3	183.8
" October	544.3	907.3	101.2	219.4
" November	529.5	903.3	77.0	212.0
" December	559.3	811.5	113.0	190.3
1936—January	595.5	911.7	119.9	164.8
" February	584.7	938.5	123.2	167.8
" 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	665.6	974.1	170.3	216.1
" August	635.8	872.7	141.8	164.0
" September	650.8	1,027.0	165.0	183.0
" October	670.3	1,060.5	101.0	194.4
" November	643.1	1,001.3	90.7	193.3

In the finished section of the industry an attempt is now being made to resuscitate the International Steel Tube Cartel which collapsed at the end of March last year. As a result of intense competition and price-cutting, British exports of wrought steel tubes declined from 223,560 tons during the first eleven months of 1934 to 209,114 tons and 181,853 tons, respectively, during the corresponding periods in 1935 and 1936. Moreover, the decline in total exports has been accompanied by a fall in the average price per ton, from £21 in 1934 to £18.7 in 1935 and £17.9 in 1936. In order to prevent a further fall in prices, the former members of the Continental Tube Cartel and British producers have recently entered into tentative price arrangements in various export markets. The discussions concerning the renewal of the Cartel are to be continued.

Overseas Trade in November.—The total value of both imports and exports showed a decline last month compared with October. But as November contained two less working days than October and one less than the corresponding month last year, a true comparison can only be made in terms of working-day averages. On this basis, imports showed an increase both compared with last month and a year ago, while the daily rate of British exports was only slightly lower than in October, but higher than a year ago. The movement of re-exports was similar to that of British exports. The increase in the value of imports, where raw materials predominate, is due partly to the recent rise in prices. The following tables give details for the past three years:—

OVERSEAS TRADE IN NOVEMBER

(000's omitted)				
	1934	1935	1936	Change between 1935 and 1936
Total imports.....	64,657	71,455	78,671	+ 7,216
British exports	36,125	39,400	38,441	- 959
Re-exports	4,008	4,572	4,343	- 229
Total exports	40,133	43,972	42,784	- 1,188
Excess of imports over exports	24,524	27,483	35,887	+ 8,404
Transshipments under bond...	2,001	2,485	2,724	+ 239

OVERSEAS TRADE—FIRST ELEVEN MONTHS

(000's omitted)				
	1934	1935	1936	Change between 1935 and 1936
Total imports.....	£ 669,515	£ 683,556	£ 765,875	+ 82,319
British exports	361,874	391,037	400,254	+ 9,216
Re-exports	47,683	49,821	54,326	+ 4,504
Total exports	409,556	440,858	454,579	+ 13,721
Excess of imports over exports	259,959	242,697	311,296	+ 68,598
Transshipments under bond...	21,844	22,946	26,046	+ 3,100

The rise in imports was fairly well spread between the different categories, the largest increases being recorded under grain and flour, dairy produce, wood and timber, and wool. Among British exports, the decline was most marked in the raw materials group, for which reduced coal exports were mainly responsible. In the manufactured goods group, exports of non-ferrous metals and chemicals fell, but those of machinery and vehicles showed some increase.

Trade by Commodities.—The following table shows recent changes in the more important categories of imports retained in this country:—

RETAINED IMPORTS—MONTH OF NOVEMBER

Item and Measure	1934	1935	1936
Wheat	'000 cwt.	8,096	9,835
Beef and veal	'000 cwt.	1,098	1,051
Mutton and lamb	'000 cwt.	350	380
Sugar (unrefined)	'000 cwt.	2,954	2,879
Iron ore and scrap	'000 tons	429	422
Raw cotton	'000 cents	944	1,616
Sheep's and lambs' wool	'000 cents	339	483
Flax, hemp and jute	tons	25,874	23,890
Crude petroleum	'000 galls.	50,235	37,893
Hides, wet and dry	'000 cwt.	124	149
Wood pulp	'000 tons	203	208
Rubber	'000 cents	356	66
Unwrought copper	tons	30,398	13,591
Pig lead	tons	24,474	28,429
Tin	tons	4,036	3,650
Ore and concentrates	tons	262	1,652
Blocks, ingots, slabs and bars	'000 tons	104	77
Iron and steel manufactures	'000 tons	4,803	5,569
Machinery	tons		8,998

Shipments of wheat are slightly lower than last year, reduced supplies from Argentina and Russia being made good to some extent by increased imports from Canada, Roumania and India. Meat imports are lower, supplies from Argentina, Australia and New Zealand showing a decline. Cuba is again mainly responsible for the increase in sugar imports, though larger quantities have also come from the Union of South Africa and Peru. The strong demand for textile fibres continues. Machinery imports show a further increase. The principal British exports are shown below:—

BRITISH EXPORTS—MONTH OF NOVEMBER

Item and Measure	1934	1935	1936
Coal	'000 tons	3,318	3,496
Iron and steel scrap	tons	24,670	18,557
Pig-iron and ferro-alloys	tons	13,690	14,036
Railway material	tons	13,576	18,344
Total iron and steel manufactures	tons	217,951	211,954
Textile machinery	tons	6,910	5,510
Total machinery	tons	31,412	33,038
Cotton yarns	'000 lbs.	10,642	12,414
Cotton piece-goods	'000 sq. yds.	172,397	158,489
Wool tops	'000 lbs.	3,799	4,607
Worsted yarns	'000 lbs.	2,621	3,249
Woolen tissues	'000 sq. yds.	4,998	5,584
Worsted tissues	'000 sq. yds.	2,206	3,166
Linen piece-goods	'000 sq. yds.	5,996	5,966
Leather boots and shoes	doz. pairs	42,978	40,853
Leather	cwt.	20,426	24,203
Paper and cardboard	cwt.	299,196	336,767
Locomotives (complete and parts)	tons	2,158	993
Motor vehicles and chassis	number	5,754	6,800

There has been a considerable falling off in coal exports. No coal was exported to Italy in November, and demand from Mediterranean countries in general is lower. Canada, Scandinavia and the Netherlands have also taken less. Exports of all commodities in the iron and steel group show a decline, the industry being fully occupied with home demand for industrial purposes and for re-armament. The market for linen piece-goods continues strong, especially in China and the United States. Exports of British motors have been maintained and remain well above the level of recent years.

OVERSEAS CORRESPONDENCE

From our Correspondents in each centre

UNITED STATES

WASHINGTON TALKS FOREIGN POLICY

AFTER a political campaign obsessed with domestic issues, Washington has experienced the novelty of talking again about foreign policy. The President's dramatic visit to the Pan-American Conference at Buenos Aires, the growing sense of the possibility of building a concert of Pan-American Republics to deal at least with dangers from a European war, the President's cryptic remark about new legislation to halt the investment of foreign funds in American securities, the revival of war-debt gossip, and the events in the Far East, have supplied a plethora of challenging topics for discussion.

Besides the resignation of Dr. Tugwell, and the sittings of the Supreme Court, there has been little home news of commanding interest. The President's second term promises to be more active internationally than the first. He has less to worry about at home, and a larger majority and greater prestige in Congress. Matters which were inexpedient to fight over, like the St. Lawrence Treaty, now become politically safe. And the election, though foreign affairs were subordinated, did supply a mandate to continue Secretary Hull's policy of reciprocal trade agreements, endorsed the "good neighbour" policy, and in general supported the slowly forming conception of a new neutrality.

Exciting and concrete proposals had been expected of the President's Argentine speech, but when it was made they were not there. One was an announcement of the United States' readiness, if other nations co-operated, to join in economic and financial sanctions against an aggressor. This would have appeared like a daring revival of the sanctions idea, and even a burst of impetuosity. But it is not so far from the thinking of leading Democrats as may be supposed. The chairman of the House foreign relations committee, Congressman McReynolds, has announced that he will introduce neutrality legislation when Congress meets next month, authorising an embargo on raw materials as well as munitions in the event of war, and allowing the President some discretion in determining an aggressor.

DEMOCRACY IN SOUTH AMERICA

Mr Roosevelt, if he did consider speaking at Buenos Aires of implementing the Kellogg Pact, thought better of it, and produced instead a carefully weighed speech in favour of democracy. Nor is this to be summed up merely by saying that he was in favour of it (to parody Mr Coolidge's description of a sermon "which was about sin, and the preacher was against it"). Mr Roosevelt is credited with having grave apprehensions about the more distant future, seeing it within the bounds of possibility that a European war might end in the victory of a dictator who would thereafter proceed to establish a colony in South America. A Fascist republic in Latin America could be chosen partner in such an enterprise, and unless Pan-America adopts democracy with more courage and tenacity than at present there will be little mutual support of the Monroe doctrine. Not counting the United States and Canada, only Mexico, Colombia and, perhaps, Costa Rica, of western hemisphere countries, can be said to have genuinely democratic governments to-day. So the President's address at Buenos Aires was really a clarion call to the people of Latin America, and it must have rung somewhat jarringly in the ears of conference delegates.

The speech was sobering to his own countrymen, who have imagined that rapid results might be expected from the new cordiality in the Pan-American family. Obviously

Mr Roosevelt sees that democracy must come first before there can be any trustworthy collaboration for peace in the Americas. In this connection the visit of Lord Tweedmuir, returning the President's call in Quebec, is sure to raise the important question of Canada's co-operation in any agreements the Pan-American union may bring forth. If Mr Roosevelt's dream is to assure the future of democracy in the western hemisphere, the value of Canadian co-operation cannot be under-estimated. Loose talk has drifted down from Canada that Washington is trying to loosen that country's ties with the British Commonwealth. But this is not in the background of any thinking one hears here from responsible men. Nobody sees any contradiction in Canada remaining a full and intimate member of the Commonwealth and of the League of Nations, and still acknowledging a special position as a sovereign state in the western hemisphere. If anything, Washington believes Canada's prestige would be enhanced if it filled a dual function as a Pan-American member and a link between the western hemisphere and Great Britain.

MORE WAR DEBT PAYMENTS?

With the newspapers again speculating about the probability of negotiations over debt payments, it is appropriate to repeat that this question lies exclusively within the domain of Congress, which has not delegated to the President or the State Department any authority to make new offers or to accept them. The President's view has been and remains that a debtor must always have access to his creditor, but the onus of making a proposal lies exclusively with the debtor. French talks of renewing debt payments comes about a year too late to arouse much public sympathy, and there is still less enthusiasm for the report that Italy, too, is preparing to resume payments.

The motive of Italy, if payments are resumed, is assumed to be Mussolini's need for a loan to colonise Abyssinia. France's need is for money for re-armament. Neither purpose is looked upon with favour in Government circles. The Johnson Act closing the money markets to governments in default of their debts to the United States was intended as a slap, but has changed in the public mind into a kind of anti-war insurance. So the question of war debts enters a new stage. At a time when the heavy investment of foreign funds in the United States removes most of the difficulty of transferring debt payments, payment is desired only if it is not a prelude to vast new borrowing for war or imperialistic purposes. The debts still remain a barrier in the way of good feelings toward Europe. But paying them with the patent intent of incurring new debts will not reduce the barrier.

WASHINGTON, December 2.

PREVENTING A "BOOM"

THE change in temperature in economic discussion since the election is striking in its abruptness. In the Washington despatches the present emphasis, instead of being on recovery, is upon the urgent necessity of preventing the development of a boom and of establishing such controls as will avert the sequence of the late 'twenties. The business atmosphere of November, 1936, was comparable with that of November, 1928, with production, industrial share prices and bank credit indices almost identical. There are three major differences: (1) The commodity price level is now lower; but in 1928 the price level was steady with a slight sagging tendency, while now it is rising vigorously. (2) Money rates are much lower than in 1928; in November, 1928, three-six months' Treasury bills were 4½ per cent.

and long-term Treasury bonds about 3½ per cent.; for December 15, 1936, the Treasury has just announced an issue of five-year notes at 1½ per cent. and of 13-17-year bonds at 2½ per cent. (3) Statistically, there was no unemployment in 1928; now the unemployed are estimated at a variety of large numbers—although it must be stated that, except for the "visible" official unemployed on relief, there is not only no visible evidence of unemployment, but audible evidence of a labour scarcity.

However, the memory of the depression is so vivid that it is but natural that the enjoyment of the present prosperity should be haunted by the recollections of 1929. Nothing has so strongly impressed Americans who have visited London in recent months as the contrasts in the intellectual reactions to recovery in the two countries—the timidity of Wall Street and the confidence of the City of London.

Since the President's statements on "hot money" the subject of controlling the "boom" has been uppermost in the Press. The "hot money" conference has been followed by a monitory and almost minatory address by the chairman of the Securities and Exchange Commission (Mr Landis) before the convention of the investment bankers, stating that "recovery cannot follow the traditional cyclical patterns. Any interpretation of our national aim as looking for the shallow prosperity of boom days is false." From this point he developed the theme that at times the financial mechanism may become subjected to strains and stresses, and added that "instead of trying the hopeless task of constructing a mechanism that will absorb the huge pressures . . . effort must be diverted toward closing the investment machinery to the play of irresponsible force of such a character."

FURTHER REDUCTION IN BANKS' EXCESS RESERVES?

Simultaneously with these warnings, Washington announcements continuously affirm that the Federal Reserve authorities are intent upon another action to reduce the banks' excess reserves. It is commonly expected that this will take the form of another increase in Member Bank reserve requirements, similar to that of last August, when they were raised 50 per cent. Such an act would exhaust that particular power, although open-market operations by the Reserve Banks would still be available. In other words, the reported intention of the reserve authorities is to regain control of the credit base.

The sentiment of Wall Street is more than friendly to these views. Indeed, to Wall Street they are a rather belated political acknowledgment of the dangers inherent in the bold fiscal policy of recent years. More than a year ago the President of the Stock Exchange stated: "When the Stock Exchanges have done all they can, when the Member Banks of the Federal Reserve System have done all they can, when the Securities and Exchange Commission has done all that it can, there still remains the immense outside factor—an abnormal money market, with a gigantic volume of excess reserves . . . My earnest wish is that . . . we may be spared another season of madness."

INTEREST RATES AND THE BUDGET

All these statements, however, should be read in the light of facts, and specifically of one particular fact of current significance, viz. the announcement of the Treasury issue of long-term bonds on a 2½ per cent. basis. If the long-term money rate is 2½ per cent., as exemplified by that issue, it carries certain implicit consequences, which have by no means fully permeated our economic structure. Furthermore, the announced intention of introducing an effective measure of credit control in the presence of a very low long-term rate immediately raises the question of the Budget. In short, Wall Street fully shares Washington's apprehensions of the possibility of prosperity developing into boom; but it finds difficulty in reconciling the actions of the Treasury with the warnings of the chairman of the S.E.C. and the rumoured intentions of the Federal Reserve Board.

The two-year labour truce which began in the autumn of 1934 seems to have expired. The only major strike in

progress is the maritime, which remains complete on the Pacific Coast, but is only partially effective on this side. Its long duration has imposed occasional hardship and some general economic setback on the coast. Probably more serious are the bottle-neck strikes—that is, strikes by a comparatively small number of workers in some key position that interrupts the chain of production. In a long and intricate manufacturing process—for example, the manufacture of a motor car—there are several points at which, like Horatius on the Bridge, the activities of "a thousand may well be stopped by three." However, these disturbances, while troublesome, are not of sufficient magnitude or frequency to be economically decisive.

NEW YORK, December 8.

FRANCE

BUDGET RAPIDLY VOTED

THE fresh presentation of the Budget, its increased deficit and the need for huge loans, might have seemed likely to prelude long debates in Parliament. Actually, no Budget was ever so quickly voted by the Chamber. This speed was due to three main facts: (1) the urgency required if the law is to be duly passed by January 1st; (2) the desire of the Minister of Finance to avoid controversies which would have emphasised the Budget deficit and excited new conflicts between the advocates of orthodoxy and the defenders or beneficiaries of Government expenditure; and (3) the urgent need to launch in the most favourable possible atmosphere a new loan for re-armament and public works. The last hopes of the Conservative minority are now that the Senate will once more make its solemn but sterile warnings heard.

The reimbursement of the English £40 millions loan, which led to a new fall of 4,000 million francs in the gold stock of the Bank of France, was accompanied by a re-opening of the "New advances to State" (which had been closed by devaluation) for a sum of 700 million francs. This double change shows that the French Exchange Equalisation Account had no supplementary gold and the Treasury no surplus money for the repayment of this loan.

GOLD HOARDERS AND THE NEW LOAN

These circumstances give a particular significance to the proposal of the Government—which has been immediately voted by Parliament—to extend until February 1st the period in which hoarders of gold are permitted to declare it, and to the exceptional conditions of the new loan, whose issue has just been announced by the Minister of Finance. Subscription to these new 100-franc bonds, paying an interest of 4 per cent. or 3½ per cent., will be reserved to holders of the pre-devaluation "baby bonds" and holders of gold certificates. The new bonds will be reimbursed, after nine or three years respectively, at 140 per cent. The difference of 40 per cent. equals the difference between the 1928 franc and the 1936 franc. Other advantages are also accorded to the new bonds. They will be accepted (at their reimbursement value of 140 francs) in payment of death duties and in repayment of advances from the Bank of France. This issue, for which no subscriptions in specie will be accepted, does not appear as a Treasury issue, since the Treasury can utilise the remaining 9,000 millions of the "new advances of the Bank," but rather as an indirect abolition of the tax on gold. It is thus designed to favour the dishoarding of gold, which the Government specially desires.

The new loan will certainly produce results, particularly among financially well-informed persons. It may be feared, however, that the mass of small hoarders will interpret it as a simple exchange of gold against public funds.

The subscriptions to this loan will probably be accelerated by the evidence of business revival now statistically apparent. The yield of taxation is steadily increasing; and greater monetary liquidity is emerging in

the short-term market, as the following table of the deposits of the big Parisian banks shows:—

	Oct. 31, 1935	('000 Franc) September 30, 1936	October 31, 1936
Crédit Lyonnais	11,053,949	9,826,522	10,425,100
Société Générale.....	9,304,871	8,012,027	8,645,240
Comptoir d'Escompte ...	7,015,456	6,056,729	7,076,799
Créd. Ind. et Commerc. ...	1,365,357	1,241,820	1,401,796
	28,739,633	25,146,098	27,548,938

The new loan might, however, be embarrassed by the stagnation of rentes prices, by the prospects of the huge sums to be borrowed in the future, by persistent social conflicts and controversies between employers and the Government, and finally by recurrent rumours of new controls on the exchanges, the banks, etc., which have already provoked a slight tightening of the money market.

NEW STRIKE METHODS

Capitalists may also be troubled by a certain recrudescence of social conflicts, notably in the North of France. The employers do not endorse the provisional solution of the strikes which has been accepted by the Government and which consists in substituting the "neutralisation" of factories for the former "stay-in strikes." "Neutralisation" means that the strike pickets stay in front of, instead of behind, the factory gates, under the supervision of the police. This procedure was devised by the trade unions to hinder the employers from "mobilising" non-strikers against strikers.

On the other hand, a recent speech of M. Jouhaux, general secretary of the trade unions, complained that devaluation had not supplied new money to the State for public works, that the banks' credit policy had been directed against a revival of business, and that the nationalisation of the banks and larger industries had thus been rendered necessary. This speech is in contradiction with the latest effort of the Minister of Finance to promote dis- hoarding.

FURTHER RISE IN PRICES

The rise in prices continues, as the following figures show:—

	June	Sept.	Nov.	Dec. 12th
Wholesale prices	372	407	473	482
National products	415	457	504	512
Imported products	296	319	418	428
Food products	396	447	483	495
Industrial products	352	373	466	471
Retail prices (13 articles)	458	483	520	...
(Paris) (29 articles)	461	494	534	...
Lighting and heating	79	88	93	...
Clothing.....	57.6	61.2	69.8	...

The Statistique Générale has just published its monthly figures, showing industrial production in France (1913 = 100):—

	Oct., 1935	Aug., 1936	Sept., 1936	Oct., 1936
General index	95	93	95	97
Engineering	96	98	97	98
Iron and steel	80	73	81	86
Textiles	70	51	64	70
Mines	100	87	91	103
Building (adjusted figures).....	66	62	58	56
Leather (adjusted figures)	91	108	106	100
Paper (adjusted figures)	117	165	159	151
Rubber (adjusted figures)	814	949	952	955
Motors (adjusted figures)	387	413	492	498

In the motor industry, 14,059 cars and 1,810 lorries were put on the road in October, compared with 10,482 cars and 1,484 lorries in September. The figures for the cotton industry are as follows:—

	July, 1936	Aug., 1936	Sept., 1936	Oct., 1936
Spinning (average per spindle in kilograms):—				
Production	1.606	1.191	1.722	1.969
Deliveries	1.704	1.485	1.844	2.052
Stocks	1.652	1.714	1.642	1.469
Unfulfilled orders.....	5.069	4.765	4.926	5.474

Weaving (average per loom in
pieces of 100 metres):

Production	5.46	3.21	4.74	6.00
Deliveries	6.23	3.95	4.90	6.28
Stocks	6.74	6.02	5.74	5.28
Unfulfilled orders.....	22.02	22.39	21.85	23.89

The total of bankruptcies in November was 672, against 605 in October and 321 in September; and of bankruptcies and judicial liquidations 870, against 816 in October and 452 in September.

PARIS, December 17.

GERMANY

INTEREST IN BRITISH MONARCHY

FOR reasons unknown information about the British throne crisis was withheld from the German public until the crisis had ceased. That was unfortunate. While most Germans are friendly towards Great Britain, and while their leaders probably realise the unwisdom of adding British antagonism to the already existing antagonism of powerful Continental States, it cannot be said that Anglo-German relations are tending to improve. Misleading information about British affairs is a cause of this. The campaign conducted in authoritarian countries against the system of government prevailing not only in Great Britain, but in most of the world's orderly and quiet countries, has required a certain forcible shutting of eyes to the truth. British Government methods and social and economic conditions have been represented in a very unfavourable light, have indeed been condemned as effete, inefficient and anarchical. It would have enlightened Germans, and would probably have conducted to improve the Anglo-German atmosphere, if they had been allowed to follow the course of the crisis and to see that in a Europe of which one disturbing feature is the blind fury aroused by trifles the most momentous issues may be handled with policy and calm.

AMENDMENT OF BERLIN CITY ADMINISTRATION

The only noteworthy new political measure is a law amending the Government of Berlin, which comes into force on January 1st. The separate offices of Oberbürgermeister and State Commissary (the latter with supervisory functions) disappear. The new city head will have the joint title Oberbürgermeister and City President, which will be held by the present State Commissary, Dr. Lippert. State and municipal functions will thereby be fused at the top. Lower down the separation will be maintained in that a Bürgermeister will act as deputy of the Oberbürgermeister and a vice-president as deputy of the City President. As a City President cannot exercise supervisory functions over himself as Oberbürgermeister, these functions will be transferred to the Reich Minister of the Interior. The Oberbürgermeister will henceforth be a State official. The Berlin district leader (*Gauleiter*) of the Nazi Party will become Nazi Party Commissioner for the city. The present district leader is the Minister of Propaganda, Dr. Goebbels. The exact working of this system is difficult to foresee. It seems that the Minister of the Interior and, as Party Commissioner, the Minister of Propaganda will have a say in all matters of importance.

THE RISE IN PRICES

The Finance Minister declares that the future of the Four-Year Plan depends upon preventing the "quantity boom" from becoming a "price boom." The wholesale price of men's clothing is now returned at 28.4 per cent. of cloth 30.4 per cent., above the level of April, 1933. An attempt is being made to divert consumption from scarce and mostly high-value foods to relatively plentiful and low-value foods. The public is advised to consume more potatoes, sugar and fish, and less beef, bacon, butter and other fats. The winter cereals report for December 1st is that of the same date of 1935 (rye being worst). It seems since the quantity available is below the normal demand of the mills. Owing to the meat shortage, consumption of

wheat in the months of the crops year which have already elapsed was higher than usual. It is unofficially reported that measures to ensure imports are already under way. In the South-Eastern European markets, where, in accord with the principles of the New Plan, Germany would prefer to buy, competition from other wheat-importing countries would have to be met. It is therefore expected that Canada will supply the deficit.

New restrictive measures affecting non-ferrous metals and wood have been taken in connection with the Four-Year Plan. An official list (which, however, is not complete) shows that 26 compulsory cartels have been founded since 1932. The number of voluntary cartels founded since 1932 exceeds 100. Most are in the finishing industries.

The number of unemployed increased in November by 121,000 to 1,197,000, as against 1,984,000 in November, 1935. Christmas business seems to be better than last year, but provincial centres report that the public is mainly buying clothing and other necessities, and that the market for luxury goods and seasonal trifles is dull.

The home cement syndicates have been prolonged until the end of 1937. Sales (including exports) this year are estimated at 11,500,000 tons, as against 8,630,000 tons in 1935. An official return for the end of 1935 shows that of 7,840 share companies with a combined capital of Rm. 19,550 millions, 584 companies were partly or wholly capitalised with foreign money.

CHANGES IN MUNICIPAL FINANCE

Radical changes in the financial relations of municipalities, States and Reich were announced last week. The statistical basis of this reform is as follows. The tax receipts of all three in the financial year 1935-36 totalled Rm. 13,245 millions, having risen since 1932-33 from Rm. 10,210 millions. The 1935-36 total was composed as follows ("Reich subvention taxes" are those of which part goes to the States):—

	Millions of Marks
Reich subvention taxes	5,697
Other Reich taxes.....	2,609
Customs.....	1,249
All Reich taxes	9,555
State and Municipal taxes	3,690
Total public tax yield	13,245

Of all these tax groups only the "Reich subvention" group has materially increased its yield. The total in 1932-33 was Rm. 3,307 millions, which means an increase of 72 per cent. in three years. The subvention taxes (in the main income, corporation income and turnover) naturally benefited most from the trade recovery. This made it possible to reduce the subventions. The reason given for this is that Reich initiative and credits caused the recovery and that the Reich bears the new expenditure on armaments.

At present the two real estate and industrial taxes are regulated independently by 32 laws of 16 States. In future they will be regulated by two uniform Reich laws, by which, however, the local assessing authority will have discretion about its rate. This authority is henceforth to be the municipalities, by which the entire yields, at present shared with the States, will be retained. In general, revenue from the real estate tax, being relatively stable, will go to cover such municipal expenditure as is also relatively stable, e.g. schools and roads, while the uncertain industrial tax yield will cover expenditure which depends mainly on the state of trade. The States will not only lose their shares in these taxes, but will be entirely eliminated as taxing bodies, and will depend upon Reich subventions. Thereby the reversal of Reich and State financial relations which began after the war has been completed. Before the war the Reich was largely dependent on State subventions. After the war the States, having lost income tax to the Reich, and also railway profits, and other sources, were subsidised by the Reich, but retained considerable taxing power. Henceforth the States will have no financial sources except Reich subventions. This reform has a political side, since it is connected with the curtailing of State independence and the disappearance of certain State functions.

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 Malden Lane, NEW YORK

Capital paid up and Reserves Drs. 1,205,000,000

Last week and early this week money was tight in consequence of a demand for income-tax payments and wages. Last week's day-loan rate was about $\frac{1}{2}$ per cent. higher than in the corresponding week of November. In general the money market continues to be under the influence of the Reich Loan flotation.

BERLIN, December 15.

SWITZERLAND

SIGNS OF RECOVERY

THE foreign trade figures show that the effects of devaluation in October were smaller than had been anticipated. Imports in October totalled 128,010,744 francs, compared with 96,555,289 francs in September and 116,572,206 francs in October, 1935. This rise was partly due to a relaxation in certain import quotas, partly to renewed activity in home industry, and partly also to heavy purchases made in anticipation of a new rise in prices. Exports totalled 84,595,315 francs, compared with 75,808,295 francs in September, and 75,859,666 francs in October, 1935. The situation of the four chief exporting industries was much better in October; for sales of watches, silk and cotton goods and machines totalled about 39,000,000 francs, or 5,000,000 francs more than in October, 1935, and 3,000,000 francs more than in September, 1936. Imports from Great Britain were 7,708,988 francs in October, against 6,667,908 francs in October, 1935; and exports to Great Britain were 10,719,890 francs, against 8,645,627 francs in October, 1935.

Devaluation has slowed down the seasonal rise in unemployment. There were 86,800 unemployed at the end of October, against 82,300 last year. But the increase between September and October was 4,000 this year, compared with 13,000 last year.

AN END OF HOARDING

Devaluation has ended the hoarding of gold and bank notes; and money is so abundant that the National Bank has reduced the official discount rate from 2 to $1\frac{1}{2}$ per cent. as from November 26th, and the rate of interest for advances on securities from 3 to $2\frac{1}{2}$ per cent. The Swiss Bourses show a great activity, as hoarded funds are being employed in buying securities of all kinds, mostly Swiss, British and American. There has been no rise in the cost of living.

The Federal Government has submitted the Budget of the Confederation for 1937 to the examination of the Financial Committees of the two Chambers of Parliament. The Committee of the Council of States, or first Chamber, has unanimously opposed the estimates and sent back the Budget for further study by the Government. The Government will thus be compelled to reshape its Budget.

which at present estimates expenditure at 525,000,000 francs and revenue at 483,000,000 francs. The public debt, which had been reduced to 2,088,797,000 francs in 1932, now totals about 2,308,253,000 francs. From 1932 to 1936 the yearly deficits of the Federal finances aggregated 181,707,000 francs.

The Socialist Government in Geneva was defeated in the recent election. Three years ago the Socialists, who secured 45 seats out of 100 in the Cantonal Parliament, succeeded in gaining a majority in the Geneva Government, in which they held four seats out of seven. The Cantonal Parliament and Government were re-elected last month. The Socialist leaders, who are nearly all extremists, allied themselves with the Communists; they nevertheless lost five seats in Parliament, and the national parties, which had united on a common programme, secured sixty seats out of 100.

GENEVA, December 15.

TURKEY

ECONOMIC POSITION "STRIKINGLY IMPROVED."

CONSIDERABLE attention is being focussed upon the new import regulations to be enforced on January 1, 1937. These regulations mark the end of a period of which the quota was the main feature. They also mean the possibility of larger imports. Several other restrictions have been eliminated and replaced by restrictions of a different order. A few years ago, when Turkey tentatively embarked upon a foreign trade policy the ultimate aim of which seemed increasingly to be autarky, her balance of payments was in a disastrous state, her traditional export goods were finding few buyers, and she had entirely to rely upon foreign sources of supply in defence. The drastic measures she then took were based on the principle that her population, being poor, ought to do without luxury goods, and that, if her raw material was not absorbed by foreign markets, factories transforming such raw material into finished goods should be called into existence. It was in such economic and, partly also military, necessities, that the "Kadro" theory of "stateism," which has since dominated the economic life of the country, and the various industrialisation plans found their first and lasting foundations. For reasons which may be connected with Turkey's sound financial policy, her continued reforms, the recent extensive German and Italian purchases at prices considerably above the world level, Turkey's economic situation has strikingly improved. For the past seven years, the trade balance has been favourable and the foreign exchange situation is now understood to be quite satisfactory.

A reduction of the cost of living designed to reduce the cost of production has been the keynote of recent policy. On the one hand, the Government has accentuated its price-cutting policy in the case of certain State-manufactured goods, and on the other it has threatened private manufacturers with the importation of a number of protected goods if they continue to maintain high prices. In certain cases such importation has actually taken place. The new regulations specify which goods are absolutely barred from importation; and these require Government licence. The remainder, representing by far the greater part of Turkish imports, are subdivided into three lists corresponding to the countries of origin, and these receive three different degrees of protection. Thus, by authorising the importation of goods formerly prohibited, the Government has manifested its determination not to grant perpetual protection to private industry, particularly in the case of luxury goods.

At the same time, the Government has strengthened its grip on commodities regarded as vital for Turkish economic life. Noteworthy additions to the already extensive list of regulated commodities are cotton yarns, steel tubes, and coffee.

ISTANBUL, December 10.

NORWAY

BANK RATE RAISED

IN the elections in October the Labour Party failed to obtain a majority in the Storting. There was a considerable increase in the number of votes given to the party, but the increase in number of their seats in the Storting was only two. The Conservatives advanced by about 30,000 votes and six seats. The composition of the new Storting will not differ materially from the last one, and there is at present nothing to indicate any change in the colour of the Government. The coalition between the bourgeois parties effected during the election was only an emergency precaution, and apparently there exists no agreed platform on which to base Governmental co-operation between the bourgeois parties.

The Bank rate was raised this week to 4 per cent. This step is in accordance with the general trend of foreign money markets, and although the note circulation of the Norges Bank is now considerably lower than a month ago, the tendency has been upwards during the latter half of the month. At the same time, deposits at the Bank have decreased by a few millions. Further, there has been a decrease of deposits in savings banks during October of about 25 million kroner. This decrease is thought to be partly due to a strong dislike of the deposit tax which was enforced last spring. The Government have therefore announced their intention to propose certain amendments, which will modify the untoward effects of the tax.

FURTHER EXPANSION OF FOREIGN TRADE

The foreign trade statistics present a brighter picture. The value of imports during October amounted to 87 million kroner, against 78.8 million kroner in September, and 77.7 million kroner in October, 1935. Exports were 65 million kroner, against 62 million kroner in September and 59 million kroner in October, 1935. Trade in the first ten months of the year, as compared with the same period last year, is shown in the following table (in 1,000 kroner):—

	Imports	Exports	Import surplus
1935.....	656.5	484.0	172.5
1936.....	735.6	541.7	193.9

Great Britain ranks foremost both as buyer and seller of Norwegian goods.

The industrial production index for September was 7 points above that for August. The figure for export industries alone rose from 104 to 117 and home industries from 133 to 136. During the first three quarters of the year that of the same period of last year.

The recent fall in laid-up ships has been remarkable; on November 1st laid-up tonnage represented 2.2 per cent. of the whole fleet (apart from coasting vessels), against 3.3 per cent. on October 1st.

Activities on the Bourse have been exceptionally brisk during recent weeks, and the turnover has reached record-breaking figures. Whaling and shipping shares have been favourites; but industrials have also been in good demand. Bonds have failed to attract attention.

OSLO, December 11

JUGOSLAVIA

NEW TRADE AGREEMENTS

FREQUENT conferences of the Serbian opposition leaders with Dr. Macek, an interview of the Croatian leader with the Prince Regent, and, more lately, discussions between the Government Radical group and the Croatians, all suggest active attempts to bring to an end the Croatian deadlock. Although Dr. Macek is reported to have declared the time ripe for a settlement, all depends on the terms offered by Belgrade. No data of any moment about the actual progress of the negotiations find their way into the press. Thus it is difficult as yet to estimate whether the

present effort will be more successful than the many previous ones.

Interest in external relations in the last month or two has centred mainly on the conclusion of a series of trade agreements. Following a supplementary agreement with Holland on September 25th regulating the mode of payment for imports, and another with Greece giving reciprocal increases of the quotas for livestock and dried fruits, and the re-opening of trade with Italy from October 1st, negotiations have now been successfully concluded with Turkey and Great Britain and are beginning with France and Roumania. The terms of the agreement with Great Britain are not yet published, but new quotas are expected for Yugoslav cereals, timber and poultry in return for relaxation of the Yugoslav restrictions on British goods. After the application of import control, imports from Great Britain fell by more than half—to 20.4 million dinars (average from June to September) against 41.2 millions (January to May). Yugoslav exports to Britain, on the other hand have shown an enormous increase this autumn and, in October, for the first time since 1918, Britain has headed the list of buyers from Yugoslavia with 74.1 million dinars, or 15.8 per cent. of the total. For ten months exports to Britain totalled 299.3 millions and imports 303.4 millions, thereby reducing the import surplus to 4.1 millions, compared with 148 millions in 1935. Heavy purchases of wheat and timber during October were responsible for the increase.

Trade returns for the last two months are as follows:—

	1935				1936			
	Exports		Imports		Exports		Imports	
September	Tons	Mill. dinars	Tons	Mill. dinars	Tons	Mill. dinars	Tons	Mill. dinars
October...	314,075	384.1	84,282	287.7	338,112	504.1	81,013	353.1
October...	359,095	493.5	121,433	395.3	273,430	468.5	91,631	345.8
10 months	2,828,904	3,268.9	789,930	3,006.4	2,197,187	3,306.4	787,080	3,286.6
Change	...	...	...	...	-631,717	+37.5	-2,850	+280.1
in 1936	...	...	...	...	-22.33%	+1.05%	-0.36%	+9.32%

The recent commission at Dresden revised and improved the relations with Germany arising out of the clearing system, by which Germany is still Yugoslavia's debtor to the tune of 16.6 million marks. The principle of 100 per cent. interchange of merchandise was established, and the fixed rate of the mark for clearing transactions has been abolished. Germany has also promised to give better prices for Yugoslav products, which, after being exported under the quotas, were priced lower than Hungarian and Bulgarian goods. Exporters' bonds under the clearing arrangement are now negotiable on the Bourse.

INCREASED BUDGET EXPENDITURE

The Budget for 1937-38 submitted to Parliament last week estimates revenue and expenditure at 10,949 million dinars, or 625.5 million dinars (6 per cent.) more than the current Budget. The chief increases are allotted to the following Budgetary headings: 251 millions for State and agricultural debts under the recent peasant debt liquidation scheme; 30 millions for railway annuity services; 150 millions for national defence; 83 millions for State-run enterprises such as posts, railways, monopolies, etc., which are calculated to cover this increase from their own increased revenue; 50 millions for the transfer of previous expenditure into the new Budget; 27 millions for the Ministries of Social Welfare; and 18 millions for pensions. No new taxes are imposed to meet the greater expenditure which, it is estimated, will be covered by increased yield from direct and indirect taxation and the collection of arrears. The Minister expects a rise of 6 per cent. in national income this year.

In pursuance of its policy of pressing on the liquidation of the floating debt, of increasing the cash holding of the Treasury, and of paying off some of the outstanding State accounts, the Government has issued another 500 million dinars of Treasury bills (500 millions were issued earlier in the year) with a term of two years and interest at 5 per cent.

BELGRADE, December 12.

AUSTRALIA

A SMALL NET DEFICIT

THE Budgets of the Commonwealth and six States for 1936-37 show in the aggregate a net deficit of £1,171,366, after providing for sinking funds. The accounts issued by the various State Governments, which differ in form, show estimated expenditure at £118,031,852 and estimated revenue at £116,815,486. The Commonwealth expenditure is estimated at £81,505,000 and revenue at £81,550,000. The two sets of figures are subject to some duplication on account of Commonwealth payments to or on behalf of the States. Surpluses are estimated by the Commonwealth at £45,000, New South Wales £5,874 and Tasmania £1,247. Deficits are estimated by Victoria at £110,045, Queensland £650,664, South Australia £168,452 and Western Australia £294,326. The original Western Australian estimate was for a surplus of £5,674, but the reduction of £300,000 in the special grant from the Commonwealth Government has converted this into a deficit of £294,326. The estimated revenue of the Commonwealth and States includes taxation aggregating £97½ millions, which, however, does not include certain items not credited to the ordinary "Consolidated Revenue" accounts. The inclusion of such items would raise the total taxation to over £100 millions.

The Budgetary position as a whole shows improvement as compared with a few years ago. Besides the reductions in interest on public debts and the suspension of interest and sinking fund payments on account of war indebtedness to the British Government, Australia has had the benefit of seasons which have been on the whole favourable. On the other hand, the depreciation of the currency has added to the amount required in Australian currency to meet the service of the external debt. Approximately £5½ millions, is now required for exchange on payments in London and New York. Much of the activity in the cities is due to the building boom; while some other forms of activity are due to Government expenditure of loan money.

NEW INTERNAL LOAN OF £7,500,000

The Commonwealth Government is now offering locally a 3½ per cent. loan, repayable in 1951, of £7,500,000 at £97 10s. (yield, including redemption, £3 19s. 4d. per cent.) on behalf of itself and the State Governments. The Governments at first desired to issue a loan of £10 million, but in view of market conditions the Commonwealth Bank did not see its way to underwrite more than £7,500,000. Some of the politicians have expressed resentment at the refusal of the Commonwealth Bank to underwrite whatever amount might be desired by the Loan Council, and they consider that the Bank should be subordinate to Government policy. The position of the Commonwealth Bank is that the Governments are free, if they desire, to approach the market without underwriting, and that the responsibility for public finance does not rest upon the Bank but upon the Governments.

MELBOURNE, December 1.

LETTER TO THE EDITOR

EMPIRE IMPORTS AND THE SPECIAL AREAS

TO THE EDITOR OF THE ECONOMIST

SIR,—We are all deeply concerned about the problem of the Special Areas, and agree that a solution must be found. But it is useless to create employment in one district at the expense of employment in another, as may well happen unless the ground is first carefully surveyed. Are there not already, in districts suffering heavily from unemployment, well-established industries which, if given adequate support, could find work for many thousands more men?

Import statistics continue to furnish an interesting if ironic commentary on our economic life. I think it could easily be shown, for example, that industries in the Special Areas are suffering through competition from low-wage countries. Indeed, is it not a fact that, within the Empire itself, we are encouraging competition at the expense of employment in the United Kingdom? I notice, on glancing through the returns, that there is a considerable import of carpets and leather goods from India, and rubber footwear from Canada and Hong-Kong.

Canada is not a low-wage country; and one can only imagine that the English market attracts the Canadian producer as a relief

to his costs of production. But surely the low-wage problem is raised in an acute form in the imports from Eastern Empire countries? It would seem to me as an onlooker, that, if these imports are permitted, not only does United Kingdom employment suffer, but, inevitably, wage rates suffer too. Can it be disputed that these imports are a menace to the standard of living in Britain?

No doubt many of your readers could, from their own experience and knowledge, cite a number of instances of unfair competition from Empire countries. It has always seemed to me somewhat puzzling that certain United Kingdom exports to Empire countries are subject to a duty, whereas similar exports from those countries to the United Kingdom are free of duty. Is it not opportune, while the future of the Special Areas is being dis-

cussed, that this question of Empire import competition also be reviewed? Otherwise we may find ourselves relieving the burden of unemployment in one area only to create a like distress elsewhere.

Yours faithfully,

J. W. BANFIELD, M.P.

[We cannot accept Mr Banfield's view that a reduction of imports of such commodities as carpets, leather goods and rubber footwear would assist employment in the Special Areas. Unemployment in the Special Areas is largely concentrated in the exporting trades, particularly that of coal. A reduction in manufactured imports would not increase our coal exports; on the contrary, it would eventually reduce them by impoverishing our overseas customers.—Ed. Econ.]

BOOKS AND PUBLICATIONS

LIMITED LIABILITY

WHEN the King in "Utopia, Limited," asked whether Great Britain was governed upon the joint-stock principle, he was told that progress had been so rapid in that direction that the date could not be far distant. Gilbert's quip was written almost midway between the first Companies Act of 1844 and the present day. The development of the limited company since his time invests his words with a jesting truth. Yet in his own day of ripe Victorian prosperity the long struggle to obtain limited liability was still within memory.

These two books* both cover that period of British company history, but they treat it from rather different angles. Both are excellent examples of the best type of research which American universities have made their peculiar *genre*, and they are valuable supplements to the work of Professor Clapham and Mr H. A. Shannon. No account of the Industrial Revolution is complete without a parallel study of the Financial Revolution which necessarily accompanied it. In the absence of joint-stock companies, industrial enterprises would still have been governed by the fantastic partnerships in which it was difficult for members to transfer their interests, and to sue—or be sued. Without the invention of limited liability, the economic development of the nineteenth century would never have been adequately financed.

Yet the battle for these commonplaces of company finance was long and bitter. The Bubble Act of 1720 left a century's legacy. Persons "acting as if they were corporate bodies" were punishable as public nuisances, and liable to the fearful consequences of a *praemunire*. Only by Charter could joint-stock enterprises be formed, and the malicious statute was still sufficiently powerful in the early stages of the Industrial Revolution, a hundred years later, to prevent any general grant of incorporation. The boom of 1824 and 1825 was still accompanied by bitter criticism of the base character of joint-stock enterprise.

It is difficult, at this distance, to understand the reasons for this hostility, which was to continue for the next two decades, until the first Companies Act was passed. Dr. Hunt explains it in terms of the rooted objection to monopoly, which had frequently been an incident—though not an essential—of early charters. But the spirit of Adam Smith still prevailed. McCulloch, a "last ditcher" of the *laissez-faire* school, declared that companies were unsuited for the prosecution of ordinary industrial pursuits, and that it would be visionary to expect vigilance and sound judgment from the directors or servants of a joint-stock association. Noble lords were apprehensive lest the creation of so many companies might prove dangerous to the Constitution. *The Times*, in turn, spoke sorrowfully of "the leprous infection of avarice which had seized noblemen who used for the most part to be men of high spirit," but who now lent their distinguished names for prospectuses. Yet the Bubble Act had to go, and it was repealed in the summer of 1825.

* "The Development of the Business Corporation in England, 1800-1867." By Bishop Carleton Hunt. Humphrey Milford, 182 pages. 10s. 6d. "British Corporation Finance, 1775-1850." By George Heberton Evans, Junr. Humphrey Milford. 208 pages. 10s. 6d.

Then came crisis after the speculative boom, and Parliament did not act again until 1834, when certain privileges of incorporation, particularly the right to sue or be sued in the name of a principal officer, were made available under Letters Patent. Immediately a rush of applications coincided with a banking and railway boom, and the repugnant notion of limited liability for banking companies was openly argued in Parliament: "limited liability; paid-up capital; perfect publicity."

Fortunately for our subsequent economic progress, the report of the Committee of 1844 was surprisingly modern in outlook. It recommended regulations for the incorporation of companies and fuller publicity, and was followed by the epoch-making Act of 1844, which is still the basis of British company law. Twelve years later, limited liability was made available to all except joint-stock banks, and in 1862 a Consolidation Act tied all the legislative threads together. Dr. Hunt's history of this period is fully documented, but yet his narrative is never lost in detail.

The history of the preference share is a subsidiary topic of the same period. Professor Evans' book describes in detail how the early companies raised their capital. The depression of the 'thirties closed the ordinary capital market to the new railway ventures and threatened the stagnation of their projects. The solution was found in the preference share. But the new form of share, beginning as an expedient, ended as a new type of investment, with a clearly defined non-equity status. And where the railways led, industrial enterprises followed; and this essentially curious hybrid became firmly embedded in British company finance. Investors, with the recent treatment of preference share rights fresh in their minds, may be even more doubtful of the fundamental investment nature of these shares after reading this book.

SHORTER NOTICES

"Spain in Revolt." By Harry Gannes and Theodore Repard. Gollancz. 287 pages. 5s.

Here is the process of political development in Spain as seen through the Marxist lens. Blithely disregarding the warning of Friedrich Engels about Spain's persistent feudalism (quoted on page 31) Messrs Gannes and Repard present the civil war as the outcome of a conflict between the "toiling masses" and "the Fascists." That the democratic cause derives a considerable part of its strength from the industrial capitalists of the Basque and the Eastern provinces, they conveniently ignore. Spain is a country whose social phenomena do not fit the Communist categories. It is all the more distressing that this flagrant over-simplification by the Foreign Editor and Assistant Foreign Editor of the *New York Daily Worker* should be trumpeted forth over here as the book on Spain.

The authors begin, appropriately enough, by focusing attention on the land question, without a settlement of which democratic and social progress is impossible; but a later chapter discussing it in some detail is disappointing and inadequate. Other chapters give a tolerably clear picture of the different elements constituting the background of the present bloody assizes. But there is no "history of the civil war," and, since the authors have evidently never developed

any feeling for Spain's spiritual climate, the whole never rises above the level of competent book-making. The style is insipid, not to say irritating—unless one likes Marxian *clichés* such as accompanied the early Soviet films. And there are a number of more or less important inaccuracies. To say, for instance, that "Premier Lerroux would not enforce measures prohibiting religious education" obscures two important facts: (1) that the lay State, as set up by the 1931 Constitution, does not prohibit religious education but only ordains that it shall be carried on outside the State schools; and (2) that Señor Lerroux, though fiercely anti-Socialist, was a life-long anti-clerical, and made definite efforts to resist the pretensions of the Catholic forces.

"Saving and Investment." By W. E. Armstrong. George Routledge and Sons. 270 pages. 12s. 6d.

In this book Mr Armstrong sets out a theory of capital in a developing community from which he attempts to deduce an ideal monetary and banking policy for the real world. Starting from slightly different assumptions, he arrives at a theory of capital almost identical with that of Professor Hayek. Capital, to put it briefly, in no way depends on money, and is to be measured by an amount of labour expended on it and a "period of production." The exposition of this theory is at many points very tedious and obscure. In no place does Mr Armstrong give a really clear definition of what he means by "period of production," and his concept of an average period of production is even more mystifying. Nor is there any adequate answer given to the objections of Professor Knight and others to this kind of theory.

It is difficult to understand the exact relationship between Mr Armstrong's barter economy and the real world. His assumption that the introduction of money is merely an addition to an already determinate system is surely untenable. Is a dynamic world of free exchange conceivable without the presence of money, and, even if it is, how relevant would its analysis be to the problems of the world of reality? Indeed, on page 173, Mr Armstrong, having completed his theory of capital without reference to money, has to admit that the existence of money is implied, as it underlies the whole conception of equilibrium development.

The concept of neutral money leads directly to the view that credit policy is responsible for the trade cycle, and that "banking as such must be recognised as an evil." The present banking system should, it is argued, give place to a system of State savings banks, which would neutralise hoarding by the purchase and sale of securities.

In spite of the difficulties and obscurities of most of the book, Mr Armstrong makes some good points which should be appreciated by specialists in economic theory. His emphasis on the inapplicability of static theory to the problems of interest and saving, and his discussion of inventions, deserve special mention. This is no book for the general reader, but professional economists may be interested in a spirited defence of what, in this country at least, has always been a lost cause.

"England Since the Industrial Revolution. 1815-1935." By J. Hampden Jackson. Gollancz. 312 pages. 4s. 6d.

"This book," the author states, "is intended for people knowing little or nothing of English history who want to find out something of the causes of present discontents." The book sets forth in an intelligent and straightforward way the main problems and events of the years 1815-1935. The arrangement and general balance of the book are admirable.

Particularly happy is the blending of economic and political history; though even the simple reader should perhaps be told something of constitutional developments. The author is at his best in his explanation of the effects on the workers of economic and political changes, his description of the reactions of poets and Christians to the Industrial Revolution, his contrasting of early-Victorian doubts and mid-Victorian certainty, and his comments on British educational backwardness in the nineteenth century. Mr Jackson's lucid analysis of Irish history, in a single chapter, is also invaluable. The diagrams are original and instructive.

The book suffers slightly from over-simplification. Englishmen, in 1815, suddenly find themselves living in a new world, and the early-Victorian age dies with Peel. There is also a touch of text-book anecdotalism, typified for instance by the irrelevant mention of Huskisson's sensational death. But even the less simple reader could not fail to be entertained by the story of Raglan, who was so old when commanding in the Crimean War that he always referred to the enemy as "the French." Altogether this is a useful book.

"A Plan for the Distressed Areas." By Lt.-Col. K. E. Edgeworth. Unwin Brothers. 11 pages. 4d.

Colonel Edgeworth suggests that industrialists should be induced to put new factories in the Distressed Areas by the grant of a temporary State subsidy to wages in those areas. His plan is not so far different from Mr Malcolm Stewart's proposal for income-tax and rating relief. It certainly deserves consideration.

BOOKS RECEIVED

Abolish Slumps. By A. W. Knight. (London) P. S. King and Son, Ltd. 142 pages. 6s. net.

Industrial Employment and Unemployment in West Yorkshire. By J. H. Richardson. (London) Allen and Unwin. 1½ pages. 6s. net.

Can Industry Govern Itself? An Account of Ten Directed Economies. By O. W. Willcox. (London) Allen and Unwin. 285 pages. 10s. net.

Re-adjustment in Lancashire. By Members of the Economics Research Section, University of Manchester. (Manchester) University Press, 8-10, Wright Street. 137 pages. 4s. 6d. net.

The Railway Worker. A Study of the Employment and Unemployment Problems of the Canadian Railways. By G. M. Rountree, J. C. Hemmeon and L. C. Marsh. (London) H. Milford. 364 pages. 12s. 6d. net.

The Railway Mania and Its Aftermath, 1845-1852. By H. G. Lewin. (London) The Railway Gazette, 33 Tothill Street, S.W.1. 500 pages. 12s. net.

The International Grain Trade. By A. A. Hooker. (London) Pitman and Sons, Ltd. 142 pages. 7s. 6d. net.

The London Mercury and Bookman. Christmas Double Number December, 1936. (London) 10 Great Turnstile, W.C.1. 160 pages. 2s. 6d. net.

Report to Alberta Bondholders' Committee. By Courtland Elliott, J. A. Walker and James C. Thompson. (Edmonton). No price stated.

This is a report presented by Messrs. Courtland Elliott and J. A. Walker on the instructions of the Alberta Bondholders' Committee in Toronto. It concludes that the present sources of revenue of Alberta are sufficient, without increase in the funded debt, to meet the cost of the usual services of the Government and justify full interest payments.

Local Authorities: Internal Financial Control. By A. Marshall. (London) Institute of Public Administration, Bridge Street, S.W.1. 218 pages. 7s. 6d. net.

Mandates (with Particular Reference to Tanganyika). (London) Joint East African Board, Trafalgar Square, W.C.2. 14 pages. No price stated.

Catholics and the Civil War in Spain. (London) National Council of Labour, Transport House, Smith Square, S.W.1. 15 pages. 1d. net.

The A.B.C. of the Foreign Exchanges. 10th Edition. A Practical Guide. By G. Clare and N. Crump. (London) Macmillan and Company, Ltd. 393 pages. 5s. net.

Thy Neighbour. By Lord Melchett. (London) F. Muller, Ltd., 29 Great James Street, W.C.1. 288 pages. 7s. 6d.

The Moral Case for Free Trade. By C. J. L. Brock. (London) Cobden-Sanderson. 27 pages. 6d. net.

L'Equilibre dans les Relations Economiques Internationales. By A. Aftalion. (Paris) Editions Domat-Monchrestien F. Loviton & Cie. 466 pages. 60 frs.

Poverty and Population in India. By D. G. Karve. (London) H. Milford. 127 pages. 4s. 6d. net.

The South and East African Year Book and Guide for 1937, with Atlas. 43rd Issue. Edited by G. Gordon Brown for the Union-Castle Mail Steamship Company, Ltd. (London) Sampson Low, Marston and Company, Ltd. 1,126 pages. 2s. 6d. net.

Allgemeine Theorie der Beschäftigung. By John Maynard Keynes. German Translation by Fritz Waeger. (Munich) Duncker and Humblot, Maria-Theresia-str. 16. 344 pages. Rm. 14.

OFFICIAL PUBLICATIONS

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

Report of the Agricultural Research Council for the period October, 1933-September, 1935. Cmd. 5293. 2s. net.

Map to illustrate the Treaty of Alliance with Egypt of August 26, 1936. Cmd. 5308. 9d. net.

Imperial Economic Committee: Meat. A summary of figures of production and trade relating to beef, mutton and lamb, etc. 2s. 6d. net.

Annual Statement of the Trade of the United Kingdom with British and Foreign Countries, 1935, compared with the years 1931-1934. Vol. III. £1 net.

Statistical Abstract for the British Empire for each of the Ten Years 1926 to 1935. Cmd. 5298. 5s. net.

MONEY AND BANKING

THE BANK'S GOLD PURCHASE

ON the afternoon of December 15th the daily return of the Bank of England revealed that the Bank had bought £65 millions of gold—the record amount for any single purchase. The Chancellor of the Exchequer, in the House of Commons, described this as a temporary measure, and proceeded to announce that as the step by itself would mean a sharp and unjustified expansion of the credit base he had, at the request of the Bank, directed the reduction of the fiduciary note issue by £60 millions. He refused to explain in public the object underlying these huge and unprecedented operations, but assured the House that their effect would not be deflationary or prejudicial to trade revival.

The gold, obviously, can only have been purchased from the Exchange Equalisation Account, and the mechanics of the operation can be readily described. We may begin by setting out the Bank returns for December 9th and 16th:—

	Dec. 9th	Dec. 16th	Intervening
Issue Dept.:	£ mill.	£ mill.	Change
Gold	248.7	313.7	+ 65.0
Fiduciary issue	260.0	200.0	- 60.0
Note circulation	458.9	467.7	+ 8.8
Notes in reserve	49.8	46.0	- 3.8
Banking Dept.:			
Securities, etc.	110.7	116.6	+ 5.9
Reserve	50.5	46.6	- 3.9
Public deposits	17.5	10.4	- 7.1
Bankers' deposits	87.0	96.2	+ 9.2

On balance, there has been an expansion of £5 millions in the credit basis, but at the moment this has been more than absorbed by the week's increase of £8.8 millions in the note circulation, so that the Reserve has dropped by £3.8 millions. An increase in the Banking Department's securities and a drop in public deposits—both routine movements unconnected with this week's gold operations—explain the rise of £9.2 millions in bankers' deposits. All that can be said is that the gold operations only affect the Banking Department to the extent of £5 millions. Without them the Reserve would have been £5 millions lower, and in the absence of any changes elsewhere bankers' deposits would have been £5 millions less than they actually were on December 16th. Incidentally, valued at 140s. per ounce, the Issue Department now holds £517 millions of gold, equal to a 111 per cent. cover of the note circulation. Also this week's purchase was, at its full market value, £108 millions, so that the Exchange Equalisation Account has had to stand a loss of £43 millions in sterling.

The absence of any substantial change in bankers' deposits traceable to these operations shows that Mr Chamberlain was justified in describing them as non-deflationary. It is easy to detect their *raison d'être*. Last May we made a tentative attempt to assess the amount of gold then held by the Exchange Equalisation Account. We hazarded the guess that between January, 1935, and May, 1936, the Account had acquired about £150 millions of gold, but could find no reason to believe that the Exchange Equalisation Account was congested with gold to the point of discomfort. We pointed out, however, that the Account had a statutory limit of £375 millions, plus its accrued profits to date, and that at the contemporary rate of progress that limit might be reached at no very distant date. Since then the Account has admittedly made heavy sales of gold to the Bank of England, whose gold increased by £43 millions during the summer. But the Account must also have bought large quantities of gold from France. Since the devaluation of the franc there has been no considerable repatriation of French funds from London, but the Account may have sold gold to Holland. On the other hand, the Account has been requested to buy £38 millions of French gold during the past few weeks in order to cover the repayment of the French Government credit of £40 millions last February.

It is quite possible, therefore, that the Exchange Equalisation Account has lately become uncomfortably full of gold. If so, there were only two ways of obtaining relief. The first was the statutory enlargement of the Account by fresh legislation similar to that of 1933. The second and simpler way (for which there was equally a precedent in 1932 and early 1933) was that the Account should re-sell some of its gold to the Bank of England in exchange for Treasury bills. That expedient has, in fact, been adopted.

The effect on the money market will be very small. If the Treasury bills held in the Issue Department are normally acquired through the "tap," the Exchange Equalisation Account will in future apply for these £60 millions of bills through the "tap" and the Bank of England will cease to do so. If the bills were "tender" bills then, admittedly, there will be a gradual reduction of £60 millions in the "tender" issue (equal to £4.6 millions a week) and an increase in the "tap" issue. On the other hand, the Bank will eventually be tendering for £60 millions less of bills (equal, similarly, to just over £4 millions a week). The supply of and demand for Treasury bills at the weekly tender will be reduced *pari passu*, and the quantity of bills circulating in the market will remain unchanged.

On the other hand, once the Christmas currency has returned from circulation there will be an increase of £5 millions in the Bank's Reserve. Unless the Bank reduces its securities in the Banking Department, or unless public or "other" deposits are increased, this will cause an equal increase in bankers' deposits. To that limited extent credit will be easier, and the operation will be inflationary. There is, however, another possibility. It is not easy to interpret the relevant Act of 1928, but our own belief is that as long as the fiduciary issue does not exceed £260 millions, it can be raised in the direction of that limit by administrative action without the need for new legislation. For example, in a few weeks' time, the fiduciary issue might be raised from £200 millions to £215 millions. To do this, £15 millions of securities would be transferred from the Banking to the Issue Department, in exchange for £15 millions of notes to be added to the Reserve. Fresh Treasury bills could be acquired by the Banking Department to make good its surrender of securities. Whether these new bills were bought in the open market or taken up direct from the Treasury, the result would be an inflationary increase in bankers' deposits and the joint-stock banks' cash.

We stress this possibility for various reasons. One is the possible absence of Parliamentary control so long as the total fiduciary issue is not raised above £260 millions. The next is the fact that, whether or not the trade cycle has reached the stage of incipient boom, the demand for banking credit is certainly beginning to take up a larger part of the present supply. This last fact is suggested by the past year's growth in Bank advances, by the October drop in the Banks' cash ratio to just below 10 per cent., and by the more general fact that firmer money rates have appeared from time to time, as a result of causes which in earlier years might have passed unnoticed. Finally, given eventual trade recession as long as possible, and the prospect of heavy expenditure on re-armament, the Government may at least be tempted, sooner or later, to view complacently some expansion of the supply of banking credit.

This risk is at the moment hypothetical, and apart from it we can say unhesitatingly that these operations represent a normal, natural and proper working of the new monetary system evolved by us since 1931. Several times during the past year we have argued that the real function of the Exchange Equalisation Account is to act as a buffer between international movements of funds and our internal trade and credit. To-day it so happens that the Exchange Account cannot by itself withstand the shock, and so

the fiduciary note issue is being introduced as a subsidiary buffer. This procedure is to be commended, for it adds elasticity to our monetary system, and there ought to be nothing sacrosanct about the normal fiduciary issue of £260 millions. We go further than this. If Continental funds are repatriated from London, then the time may arrive when the Bank of England ought to replenish the Exchange Account's gold stocks, which will have been depleted by the Continental withdrawals. In that event, the Bank should surrender its gold freely and the fiduciary note issue should be increased; and this should happen without any disturbance to public opinion. We hope that Mr Chamberlain had this possibility in mind when he used the expression "temporary measure." We agree that its adoption shows that we hold unprecedentedly large gold reserves to-day, but we do not see that any inconsistency will have been established even if we begin to lose gold within the next few weeks and have partially to reverse this week's operations. The one danger of the greater elasticity implied by such movements is its possible abuse, and this must not be overlooked, especially at the present state of the trade cycle. With this reservation, we regard this week's gold operations as evolutionary in character. But we stress the fact that those responsible for our new and more elastic monetary machine must be able and willing to drive it properly.

FINANCIAL NOTES

The New French Loans.—The French Government have now bowed to the inevitable and have recognised that so long as penal taxation is imposed on the repatriation of privately-owned gold, no gold is likely to be repatriated. Last Wednesday M. Vincent-Auriol announced the revocation of the instructions, given to the French banks just before devaluation, to discourage all transfers of capital. Henceforward, all exchange dealings, both spot and forward, will be free. This liberty applies not only to capital movements but to investments. M. Vincent-Auriol then announced two new Government loans. The first is an exclusive offer to gold hoarders. They may subscribe in gold, on the basis of the old parity of Fr. 1 per 65.5 milligrammes of gold, but their scrip will bear interest at 3½ per cent. and will be redeemable at a premium of 40 per cent. in three years' time. By way of a further psychological appeal, all subscriptions and payments may be made anonymously, while owners of gold are not bound to tender it exclusively as subscriptions to the new loan, but may pay all or part of their gold to the Banque de France in exchange for a certificate. The second loan is offered exclusively to the holders of the baby bonds issued last July and August, who have since had the legitimate grievance that devaluation followed hard on the heels of the baby bond issue. They are now invited to convert at par into a new 4 per cent. loan redeemable in nine years' time at a premium of 40 per cent. On the whole, this represents a fair compromise between the political arguments against profiteering from devaluation and the more practical arguments in favour of offering some inducement for repatriation, but doubts are already felt if the inducement will prove sufficient. Also no offer has yet been directed towards the large hoards of French currency. In view of the urgent needs of both the Treasury and French industry for fresh funds, this week's offer may prove to be only the first movement of the Government.

Empire Trade with Germany.—With the object of developing trade in both directions between Germany and the British Empire, a new company has been formed in London under the aegis of two leading firms of merchant bankers, and with the title Compensation Brokers, Limited. The new company has a nominal capital and will act purely as an intermediary, being remunerated on a commission basis. The initial procedure will be to establish contact between a potential German exporter of, say, machinery, and potential buyers in the Dominions. Through the co-operation of the German authorities it may prove possible to make use of various blocked mark

accounts and to arrive at a price acceptable to both buyer and seller. Once this outward transaction is arranged, the company will proceed to arrange for a German purchase of, say, raw wool, and again steps will be taken to ensure that while the German importer pays an acceptable price in marks, the Dominion shipper receives the full world price in his own currency. Blocked mark accounts may again be used, but this time in the contrary direction. On balance, therefore, there will be no unfreezing of blocked marks, and the whole object of the scheme is to create new trade and not to liquidate past debts. The promoters of the scheme undertake that no export business will be diverted to German industrialists which might otherwise have come to England. They will also refuse to facilitate German imports of such raw materials as are exclusively used for re-armament. In principle, this scheme is worthy of support, but there is no need to warn the promoters of the many dangers and difficulties that can arise in connection with trade on a compensation basis financed by some form of aski-marks. Dr Schacht knows all there is to know about this form of trade, of which, indeed, he is the inventor. It may also be assumed that Mr Eden knew about the scheme when he said at Bradford on Monday that we cannot be expected to render help to others, either in the economic or financial sphere, if the only result of our action is to be a further piling up of armaments. The City shares this view very strongly, and this is another warning which the promoters of this new scheme should bear in mind.

The Foreign Exchanges.—It has been a fairly quiet week in the foreign exchange market. The main feature has been the strength of sterling following on the reduction of the fiduciary issue. Over and above this, however, the dollar has latterly been displaying a weakness of its own, and during the week the rate has moved from \$4.90½ to \$4.91½. As far as can be ascertained, nearly all the selling pressure has come from American sources, and there has been a general lack of buyers. The outward flow of francs has continued, but with the Control intervening the rate has not moved very much. Forward francs have been irregular and on occasion have moved out as far as Frs. 2½ discount for three months. Guilders, too, have been held by the Dutch Control and have moved narrowly between Fl. 9.02 and Fl. 9.00. There have been substantial dealings in guilders for the covering of forward positions falling due. On Thursday evening, however, the breakdown of the Anglo-Spanish Clearing Agreement was officially announced, and a Treasury order has been issued to the effect that debts due on goods imported into the United Kingdom after December 19th are not payable to the Anglo-Spanish Clearing Office.

The Money Market.—Money has been usable every day of the week, although nothing like stringency has developed. The Bank return shows an increase in bankers' deposits which has relieved the pressure on the banks' cash resources. Bill brokers have been good borrowers from the clearing banks, but one or more of the clearing banks has called on each day of the week.

	Nov. 26, 1936	Dec. 3, 1936	Dec. 10, 1936	Dec. 17, 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	1-1
Discount rates:—				
Treasury bills	1	1	1-1	1-1
Three months' bank bills	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.

† This week's rates were 1-1; 1-1; and 1-1½ per cent., for the three classes of loans, respectively.

Discount rates are firm, but they eased slightly on Thursday owing to the psychological effect of the Bank's gold purchases. The banks are not buying bills freely, and the effective rate for three months' bank bills is now practically 1½ per cent.

THE STOCK EXCHANGE

COTTON TEXTILE SHARES

Two articles published in *The Economist* of November 21st and 28th sounded the hopeful note that, during the depression period, Lancashire had progressed further with the process of adjustment than was generally realised. A measure of recovery, it was suggested, is in sight, given favourable conditions. The Spindles Act of 1936, which aims at elimination of surplus plant, is one contribution. Within the last few days the Egyptian section has obtained the necessary majority for a price agreement, backed by statutory force. Elimination of redundant plant and the maintenance of "economic" charges are being sought by the finishing section. Even a partial revival of export trade is not impossible. Although a wage dispute threatens in the spinning section, there is hope that settlement may be achieved without serious damage to the industry. Wages in this section account for about 50 per cent. of total costs, and in the weaving section for about 70 per cent. A 10 per cent. increase in wages, which is somewhat more than the present demand, would therefore increase spinning and weaving costs by about 5 per cent. and 7 per cent. respectively. Since the objective of the spinning section is to increase its margin by about 20 per cent., a moderate increase in wages would not impose a serious burden on recovery.

It must not be assumed, however, that Lancashire can envisage a recovery comparable with that of other post-war cripples—the steel, engineering and shipbuilding trades. Lancashire produces consumption goods which cannot enjoy an expansion of demand comparable with that of the capital goods trades. Her industry is still dependent on export markets for more than 50 per cent. of its piece-goods output, and must compete fiercely to retain those markets. Finally, it has yet to be seen whether the recent increases in spinning margins, and the similar increases at which other sections are aiming, will be maintained in the face of competition. Lancashire has preserved her relative share of the world's total cotton trade by allowing her prices to fall to the level demanded by competition. The Spindles Act and analogous redundancy legislation was designed mainly to reap the economies of full-time running of plant, and also to avoid the excesses of price-cutting. If, however, the trade uses its new powers substantially to increase its charges, overseas competitors may steal away the benefits otherwise obtainable. A skilful gradation of charges may concentrate the increases in the home market, and in Empire markets where Japanese competition is controlled by quotas. By this means lower prices could be quoted in free markets, and a net advantage would result—for a time at least.

Our recent general reviews of Lancashire's prospects showed that the American, or coarser, section of the spinning industry was now among the more hopeful departments. To the general investor outside Lancashire, this section offers only one substantial investment: the debenture stock of the Lancashire Cotton Corporation. This must be considered among the most promising of the Lancashire recovery holdings. Under the scheme which was recently approved, the existing debentures are to be converted as to 75 per cent. into a new 5 per cent. debenture, and as to the remaining 25 per cent. into a 5 per cent. preference stock which carries an option to convert into ordinary shares at any time up to March 31, 1951. By this means, investors obtain access to the equity of the chief American spinning concern. For the six months to April 30th last, profits amounted to £59,247, before depreciation or interest on the existing debenture stock, equivalent to nearly £120,000 in a full year. Depreciation at 5 per cent. on the Corporation's written-down assets would now require some £160,000 a year. It would appear, therefore, that a relatively modest improvement in the difficult conditions prevailing to last Spring would enable the Corporation to cover its costs, including a moderate depreciation

charge. The whole of the "recovery equity," accordingly, lies with the new debenture and share capital. The present output of the Corporation is not known, but when the original prospectus was issued in 1931, it was stated that, in full production, the mills would turn out some 300,000,000 lbs. of yarn annually. The Corporation then controlled 6,000,000 spindles, a total since reduced to 5,000,000. It would not be unreasonable, therefore, to assume a present potential output of some 250,000,000 lbs. of cotton. Consequently, if by economies of full-time working and by a modest increase in the margin, profits per lb. were increased by as much as a farthing, the annual addition to profits would exceed £250,000. In fact, the recent addition to margins has substantially exceeded a farthing, but part will be required for higher wages and part may prove transient. Nevertheless, additional profits of £250,000 a year would provide full debenture service, including sinking fund, which is not due to begin until 1942. In addition, such earnings would cover full preference dividends, leaving 5 per cent. on the ordinary stock. By the capital reorganisation the Lancashire Cotton Corporation has thus brought itself within reasonable expectation of dividends. It is not impossible that vigorous recovery would produce very satisfactory distributions. The capital valuation per spindle or per lb. of output is now well below the average for the industry. If the current offered price of about 88 can be considered to include £75 of the new 5 per cent. debenture stock at par, the balance represents a price of 51 for the new preference stock. At this level the stock clearly has possibilities.

The fine spinning section of the trade is already well known to investors through the great amalgamations. Among them Fine Cotton Spinners and Doublers stands out. Though the late-maturing troubles of the trade brought sudden depression upon Fine Cotton Spinners about 1929-30, and has uncovered both preference stocks since 1931, the Association has been able to provide £100,000 for depreciation each year, which, though its adequacy is questioned by the auditors, has sufficed to fend off the formidable arrears of depreciation which weigh on all other sections of the trade. Stocks absorb a large proportion of working capital, but the liquid position is good. In this connection it may be observed that as the fine spinners are denied, in the Egyptian market, the facilities for hedging which exist in the American market, they may now hope, on rising prices, to make inventory profits, as some compensation for the losses of previous years. Neither the Association, nor any other public company in the trade, can offer a capital-to-output ratio comparable with that of the reorganised Lancashire Cotton Corporation. Nevertheless, an improvement of ½d. per lb. in the Fine Spinners' margin would probably cover adequate depreciation and preference dividends. At 14s. 9d. and 10s. 9d. respectively the two preference issues, each of which carries arrears of 4s. 2½d. net, offer much better stakes in Lancashire recovery than does the ordinary stock at 10s.

The manufacturing section, so far as it is open to investors, is represented mainly by specialists. These concerns include such excellent producers of branded goods as Barlow and Jones, and Tootal Broadhurst Lee. Both can show an unbroken dividend record throughout the depression. Both will no doubt benefit from a general revival in Lancashire, but in each case current share prices appear to accord full recognition to that possibility. The manufacturing section, however, does include one bargain-hunter's share, the 7 per cent. cumulative preference of Joshua Hoyle. At the end of the present scheme of arrangement, a year hence, some £150,000 will be due to debenture holders. But throughout the depression the company has been able to avoid serious losses. The business is predominantly in the home trade, and the ~~last~~ chairman's

COTTON SECURITY PRICES

	Price	Arrears	Earnings	Dividend	Yield
		(Net)	%	%	%
Spinners:					
(a) American:					
Lancs. Cotton Corp. Deb.	87	...	...	...	...
(b) Fine:					
Fine Cotton Spinners:					
5% cum. pref.	14/9	4/2½	0.75	...	...
5% cum. pref. ord.	10/9	4/2½	Nil	...	...
Ord. stk.	10/-	...	Nil	...	...
Amal. Cotton Mills:					
7½% cum. £1 pref.	4/4½	13/4	Nil	...	...
Crosses and Winkworth:					
6% "Heaton" deb.	39	20½	Nil	...	...
Manufacturers:					
Barlow and Jones £1 ord.	33/10	...	5.9	5½	3.4 gross
Tootal Broadhurst £1 ord.	54/-	...	18.4	10	3.7
Josh. Hoyle 7% cum. pref.	8/9	7/8	Nil	...	...
Finishers:					
Bleachers 5½% cum. pref. stk.	12/9	2/11	Nil	...	...
Do. Ord. stk.	7/9	...	Nil	...	...
Brit. Cotton and Wool 5/- ord.	6/9	...	7.6	6½	4.9
Bradford Dyers 5% cum. pref.	12/6	3/0½	Nil	...	...
Do. Ord. stk.	9/4½	...	Nil	...	...
Calico Printers 5% cum. pref. stk.	13/9	1/1½	Nil	...	...
Do. Ord. stk.	11/1½	...	Nil	...	...
English Velvet & Cord 5% cum. £1 pref.	9/4½	1/1½	Nil	...	...
Do. £1 ord.	6/10½	...	Nil	...	...
Yorks. Dyeing & Proofing ord 10/-	14/1½	...	14.7	8	5.7

† Of which 2½ per cent. tax free.

speech showed that the company has a distinct interest in the redundancy schemes.

Other characteristics are shown by the group of textile finishers. Like the fine cotton spinning section, this group includes a number of old-established and well-known combines of the first magnitude. Their trade is almost entirely on commission, so that large sums are not absorbed in stocks. Consequently, the liquidity of each of the leaders is good, and in the case of Calico Printers may be fairly described as excellent. There is no doubt that if future earnings were forthcoming they would be distributed. But during the early 'twenties the finishing trades were making profits, on a smaller volume of business, substantially higher than those of pre-war days. It might, therefore, be unwise to judge recovery possibilities by the super-normal profits of the middle 'twenties alone. Moreover, the yardage of business available has fallen steeply and permanently since those days. The following table shows, as a percentage of the 1924 level, the yardage of goods now finished in each of the three sections of the trade, the average charge made, and a combined index to include the two movements:—

	1924 = 100 Yardage Index	Charges Index	Combined Index
Cotton piece goods:			
Bleached only	52	85	44
Dyed only	87.5	61	53
Printed	76	71.5	54

It would appear that the bleachers offer the smallest prospects of revival, while dyers and printers have preserved a higher proportion of their volume, and have apparently more room for raising their charges. Investors may conclude, therefore, that of the "recovery" stocks Calico Printers is most promising, with the preference stock standing at 13s. 9d. cum 1s. 1½d. net of arrears. Bradford Dyers preference standing at 12s. 6d. cum 3s. 0½d. arrears has also possibilities, while Bleachers preference standing at 12s. 9d. cum 2s. 11d. net of arrears should probably be ranked after these two. The ordinary issues of these concerns appear to be priced too highly by comparison with the preferences. The group also includes two stocks of investment standing, British Cotton and Wool Dyers 5s. ordinary shares, and Yorkshire Dyeing and Proofing 10s. ordinary shares. As the above table shows, both stocks offer a fair yield at present prices.

Recovery in Lancashire, however, is still "just around the corner," rather than an accomplished fact. But the improvement in the basic factors which determine the profitability of all sections of the cotton industry is slowly making itself felt. No reasonable investor can anticipate a return to the classical prosperity of pre-war days, nor a recovery as steep and spectacular as that of the steel industry since 1932. If, however, the coming year gives further evidence that Lancashire is translating the promise of recovery into fact, the opportunities outlined in this article may kindle the market's interest in our last remaining depressed industry.

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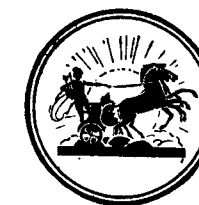
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INVESTMENT NOTES

After the Crisis.—After a display of exemplary fortitude in wholly unprecedented circumstances, the Stock Exchange accepted the abdication of King Edward VIII with personal regret, and the accession of King George VI with profound thankfulness. Appreciation of the former King's strength of will merely increased the House's relief that all danger of a clash between Crown and Parliament had passed. The recovery in market sentiment was attested by a rise in the *Financial News*' Ordinary Share Index from 119.1 on December 9 to 122.6 on December 16th, but the Index is still appreciably below its peak level of 124.9 a month ago. Professional operators do not like the three weeks' Christmas account, and investors are waiting for the inevitable batch of New Year diagnoses and forecasts before taking more definite steps. The general situation is far more complex than it was a year ago. In a world of changes two things stand, at the moment, like stone. One is the persistent rise in primary commodity prices; and the other is re-armament. The boom in commodities is, in a sense, the fulfilment of what has been the Government's avowed policy ever since Ottawa. And, under the present dispensation of world trade, it may be the most effective of all means of bringing about a revival in British exports. But investors are not entirely convinced that the various restriction committees have the power—even where they have the will—to function as effective sky-pilots. And at home the possibility of rising costs provokes two reflections. Would it not have been more considerate of the pace-makers in the European arms race so to have timed the firing of the pistol that re-armament activity and trade activity should not collide on the straight? And will the rise in prices, if prolonged, have any repercussions on the rate of interest, and on the levels of gilt-edged stocks?

Railway Rebates Loan.—The Railway Freight Rebates Fund loan issued by the Railway Clearing House this week closely follows the general lines suggested in *The Economist* of November 28th. The "insolvency" of the Rebates Fund to meet the railways' over-payments of rates, for which the issue provides, has been analysed in detail on earlier occasions. Its solution has afforded the corporate investor one of the most interesting securities of recent times. The loan consists of some £9,300,000 of 2½ per cent. stock, redeemable between 1937 and 1952, and offered for sale at 94 10s. per cent. Its immediate attraction, therefore, is a flat yield of £2 12s. 11d. per cent., and redemption yields of no less than £3 5s. per cent. to the average date of repayment 8½ years hence, and £2 18s. 9d. per cent. to final redemption. Loans of such short effective life, issued at a significant discount, are all too few for the market's needs. Further, the application of a cumulative sinking fund at the high rate of 5.12 per cent. implies repurchase on such a scale, so long as the stock remains below par, that fairly prompt appreciation in the stock towards that level is reasonably to be expected. In terms of security, the stock will rank as one of the best non-trustee issues extant. Its service is covered by the railway companies' payments into the Railway Freight Rebate Fund, which are obligations ranking among their working expenses and are treated as payments of rates. On the basis of the contributions fixed for the 1936-1941 quinquennium, the annual requirement for interest and sinking fund (£708,807) will be met more than three times by the annual sum of £2,330,000 payable by the companies into the Fund during the period. The loan, therefore, appears to be more than adequately covered, except on the supposition that two-thirds of the income of the fund is likely to disappear. This, however, can be ruled out as a practical consideration, for even where the railways' rating assessments would be reduced to nil, on the strict letter of the law, the companies concerned have agreed to reasonable assessments. The companies themselves have applied for £4 millions of the issue on underwriting terms. Incidentally, as this procedure will postpone the repayment of nearly two-fifths of the sums due to the companies, it may provide a clue to their intentions over the allocation of the total repayments between reserves and dividends to stockholders.

Industrial Profits in November.—Industrial profits continue their advance, and the reports published in November show a rise of 13.49 per cent. over the previous year. As in October, this rate of improvement is less steep than for 1934-35, but the trend of the percentages is not yet conclusive. It suggests only that recovery has become more general, and less dependent on a smaller number of outstandingly good results. The following table shows the rise in profits for the past seventeen months:—

Reports published in	No. of Companies	Rise in Profits*	Reports published in	No. of Companies	Rise in Profits*
1935—			1936—		
July	232	13.44	March	236	17.39
August	38	5.93	April	254	9.66
September ..	77	9.28	May	269	9.41
October	166	29.19	June	214	13.50
November ..	160	17.47	July	228	15.69
December	159	12.27	August	47	14.21
1936—			September ..	107	12.32
January	128	13.66	October	146	18.09
February	205	9.00	November ..	177	13.49

* After payment of debenture interest.

The total net profits covered by the November reports amounted to £15,591,516, compared with £13,737,907 for the preceding year. Of this increase iron, coal and steel, and the motor and cycle industries together account for £1,043,781. Textiles are still not sharing in the general trend, but the month's loss was due entirely to the disappointing British Celanese results. Rubber companies, while making only the usual modest contribution to the total, now reveal a more uniform improvement. The total profits include no less than £3,782,949 from 23 breweries, though this represents a net increase of under £260,000.

Building Society Reports.—Recently published building society reports show an increase in advances, though the results are now being presented with a word of caution. The directors of the National Building Society point out that a record expansion cannot take place every year, while those of the Woolwich Equitable Building Society refer to growing competition among the societies and also to the prevailing low interest rates, which seem likely to continue. The National Building Society's warning is merited, for the increase of 35 per cent. in advances—from £5,259,422 to £7,126,396—during the latest year cannot be repeated indefinitely. Out of a balance of profit amounting to £1,159,806, interest absorbs £853,479, while £291,303 is placed to reserves. The report refers to the growing demand for houses encouraged by rising wage distributions, which may be expected to contribute to the spread of improved housing conditions and ownership in the lower income groups. The Woolwich Equitable Building Society, on the other hand, records a slower rate of progress. Advances totalled £7,462,762, compared with £7,158,855 in 1934-35 and £6,403,957 in 1933-34. The "C" shareholders have been notified that in view of the low interest rates now obtainable, the additional bonus must be discontinued in the coming year. Some diminution in the volume of business is foreshadowed in the directors' report. It is satisfactory that the building society movement is considering its policy in the light of present indications that some decline in residential building is approaching. Industrial building progress continues, but the value of plans for dwelling houses approved in the first nine months of this year amounted to £57,090,000, showing a reduction of nearly £800,000 compared with the corresponding period of 1935. The problem of providing additional business for the building societies may shortly become very relevant.

Actuaries' Investment Index.—The general recovery in the market this week is reflected by a rise in the Actuaries' Investment Index of 178 industrial ordinary shares to 89.9, compared with 89.3 a week ago and 91.6 at the time of the mid-November boomlet. These indices are based on end-1928 prices. The corresponding yield figures are 3.70 per cent., both this week and last, and 3.54 per cent. a month ago. A selection of component indices is given on the next page.

Group (and No. of Companies)	Prices (December 31, 1928 = 100)			Yield (%)		
	Month ago (Nov. 17, 1936)	Week ago (Dec. 8, 1936)	This week (Dec. 15, 1936)	Month ago (Nov. 17, 1936)	Week ago (Dec. 8, 1936)	This week (Dec. 15, 1936)
Building materials (5)	107.4	103.0	104.9	4.67	4.88	4.79
Coal (7)	117.6	117.5	118.3	3.07	3.18	3.18
Cotton (6)	48.5	46.7	48.1	1.97	2.00	1.99
Motors (5)	60.9	58.5	59.2	3.70	3.99	3.95
Oil (5)	92.0	88.9	93.1	2.95	3.06	2.91
Home Rails (4)	87.9	80.9	83.4	1.25	1.28	1.24
Breweries & Distilleries (21)	160.5	156.9	159.1	3.73	4.02	3.97

Except for the commodity share groups this week's rise has restored the larger part of the previous week's fall. The oil share index, however, differs from the rest, for it is now at the highest level in many months.

COMPANY NOTES

Boom in Rubber Shares.—The International Rubber Committee is being sorely tempted to believe that the normal processes of supply and demand have ceased to be relevant to the industry. Tuesday's announcement of an average release of 77½ per cent. during 1937 was followed by a jump in the commodity, on Wednesday and Thursday, to 9½d. per pound, and also by eager public purchasing of rubber shares. It proved the signal for heavy buying by consumers, particularly in the United States, who are becoming increasingly anxious regarding the depletion of stocks. Further rises of this order cannot fail to promote the criticism that the Rubber Restriction Scheme, with the very best intentions, is succumbing to temptations which, in a rising market, beset all controlling authorities which consist predominantly of producing interests. Cautious voices on the producing side, indeed, are already stressing the need for moderation. Further rises—always dangerously sharp when stocks are sub-normal as at present—would have a very undesirable effect upon consumption in the long run. Again, in taking a somewhat short view of the potential demand, the Committee may have unwittingly prejudiced the interests of the plantation industry. The latter, indeed, having been given short notice of the 70 per cent. release, has been allowed even less time to arrange for 75 per cent. production from January next. In short, the only immediate safety-valve is the lowering of the export tax on native production. Far more important, however, than any present "squeeze" is the question of future capacity. We urge the most serious consideration by all concerned of the question whether the time has not come for lifting the ban on new planting. If world consumption maintains its long-term trend, a most dangerous deficiency of efficiently produced supplies may otherwise result in six or seven years' time, which no mathematical manipulation of quota percentages will obviate. Meanwhile, no investor will deny that with rubber averaging 9d., costs at 5d., and production at 77½ per cent., the majority of estates would earn highly satisfactory profits. The following table, for typical companies, may be compared with that given in our leading article as recently as November 28th:—

Company (latest accounts all Dec., 1935) and denomination	Estimated earnings, with 70% quota and 8d. price	Prospective rise in earnings on 1d. rise in rubber (70% quota)	Prospective full year's earnings on 77½% quota, 9d. price, as % of equity capital	Share prices		Yield: latest dividend	Potential earnings yield
				Nov. 26	Current		
Batu Tiga.....(£1)	13.2	3.9	18.9	s. d.	s. d.	%	%
Cheviot.....(2s.)	14.8	3.7	20.5	38 9	42 6	2.9	8.8
F.M.S.....(£1)	13.1	3.4	18.2	5 0	5 4½	2.8	7.6
Labu.....(£1)	17.4	3.7	23.4	37 6	40 0	3.0	9.1
Pataling.....(£1)	16.5	4.0	22.6	56 10½	62 6	3.2	7.5
United Sula Betong.....(£1)	17.6	5.0	25.0	39 4½	46 8	3.0	9.8
				70 0	80 0	2.5	6.3

The third column gives an estimate of equity earnings on a 77½ per cent. quota over a full year, with rubber at 9d. per lb. Even after the sharp rises of the past three weeks,

estimated earnings yields of less than 7½ per cent. are unusual. Evidently, the industry faces a very satisfactory year, in terms of profits, but these fruits may turn to ashes unless the industry is governed in its real long-term interests.

Commodity Share Rises.—In other commodity share markets, besides rubber, the effects of rising prices have been operative this week. The results confirm the suggestion, now being expressed with increasing frequency, that as the steep recovery in industrial profits gives place to a more moderate rise, owing to increasing materials costs, the stronger forces of appreciation will be felt by producers of primary products. Such considerations have been at work in the base metal share groups and among oil shares. On Monday lead touched a new high level of £26. On Tuesday copper jumped 17s. 6d. to £46, and spelter to £18 12s. 6d., also new "highs" for the recovery movement. Between Monday and Thursday tin jumped from £231 15s. to £236 15s. Some typical base metal and oil share movements are examined below:—

Share (and Denomination)	Dec. 11	Dec. 14	Dec. 15	Dec. 17	Rise this week
Rhokana (£1)	11½	11½	12½	11½	½
Roan (5s.)	65/6	66/-	67/6	66/6	1/-
Rho. Anglo-American (10s.)	29/3	30/1½	31/6	30/9	1/6
North Broken Hill (5s.) ...	51/3	53/9	57/6	58/9	7/6
Broken Hill South (5s.) ...	32/6	33/9	36/3	36/3	3/9
Zinc Corporation (10s.) ...	100/-x	105/-x	112/6x	116/3x	16/3
Ipo (16s.)	37/6	37/6	37/6	38/9	1/3
Malayan T.D. (5s.)	46/-	45/6x	45/6x	46/9x	1/4½
S. Malayan (5s.)	31/-	31/-x	31/6x	32/9x	2/3
Sungei Besi (4s.)	33/-	33/-x	32/9x	34/-x	2/-
"Shell" Transport (£1) ...	6 ½	6 ½	6 ¾	6 ¾	½
Apex Trinidad (5s.)	29/9	30/7½	32/-	32/-	2/3
Anglo-Iranian (£1)	4 ½	4 ½	4 ½	4 ½	¾

Lead-zinc issues appear to be attracting support from speculative investors, who regard their prospects as only



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one degree less propitious than those of the Rhodesian copper producers. The reduction of the tin quota to 100 per cent. for the first quarter of 1937 has produced no market reactions, since a fall in the total output of the industry is not anticipated. The encouraging prospects for the industry were underlined by Mr C. V. Stephens at the Malayan and Southern Malayan Tin Dredging meetings this week, and recorded with equal confidence in the share market. For oil shares, the bird is still in the bush, and waves of uneasiness on the part of nervous French operators have prevented the major advance which was promised earlier. Yet the market is confidently awaiting the benefits of rising prices for American crude oil. Already certain "independents" have announced price increases, and the major companies are widely expected to follow. Even potential dividend yields, among the leading shares, are, however, little in excess of 4 per cent. and a search for better possible returns, among Trinidad and Ecuadorian issues, particularly, has accompanied the faithful support of the high-priced leaders.

Turner and Newall Prosperity.—This company's accounts take a high place among the year's most impressive reports. Turner and Newall ordinary stock units have been a favourite industrial investment throughout 1936, and the advance from 70s. 3d. earlier this year to the present level of 113s. is fully justified by the results, which received preliminary comment in *The Economist* of November 28th. The rate of increase in the total profits of Turner and Newall (which, incidentally, represent the group's net profits) is 43 per cent., compared with a mere 6 per cent. advance in the preceding year. And even these disclosed results have been conservatively computed. Once again, nearly £260,000 have been provided for depreciation by all the undertakings, and large sums have been spent on maintenance. In this light, the past year's progress, which has produced equity earnings of 22.2 per cent., against 14.2 per cent., is the more impressive:—

	Years to September 30th		
	1934	1935	1936
Profits, including profits less losses of subsidiaries	889,842	941,744*	1,343,527*
Directors' fees	3,500	3,407	3,045
Depreciation	130,737†	113,598	120,418
Income tax	41,377	44,114	56,756
Pension fund	10,000	10,000	10,000
Preference dividends	101,098	101,098	101,098
Ordinary shares:			
Earned	603,130	669,527	1,052,210
Paid	484,394	605,492	874,689
Earned %	13.2	14.2	22.2
Paid %	10	12½	17½
Reserve	94,349	100,000	200,000
Carried forward	130,513	94,548	99,069

† Includes £23,097 mines amortisation. * After charging mines amortisation.

Like Tube Investments, the company has made a substantial new issue of capital for extending its activities. This is, perhaps, the feature of most interest to stockholders. From the chairman's speech (circulated with the report) it is evident that, in almost every branch, the company's capacity for the home market has been taxed. Asbestos textiles, brake linings, welding products, and asbestos pipes and cement—all these record exceptionally good progress. The company, then, having assured its raw materials supplies, has developed its manufacturing businesses in this country to a high pitch of efficiency. That work is to continue—extensions to the asbestos cement and to the enlarged Rochdale works are already contemplated. But a large part of the new issue proceeds is required for overseas operations. The new Havelock Asbestos property is to be opened up, replacing the Amianthus Mine, which is now nearly worked out. In addition, it is proposed to acquire the balance of the shares (about one-third of the total) and all the bonds of Keasbey and Mattison, which has been completely reorganised since Turner and Newall acquired their

interest in 1934. Thirdly, two additional factories are to be constructed in India. Geographical extension of the manufacturing plants has become, in fact, a leading feature of the company's policy. It is announced this week that British Oxygen has acquired the Turner and Newall interest in Quasi-Arc. Although earnings must inevitably be subject to the swing of constructional activity, expansion is likely to be the keynote for some time to come.

R. M. Realisation.—There have been no dramatic developments in the position of the Royal Mail and Elder Dempster Realisation Companies since we discussed their prospects on February 8th and May 30th last. The market prices of the ordinary stocks, especially those of R.M. Realisation, have, however, risen sharply. At present R.M. are quoted at 62s. 6d. and E.D. at 56s. This rise has undoubtedly been inspired by the improved outlook for the operating company, Royal Mail Lines. In our former calculations, the shares of this company were taken at par. They showed earnings of 6.2 per cent. and paid a dividend of 3½ per cent. in respect of 1935. Although the figures for 1936 may show some further modest improvement, nothing sensational is expected, and the market's optimism has been based largely on the brighter long-term prospects of the shipping industry as a whole. The Argentine Agreement will not particularly help the valuable meat trade of the Nelson Line. On the other hand, increased passenger receipts may follow the holding of the Coronation and the re-engining of the "Asturias" and the "Alcantara," thanks to which the company's "A" ships now take only one day longer to Europe than their German competitors, against four to five days previously. On the other hand, the company must sooner or later face a fairly large rebuilding programme. It was recently announced, for example, that a new ship for the North Pacific route, involving an investment of perhaps three to four hundred thousand pounds, had been put in hand, and it is understood that a new "A" class vessel, which would involve, say, a million and a quarter, is also under consideration. At the date of the 1935 balance sheet, the company had net current assets of £1,305,319, and gross earnings, less outpayments, have added possibly another half million during 1936. On the whole, given the present outlook, an assumed price of par for Royal Mail Lines looks too conservative—though some recent estimates of 35s. or so appear equally wide of the mark on the other side. Even allowing for changed shipping prospects, a price of 27s. would appear fully reasonable. This represents to the R.M. Realisation an extra 7s. per share on 1,040,000 shares directly held and an extra 4s. per share on 1,760,000 shares held by the Nelson Company, representing the surplus over the bills and accrued interest which have to be first discharged. This gives a total increment of £716,000, or 14s. 4d. per share of the Realisation Company. Each additional rs. on the price represents 2s. 10d. per R.M. Realisation share. Incidentally, the Realisation Company's contingent equity in the 1,200,000 Royal Mail Lines shares held by the Meat Transports Company is probably of no practical importance, since the charges thereon, with accrued interest, may well approximate to about 50s. per share.

Indian Investment Prospects.—The issue of first and convertible debentures and ordinary shares by the Indian Iron and Steel Company this week has been eagerly subscribed. Reference was made on page 20 of the Survey of India, published with *The Economist* last week, to the range of Indian investment opportunities open to the British investor, and in particular to the improved organisation of the Indian steel industry, which this merger will facilitate. Although reasons of space prevented the tabulation in our Survey of the results of some of the leading Indian concerns, they show, in fact, an impressive record. Accordingly, we give below the combined profits record of Indian Iron and Steel and Bengal Iron, based on this week's prospectus, the earnings of two leading banking

institutions, a public utility concern, and a jute manufacturing company:—

Company (and date of accounts)	Total profits	Net profits	Ordinary shares				Yield (%)
			Earned	Paid	Price (and denom.)	s d.	
Indian Iron and Steel (Mar. 31) 1934 1935 1936	£ 120,099 171,242 286,441	£ 43,827† 92,793† 175,084†	%	%	Rs. 10	38 0	(a)
Mercantile Bank of India (Dec. 31) 1933 1934 1935	161,697 173,398 174,268	146,697 161,398 162,266	14.6 16.4 16.5	12 12 12	£15½ (5s.)	3 18 6	
National Bank of India (Dec. 31) 1933 1934 1935	450,783† 460,310† 457,569†	400,783 410,310 407,569	20.0 21.2 21.1	20 18	£47 (25s. 12½ pd)	4 15 6	
Calcutta Electric Supply Corp. (Dec. 31) 1933 1934 1935	1,042,868 1,154,753 1,223,764	321,913 344,296 362,781	16.28 15.0† 15.2*	12½ 12*	55 0 (£1)	*4 8 6	
Victoria Jute (Dec. 31) 1933 1934 1935	72,424 71,900 64,615	61,982 59,772 50,564	15.5 14.6 12.2	15 15 10	41 3 (1)	4 17 0	

* Tax free. † After depreciation, before charging interest. ‡ After management expenses. § Gross. (a) Potential earnings yield, subject to reserves and sinking fund (when inaugurated), 15 per cent. on issue price.

A striking stability of earning power is shown by the two banking concerns represented in the table. The Mercantile Bank of India, indeed, is now disclosing a rising trend in its published profits. Its dividend rate has been maintained at 12 per cent. since 1930. In addition to its Indian business, this institution has branches in Burma and Ceylon, and an important connection with Malayan trade, which has considerably improved during the past year as a result of increased production and rising prices for tin and rubber. Between 1933 and 1935, deposits increased from £12,248,000 to £13,917,000. The "C" shares, which are fully paid, provide the satisfactory return of £3 18s. 6d. per cent. The National Bank of India, after maintaining a 20 per cent. dividend for many years (tax free up to 1930) reduced the rate to 18 per cent. for 1934. Low interest rates, coupled with trade handicaps, contributed to this decision, and in March last the chairman took a cautious view of prospects. The higher yield shown on the bank's shares is largely attributable to their uncalled liability. The present valuation of Calcutta Electric shares reflects, in part, market uncertainty as to the outcome of the Bengal Government's recommendations for reductions in the company's tariff, which would cost £225,000 annually. Meanwhile, the Corporation of Calcutta has given notice, in terms which the directors do not regard as valid, of its intention to purchase certain parts of the undertaking in 1938. The company's progress has continued to be satisfactory, despite depression in the jute industry, which involved a reduction in the dividend of Victoria Jute from 15 to 10 per cent. for 1935.

Argentine Railways and the Peso.—Accompanying the open discussion of the freeing of the peso exchange this week, a minor boom has been staged by Argentine rail stocks and by the shares of companies operating in the Republic. Any step which enables the companies to remit pesos on less expensive terms must be welcomed, provided that the appreciation of the peso is not carried to the point at which Argentina's external trading position is affected. Liberation of the peso would have the greatest significance for holders of the railway stocks. During this year the railways have enjoyed special exchange privileges, whereby they have remitted at a rate 5 per cent. above the official buying rate—representing an effective rate of \$15.75 to the £, compared with over \$17 to the £ in previous years. But their exchange differences since 1931 have consisted of two distinct parts. The first are losses sustained on the year's remittances; the second includes reserve against the depreciation, in terms of sterling, on the net current assets held in pesos. The first category are forever bygone, but already some credits have been taken for the subsequent appreciation of peso current assets, and further credits are to be expected owing to the recent appreciation of the currency. Investors, therefore, may be interested in the magnitudes involved, since substantial sums were first

Preliminary Notice.

KINEMAS LIMITED

(Incorporated in the Union of South Africa)

Authorised. SHARE CAPITAL
£400,000 IN 1,600,000 ORDINARY SHARES OF 5/- EACH Issued or to be issued. £400,000

LOAN CAPITAL
£475,000 5½ PER CENT. FIRST MORTGAGE DEBENTURE STOCK £475,000
£50,000 6 PER CENT. UNSECURED NOTES £50,000

(The principal premiums and interest on the 5½% Stock will be payable in Sterling of the United Kingdom.)

The lists will open and close on Tuesday, 22nd December, 1936, for an

ISSUE OF £475,000 5½ PER CENT. FIRST MORTGAGE DEBENTURE STOCK AT 100 PER CENT.

The Stock is redeemable by a 2% annual cumulative Sinking Fund commencing in 1939 and operating by purchases at or under 102 or drawings at 102%. The Company will have the right at any time after 1939 to redeem the whole of the Stock at 104%.

The Prospectus will show, *inter alia*, that:—

(1) The Company carries on the business of:—(a) owners, through its subsidiaries, of cinema theatres which are let on long leases, and (b) owners of investments in cinema theatres and film distributing companies.

(2) In 1932, to avoid unprofitable competition, the Company and its chief competitors African Theatres Limited and African Films Limited, effected an amalgamation by (a) transferring their entire businesses as going concerns and leasing their respective theatres to African Consolidated Theatres Limited and (b) transferring their film distributing interests to African Consolidated Films Limited.

These two Consolidated Companies own or control the greater part of the entertainment industry of Cinemas, Theatres and Music Halls in Africa south of the Equator.

The Company owns 22 per cent. of the share capitals of each of the Consolidated Companies. The revenue received from them in the year ending 30th June, 1936, was £44,440.

(3) Freehold Properties.

The Company's five subsidiaries own five freehold properties consisting of modern super-cinema theatres with shops and offices, all in prominent positions, in Cape Town, Kimberley, Johannesburg and Pretoria. These five Cinemas are let to African Consolidated Theatres Limited for terms of 40 years from 1st November, 1936, at rents aggregating £45,227 15s. 0d. yearly.

(4) Assets.

The Company's Net Assets total £831,088 sufficient to cover the nominal amount of the Debenture Stock approximately 1½ times. Included in the above Assets are Freehold Properties, Plant, Fixtures and Fittings, which stand in the Company's Books at £565,313 and have been valued at £699,050.

(5) Profits. The auditors' certificate shows the combined profits after depreciation and management, but before charging Income Tax and interest on loans to be repaid or already repaid:—

For the year ended 30th June 1933	£39,310	14 6
" " " " " 1934	58,881	10 6
" " " " " 1935	64,425	6 3
" " " " " 1936	78,397	9 8

The profits for the year to 30th June, 1933, were for the first complete accounting year after the amalgamation.

The above figures show that the profits for the year to 30th June, 1936, amounting to £78,397, are sufficient to cover the interest (£24,937 10s. 0d.) on the Debenture Stock now being issued OVER THREE TIMES.

The Directors estimate that the profits for the current financial year, ending 30th June, 1937, will amount to £83,000 after providing for all management expenses. As a steady improvement in revenue from the Consolidated Companies is anticipated, profits should, in the Directors' opinion, be substantially increased in future years.

Prospectuses and Application Forms are now available from:—

LLOYDS BANK LIMITED, 39, Threadneedle Street, London, E.C.2, or any of its Branches; and from the Brokers,

MYERS & CO., 19, Throgmorton Avenue, London, E.C.2, and Stock Exchange.

charged for the year to June, 1931. The following table, accordingly, analyses the exchange differences of the four principal companies under the two headings:—

ARGENTINE RAILWAYS—ANALYSIS OF EXCHANGE PROVISIONS, 1931-36

Years to June 30	B.A. Gt. Sthn.		B.A. Western		B.A. & Pacific		Cent. Arg.
	Remittances	Floating Assets	Remittances	Floating Assets†	Remittances	Floating Assets	
1931 ...	£ 632,560	430,892	197,039	103,848	430,829	£ 789,915	
1932 ...	527,820	631,657	303,996	Cr. 12,413	476,500	1,013,875	
1933 ...	524,540	249,349	40,277	102,826	182,524	365,480	
1934 ...	896,589	551,145	259,242	88,120	664,719	1,004,818	
1935 ...	1,736,071	Cr. 183,348	438,464	Cr. 127,920	915,881	Cr. 112,820	1,228,623
1936 ...	1,364,657	Cr. 190,675	330,023	Cr. 66,268	985,586	Cr. 276,527	1,021,079
Total ...	5,421,937	1,489,020	1,569,041	98,193	3,636,039	114,198	5,423,790

* Of which £317,047 for previous years charged to general reserve.
† Includes "Other exchange differences."
‡ No specific provision made. Depreciation amounted to £135,000, June, 1932; £235,000, June, 1933.
§ Provision for exchange differences, including loss on remittances.

It will be seen that B.A. Great Southern has made the largest provision against the depreciation of its peso current assets. The B.A. Western figures under this head include "other exchange differences," and the credits taken into the last two years' accounts leave only a small balance. B.A. and Pacific, similarly, has recouped the major part of the large reserve made in the 1933-34 accounts, while the Central Argentine provision is not specifically analysed.

Relief for the Railways.—In the light of the facts discussed in the preceding Note, investors in Argentine railway stocks may expect relief from exchange losses from two sources. On remittances, a free exchange slightly above their present preferential rate would considerably reduce last year's remittance losses, which for the first six months resulted from an average exchange of rather over \$17 to the £. It may be emphasised, however, that at any "free" rate of \$16.40 or over no net advantage would result. Secondly, the crediting of sums no longer needed against depreciation of current assets will depend upon the present level of these peso accounts and upon the peso rate if and when the exchange is freed and stabilised. Our figures suggest that B.A. Great Southern and, perhaps, Central Argentine, may be the chief beneficiaries, though not, of course, to the extent of the totals shown in the table. These represent depreciation from a parity which will, in all probability, never be seen again. Meanwhile, the apparent safety of the wheat crop is encouraging the liveliest expectations of the second half-year's traffics, and has produced all-round rises in all the stocks—from marginal preferences to wholly uncovered ordinaries. The speculative investor may well confine his interest in Argentine recovery to the former class.

Further Rand Dividends.—The December declarations of the largest of the Kaffir groups, the Rand Mines Central Mining undertakings, prove on the whole slightly disappointing. The cut in the Consolidated Main Reef distribution is more than had been expected, although the payment is above that of a year ago, and makes the total for 1936 substantially higher. The decline in the value of the ore treated provides the chief explanation for the half-year's reduction. In the case of New Modder, the same factor, plus the incidence of taxation, necessitates a fresh cut in the dividend, and consequently the total for the calendar year shows a substantial fall. On the other hand, Durban Deep, by expanding its scale of production, has been able to maintain its dividend rate upon an increased capital. In view of the record returns announced some months ago, a further increase in the East Rand Proprietary distribution was generally expected, but it is not forthcoming, although the year's total compares favourably with that of 1935. Nourse maintains the higher rate declared in June. Rose Deep makes the largest distribution for a considerable time. Reduced capital outlays would appear to account for this increase. While

Crown Mines makes no increase in the preceding half-year's distribution, the total for 1936 is well above that of 1935. The latest payments, with comparisons, are set out in the accompanying table:—

	Dec. 1935	Total 1935	June 1936	Dec. 1936	Total 1936
<i>Rand Mines—Central Mining:</i>					
City Deep	1/-	2/-	1/-	1/-	2/-
Consolidated Main Reef	2/6	4/9	3/6	2/9	6/3
Crown Mines	9/-	17/-	9/6	9/6	19/-
Durban Deep	1/3	2/3	1/-	1/3	2/3
East Rand Proprietary	1/6	2/9	1/9	1/9	3/6
Geldenhuis Deep	2/-	4/-	2/-	2/-	4/-
Modder "B"	1/6	3/-	1/3	1/6	2/9
Modder East	2/9	5/3	3/6	3/-	6/6
New Modder	5/6	10/6	4/3	3/6	7/9
Nourse	2/-	3/9	2/6	2/6	5/-
Rose Deep	-/6	1/-	-/6	1/-	1/6
<i>Union Corporation Group:</i>					
East Geduld	4/6	8/9	4/9	4/9	9/8
Geduld Proprietary	7/3	14/-	7/6	7/6	15/-
Modder Deep	2/-	4/6	-/9	-/9	-/9
<i>Anglo-American Group:</i>					
Brakpan	1/6	2/7½	1/4½	1/6	2/10½
Daggafontein	5/-	8/9	4/9	5/-	9/9
Springs	1/6	2/8½	1/2½	1/5½	2/7½
West Springs	1/-	2/-	1/-	1/-	2/-

Among the Union Corporation companies, the two Gedulds merely maintained their June rates, but the aggregates for the current year show an appreciable increase. Since Modder Deep is now in liquidation, no further dividends can be declared. Future returns to the shareholders will consist of winding-up distributions. For purposes of record we set out the distributions of the Anglo-American group, outlined in last year's issue.

Diamond Dividends.—At one time optimistic market quarters were hoping that the whole of the accumulated arrears on De Beers preference, amounting to £4 per share, with the 10s. due for the current half-year, would be cleared off in one payment. The actual payment of £3 announced last week, however, satisfies more recent expectations and leaves only 30s. in arrears. Provided the diamond trade continues its recent progress, payments should be brought up to date in June next. Cape Coast Exploration, which operates in the rich field of Namaqualand and is associated with De Beers, has announced a dividend of 10 per cent. with a bonus of 15 per cent., compared with only 7½ per cent. for each of the two preceding years. Another company in the group, Consolidated Diamond Mines of South West Africa, has declared a half-year's dividend on the 7½ per cent. cumulative preference shares, payable on February 15th. The satisfaction of 4½ years' arrears was announced towards the end of October and shareholders will receive the amount due on December 28th.

Other Company Results.—The reports of 44 other companies are analysed on page 615. Recent brewery results include substantial improvements by *Leeds and Wakefield Breweries*, with profits of £73,360 against £52,112, and by *Newcastle Breweries*, whose dividend is raised from 9 per cent. to 11 per cent. The net earnings of £164,901 reported by *H. and G. Simonds*, however, show a small increase of £2,457 only. *Cleveland Bridge and Engineering* have recorded a setback, a loss of £10,785 (before the transfer of £15,000 from reserve), comparing with profits of £9,996. The results of *Duffield Coal Products* are again disappointing, but *Shotts Iron* have increased their profits by no less than 189 per cent. to £74,425, and are recommencing dividends with a 2½ per cent. payment. For the first time since 1929 *Guy Motors* are also paying a dividend. The 7½ per cent. distribution is made possible by the conversion of a loss of £26,347 into £8,624 profit. Losses on contracts, due partly to damage and also to work undertaken at low prices, have saddled *Constable Hart* with a loss, for the fifteen month period, of £54,076. Although *Agar Cross* have made a profit of £21,590 against a loss of £95,407, provision has also been required for exchange differences of £69,305, but the effective improvement for the year is still as high as

THE WEEK IN THE MARKETS

THE STOCK EXCHANGE

SETTLING DAYS

TICKET JANUARY 5 | ACCOUNT JANUARY 7

In a week of general recovery, the chief honours have gone to commodity shares. The "House" opened with a new spirit of confidence on Monday, and after the fervent singing of the National Anthem to roll of drum and fanfare of brass, prices made an immediate response in almost every section of the market, and rested about mid-afternoon well content with the day's recovery. The emphasis on commodity issues was suggested from the first, however, by the sharp rise in oil shares. On Tuesday, base metal issues joined the circle, and by mid-week a boom in rubber shares was in full swing, which continued on the following day. Rising material prices, therefore, have been the major factor in the week's dealings, and are discussed in some detail on pages 578 and 593.

Gilt-edged, after a steady opening, later turned slightly easier, and business remained restricted until the import of the Bank's gold purchase and the strength of the £ seized the market's imagination. Home Corporation scrips tended to improve, although dealings were not wide. Livelier conditions, indeed, were witnessed in the foreign bond market. The detention of General Chiang Kai-Shek produced a sharp fall in Chinese bonds, and the market remained uneasy and subdued when rumours and counter-reports from China were later received. Brazilian bonds opened the week in active style and remained prominent. It was significant that demand spread from the Funding issues to the more speculative bonds in lower grades. With the exception of Czechoslovakian 8 per cents., European issues remained quiet.

Home Rail stocks were subdued. The opening tone was firm, with Great Western higher, but second thoughts on the cost and labour outlook produced quiet conditions. Apart from support for Southern preferred, fractional losses were general, although prior charges remained firm. A partial recovery in London Transport "C" stock was recorded. Argentine rails, however, opened with a semi-boom, stimulated by rumours of the freeing of exchange control. The ordinaries no less than the marginal preferences enjoyed substantial gains, and although the movement received a check through quite natural profit-taking on Wednesday, the firmness of the market was in no degree impaired. On Thursday, Central Argentine 6 per cent. preference made a further advance to 89.

Business in the industrials market has not been active, but the tone has been cheerful. Prices were firm in the iron and steel section on the increased steel production, and Tube Investments and Stewarts and Lloyds profited from reports of good progress in negotiations for a new Tube Cartel. In mid-week, William Beardmore were prominent on talk of reconstruction plans. The terms of the Dorman Long issue were in accordance with market anticipations. In the aircraft section, Handley Page went ahead on good production reports, but prices became a little irregular later. Standard were in demand in the motor group on trading reports, and Triplex on bonus hopes. Electrical equipment shares were in good demand, although Crompton Parkinson weakened slightly later.

Brewery issues still proved attractive, with Distillers prominent, and in the tobacco group Carreras "A" were supported early in the week. The Stores group became firmer later, although Woolworth lost a little ground. The miscellaneous industrials section showed an all-round improvement in mid-week. Building material and general engineering issues were all firmer. Turner and Newall were supported after the report was published, and promptly regained a slight reaction.

Dealings in oil shares were brisk at the beginning of the week, but interest was not maintained at the same level. The leading issues were all in demand, and Shell went ahead to new high levels on hopes of resumed interim dividend payments. Reports of a strike on Venezuelan Oil Concessions property put the shares down. French sales in mid-week

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

produced easier conditions, but shares were well held on the decline. The rubber shares market was dominated by the decision of the International Committee to fix next year's export quotas at 75 per cent. for the first quarter and 80 per cent. for the second. The commodity price jumped rapidly, and in mid-week there were very active dealings in rubber issues, with some substantial price increases. The tea shares market was dull throughout.

Kaffirs were firm at the beginning of the week, and on Cape support West Witwatersrand shares went ahead to new high levels. Interest was well maintained throughout the week by the encouraging outlook as shown by recent dividend declarations. Venterspost were among the leaders. There was a slight improvement in the West African section, which remained firm, but changes were not of much importance. Rhodesian copper issues were firm at first, but declined later on profit-taking, and came on offer in mid-week. Tin shares improved rapidly on the outlook for the metal and the rising price.

Conditions on the Paris Bourse at the beginning of the week were affected by the Far Eastern troubles, and by Government action at home. Later the tone became much brighter on the terms of the new Government loan. At Berlin industrial shares made good advances in the opening days of the week, while in Amsterdam rubber issues continued to be the outstanding feature.

"FINANCIAL NEWS" DAILY BARGAIN INDEX

Approximate number of Bargains recorded in Stock Exchange List.

	Week to Dec. 11	Dec. 10	Dec. 11	Dec. 14	Dec. 15	Dec. 16	Dec. 17
Govt. and Municipal	5,372	1,094	1,148	1,213	1,075	1,092	1,000
Transport, etc.	5,330	1,065	1,264	1,321	1,234	1,300	1,158
Comm. and Ind.*	21,716	4,371	5,000	4,327	4,443	4,203	4,806
Banks and Ins.	2,698	456	637	621	633	620	649
Mines	6,716	1,659	1,744	1,877	2,069	1,996	1,621
Oils	1,342	274	341	303	303	340	318
Rubber and Tea	4,420	660	674	572	1,425	1,681	
Total	47,594	9,509	10,808	10,234	10,355	10,976	11,233
Corres. day 1935 ...	...	8,667	8,617	8,670	7,594	8,025	6,924

* Including Steels and Breweries.

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

Highest†	Lowest†	Dec. 10	Dec. 11	Dec. 14	Dec. 15	Dec. 16	Dec. 17
124.9	107.4	120.9	121.6	122.1	122.6	122.6	122.6
† November 18.		† January 2.					

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

Highest†	Lowest†	Dec. 10	Dec. 11	Dec. 14	Dec. 15	Dec. 16	Dec. 17
136.8	136.2	136.8	136.8	136.7	136.7	136.7	136.7
† February 10.		† September 23.					

NEW YORK STOCK EXCHANGE

The uncertainty of the previous week gave way on Monday to considerable strength, based mainly on the signs of rising commodity prices, particularly grains and copper, and on the higher steel mill activity, which it is now anticipated will

maintain its level for some weeks. The market, which has been uncertain about the regulatory intentions of the Government, found some consolation in an expression of Government opinion to the effect that present stock prices were not too high. There was active trading in steel and rail shares, and in shares of utility and rail equipment companies. Utilities were encouraged by news that the Supreme Court had ordered a re-trial of the Duke Power case, in which this company had tried to prevent loans from the P.W.A. to help build municipal power stations. Monday's burst of activity did not last into the rest of the week, when profit-taking hindered any general improvement. On the bond market Treasury issues were easy in mid-week, but railway bonds met with a good demand. Business news is still excellent, particularly the rise in steel mill activity, as estimated by *Iron Age*, to 79 per cent. of capacity compared with 76.5 per cent. last week. Electricity output for the week ended December 12th was 14.9 per cent. higher than for a year ago.

	Dec. 9, 1936 (Close)	Dec. 16, 1936 (Close)	Dec. 17, 1936 (Latest)
1. Rails & Transport			
Atchafalaya	74½	71½	72½
Balt. and Ohio	22½	22	22½
B.M.T.	54	53	53½
Can. Pacific	134	133	133½
Ches. and Ohio	68½	65½	64½
Gt. Nthn. Ry. N.Y.	41½	41	42
Illinois Central	24½	24	24½
N.Y. Central	44½	43½	44
Nor. Pac.	27½	27	27½
Pennsylvania R.R.	41½	40½	40½
Southern Pac.	43½	42½	42½
St. Louis Ry.	23½	23	23½
Union Pac.	130	132	131
Greyhound Corp.	17½	16½	16½
2. Utilities and Communications			
Am. Waterworks	25½	26	26½
Columbia S. & S. (Cons. Gas N.Y.)	3½	3½	3½
Cons. Edison	45½	44½	44½
Col. Gas & Electric	17½	18	18½
Elec. Bond & Share	20½	22½	22½
Nat. Pwr. and Lt.	11½	12	11½
North American	31½	30½	31
Pac. Gas & Electric	36	38½	38
Public Lighting	47½	50½	50½
Pub. Service N.Y.	7½	8½	8½
Stan. Gas & Elec.	7½	8½	8½
United Corp.	6½	6½	6½
United Gas Imp.	14½	14½	14½
Am. Tel. & Tel.	188½	185½	185½
Int. Tel. and Tel.	122½	122½	122½
Western Union	85½	82½	81½
Radio	11½	11½	11½
Radio B. Prod. New	77½	79½	79½
3. Extractive and Metal Industries			
Am. Rolling Mills	34½	34½	35
Beth. Steel	72½	73½	75½
Beth. Steel Pref.	129½	128	128
Republic Steel	27	29½	29½
U.S. Steel	75	78½	78½
U.S. Steel Pref.	136½	144	145
Alaska Juneau	14½	14½	14½
4. Manufacturing			
Briggs	59½	58½	58
Chrysler	122½	124	123½
Electric Autolite	43½	42½	42½
General Motors	68½	69½	68½
Hudson Motor Car	19½	19½	19½
Murray Corp.	18½	18½	18½
Nash Motors	11½	10½	10½
Packard Motor Car	16½	16	16
Bendix Aviation	27½	27½	27½
Boeing Airplane	35	37½	34½
Douglas Aircraft	74	72½	71½
United Aircraft	27½	28½	28½
Air Reduction	78½	78½	79
Allied Chemical	131	231	231
Col. Carbon	120	120	120
Comm. Solvents	18½	18½	19
Dupont	181½	180½	179½
Union Carbide	102½	103½	103½
U.S. Ind. Alcohol	39½	39	40
Allis Chalmers	71½	74½	75½
General Electric	145	146	146
Westinghouse	114½	114	114
American Can.	113½	114	114
Caterpillar	84½	84½	84½
Cont. Can.	88½	88½	88½
Ingersoll Rand	67½	67½	68½
Intnl. Harvester	98½	103	101½
Johns Manville	146	146	146
Am. Radiator	23½	25	25
Corn Products	69½	69½	69½
J. I. Case and Co.	151	150	150
Glidden	40½	41	40½
Gen. Am. Transp.	73	74	74
Allied Mills	30½	30½	31
Celanese of America	27½	26½	27½
Ind. Rayon New	38½	37	37½
Colgate Palmolive	17½	20½	20
Eastman Kodak	177½	176	175½
Gillette	15½	15½	15½
Kelvinator	21½	21	21
Lambert Co.	19½	19½	19½
Loews	64½	64	64½
20th Century Fox	37½	36½	36½
5. Retail Trade and Food			
Montgomery Ward	65½	66	66½
J. C. Penney Co.	100½	100½	100½
Sears Roebuck	96½	96½	96½
United Drug	14½	14½	14½
Walgreen	39	39	39½
Woolworth	64½	65	65
Borden	26½	26½	26½
Gen. Foods	40	40	40
Kroger Grocery	22½	22½	22½
Nat. Biscuit	32½	33	33
Nat. Dairy	22½	23	23½
Standard Brands	15½	15½	15½
Am. Tobacco B.	96½	96½	96½
Liggett Myers B.	104½	106	106
Lorillard	23½	22½	22½
Reynolds Tob. B.	58½	58	56½
National Distillers	31	29	29
Schenley Distillers	52½	48	47½
6. Finance			
Commercial Credit	68½	66	65½
Atlas Corp.	16½	17	17
Com. Invest. Trust	79	76½	76½

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	Dec. 2, 1936	Dec. 9, 1936	Dec. 16, 1936
	Lowest Mar. 20	Highest Dec. 31	Lowest Apr. 29	Highest Nov. 10		
847 Industrials ...	74.5(9)	112.3	112.7	145.9	112.3	141.7
82 Rails ...	27.4	49.0(w)	42.8	60.2(b)	41.5	54.7
40 Utilities ...	52.2	68.6	61.2	111.0(c)	88.6	111.0
Total, 419 Stocks	68.1	97.7	97.7	125.4	122.3	123.9
Average yield*	3.02%	4.06%	4.43%	2.95%	4.34%	4.37%
	(9)	(b)	(c)	(a)		

* 50 Industrial Common Stocks. (i) March 13th. (b) Oct. 14th. (c) December 9th. (a) April 8th. (e) November 13th. (w) December 4th. (e) December 2nd.

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

Highest*	Lowest†	Dec. 9	Dec. 10	Dec. 11	Dec. 12	Dec. 14	Dec. 15	Dec. 16
169.6	126.2	163.0	165.1	164.3	164.3	166.0	166.0	165.7
* November 9th.				† January 6th.				
TOTAL DEALINGS IN NEW YORK								
		Dec. 10	Dec. 11	Dec. 12*	Dec. 14	Dec. 15	Dec. 16	
Stock Exchange—								
Shares (No. Thous.)	2,440	2,610	1,240	2,870	2,480	1,950		
Bonds (Thous. \$)...	16,440	13,106	5,810	13,570	17,280	16,080		
Curb—								
Shares (Thous.)	778	843	490	961	846	670		

* Two-hour session.

CAPITAL ISSUES

WITH a total of nine prospectuses this week, the new issue market is concluding the first part of the winter season in active style. The week's feature is provided by eager subscription of the *Railway Freight Rebates Fund* loan, which is discussed on page 592. The subscription lists for the first and second (convertible) debentures and ordinary share issues of *Indian Iron and Steel* were also promptly filled on Tuesday. These issues give effect to the acquisition of the Bengal Iron undertaking, and assuming that the rights of holders of that company's securities were exercised, the participation of the general public in the issues could only have been small. Important economies are envisaged from the merger. The two debentures (of which the junior issue carries conversion rights into ordinary shares until 1943) are satisfactorily covered, and the ordinary shares carry good long-term earnings prospects. *Pease and Partners* have issued 1,250,000 5 per cent. £1 preference shares at 21s. to repay loans, to compensate debenture holders for variation of their rights under the recent re-organisation, and for general purposes. While the company's financial structure will be greatly strengthened by the issue, it is only on recent profits that the cover for the new shares is satisfactory, and investors must for the time being value them with the transition from a somewhat unstable

earnings record in mind. *Eagle Transfer* and *Dictograph* each issue 2s. shares at 25 per cent. and 12½ per cent. premiums, respectively. The prospectus of the former shows an earnings peak for 1935, although current estimates are higher. The latter concern is larger and now doing record business, and its shares seem a reasonable speculative investment. *Thorn Electrical Industries* offers 6 per cent. preference shares at a 5 per cent. premium and 5s. ordinary shares at 125 per cent. premium. This concern also shows a geometric profits record, including those of one undertaking acquired, which has transformed a loss of £25 for 1933-34 to £13,632 profit for the year to March last. The company has a mixed business of lamp and radio manufacturing and dealing and the relation between the issue price for the ordinary shares and the latest earnings, therefore, justifiably shows a larger earnings yield ratio than a number of recent prospectuses. *Radio Rentals* is a young undertaking which rents and services radio receivers to the public. It has enjoyed considerable success, but since its record is somewhat short for judgment of permanent profits potentialities, the preference and ordinary shares must be allowed time to show their investment ranking. *K. & L. Timbers* is another South African industrial equity, issued in London at 62½ per cent. premium. The turnover of this building materials concern has advanced rapidly together with building activity in the Union, and is still advancing. The shares are a satisfactory speculative investment, but subject to cyclical swings in earning power. The ordinary shares of *George Ward (Barwell)* qualify for this week's record premium—no less than 160 per cent. They show an earnings return of 9 per cent. The Company is well-established, but not immune from fluctuating earnings. Investors may regard the "goodwill" element included in the offer price as being somewhat generously measured. Statements "for information only" have been published this week by *General Funds Investment Trust*, *Leeds Piston Ring and Engineering*, *Mitchell Main Colliery*, *South African Clothing Industries*, *Associated Coal Distributors*, and *David Rosenfeld, Ltd.*

ISSUES OF THE WEEK

January 1 to December 12, 1936, including conversions, Old Basis, £464,827,999.
January 1 to December 12, 1936, excluding conversions, Old Basis, £240,045,776.
January 1 to December 12, 1936, including conversions, New Basis, £617,014,542.
January 1 to December 12, 1936, excluding conversions, New Basis, £469,137,062.

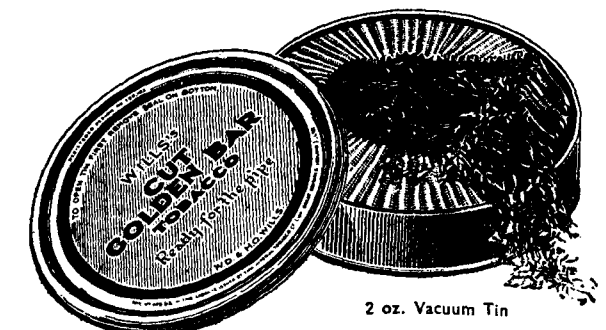
Net Sales National Savings Certificates, week ended December 12, 1936, Dr. £100,000.

(Continued on page 602)

GOLDEN MOMENTS

The Test

Half-way across the world—into the sun—to make the winning hit for his country and add another page to Cricket History. A Golden Moment. But even the England cricketer can't smoke a better tobacco than Cut Golden Bar at a shilling an ounce. But it must be Wills's.



WILLS'S CUT GOLDEN BAR

READY RUBBED
in 2 oz. Pocket Vacuum Tins
and 1 oz. Airtight Tins
FLAKE FORM
in 2 oz. Airtight Tins
and 1 oz. Packets

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ADVICE ON AMERICAN STOCKS

Recognising the demand of both private investors and financial institutions in Europe for first-hand advice regarding American securities and the cyclical trend of the American Stock Market, Major L. L. B. Angus of 301 Park Avenue, New York City, who is now established as Investment Counsel in America, is prepared to accept enquiries regarding this service.

Accounts managed; portfolios supervised

PUBLICATIONS: Coming Rise in Wall Street (Apr. 1933). Coming American Boom (Aug. 1934). The American Boom Begins (May 1935). Investment for Appreciation, etc.

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 is calculated on a profit or loss on redemption; when the 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 Dec. 16, inclusive				Name of Security	Price, Dec. 9, 1936	Price, Dec. 16, 1936	Rise or Fall	Yield Dec. 16, 1936	Prices, Year 1936 Jan. 1 to Dec. 16, inclusive				Name of Security	Price, Dec. 9, 1936	Price, Dec. 16, 1936	Rise or Fall	Yield Dec. 16, 1936
High	Low	High	Low	High	Low	High	Low						High	Low	(a) %	(b) %					
British Funds																					
84 1/2	80	87 1/2	82 1/2	Consols 2 1/2%	83 1/2	84 1/2	+	1 1/2	45/8	35/-	5(b)	5(a)	Bank of New Zealand £1	38/9	38/9	...	5 3/4				
118 1/2	109 1/2	116 1/2	113 1/2	Do. 4% Red. at par on or after Feb. 1937 (m)	114 1/2	115 1/2	+	1 1/2	38 3/4	37 1/4	6(b)	6(a)	Bank of England £1	37 1/4	37 1/4	+	5 3/4				
108 1/2	97 1/2	102 1/2	100	Conversn. 2 1/2% 1944-49	100 1/2	101 1/2	+	1 1/2	80/9	74/9	7(b)	7(a)	Barclay B. (£1)	78 1/2	78 1/2	+6d	3 11 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	50/-	43/3	2(b)	3(b)	Barclay B. (£1)	48 3/4	48 3/4	+1d	2 5 0				
112 1/2	108 1/2	110 1/2	107 1/2	Do. 3% after 1961 (s)	106 1/2	106 1/2	...	2 1/2	44 1/2	38 1/2	2(c)	2(a)	Bk. of Australasia (£5)	48 3/4	48 3/4	...	3 16 0				
114 1/2	108 1/2	111 1/2	107 1/2	Do. 4% 1940-44	107 1/2	107 1/2	...	2 1/2	25	24 1/2	5(c)	5(a)	Bk. of Montreal (£100)	434	444	+1/2	3 15 0				
124 1/2	115 1/2	121 1/2	118 1/2	Do. 5% 1944-48	117 1/2	117 1/2	...	2 1/2	101 1/2	76/3	6(c)	6(c)	Bk. of N.S. Wales (£20)	280	280	...	2 15 0				
106 1/2	98 1/2	101 1/2	95 1/2	Funding 3 1/2% 1926-61	99 1/2	99 1/2	...	2 1/2	16 1/2	12 1/2	7(b)	7(a)	Chit. of Overseas A £5	90/-	90/-	...	6 13 3				
112 1/2	106 1/2	109 1/2	105 1/2	Funding 3% 1930-60	101 1/2	101 1/2	...	2 1/2	16/3	13/7	2(a)	2(b)	Comm. Bk. of India (£5)	15 1/2	15 1/2	...	4 7 6				
119 1/2	110 1/2	117 1/2	113 1/2	Funding 4% 1930-60	116 1/2	116 1/2	...	2 1/2	93/9	85/-	8(b)	8(a)	Colonial A £5, £1 10/-	15/-	15/-	...	4 0 0				
110 1/2	101 1/2	108 1/2	104 1/2	Victory Bonds 4%	114 1/2	115 1/2	+	1 1/2	58 1/2	52/-	5(b)	5(a)	Do. B £1 fully paid	90/-	90/-	...	3 12 0				
98 1/2	88 1/2	93 1/2	84 1/2	WarLns 3% after 1952 (p)	105 1/2	106 1/2	+	1 1/2	98 1/2	88 1/2	12(b)	12(a)	Eng. Sot. & Aust. £3 3pd	56/3	56/3	...	3 14 0				
100 1/2	90 1/2	94 1/2	84 1/2	Local Loans 3 1/2%	90 1/2	90 1/2	...	3 0 0	12 1/2	10 1/2	18(c)	18(b)	Hong. & S. £125 paid	12 1/2	12 1/2	...	3 15 0				
98 1/2	88 1/2	93 1/2	84 1/2	Austria 3% 1926-30	102 1/2	102 1/2	...	2 1/2	61/10	59 1/2	3(b)	3(a)	Lloyds £5, with £1 pd.	63/6	64/6	+1/-	3 8 0				
98 1/2	88 1/2	93 1/2	84 1/2	India 2 1/2%	72 1/2	72 1/2	...	3 0 0	65/3	61/-	6(b)	6(a)	Midland £1, fully paid	94	94	...	3 15 0				
98 1/2	88 1/2	93 1/2	84 1/2	Do. 3%	86 1/2	86 1/2	...	3 10 0	44 1/2	39 1/2	11(b)	11(a)	Nat. of Egypt £1	94/6	94/6	...	3 7 9				
100 1/2	90 1/2	94 1/2	84 1/2	Do. 3 1/2%	98 1/2	98 1/2	...	3 11 0	98/9	91/-	8(b)	8(a)	Nat. of India £25, 12 1/2 pd.	41 1/2	42 1/2	+	3 11 6				
110 1/2	112 1/2	120 1/2	116	Do. 4 1/2% 1938-68	118 1/2	118 1/2	...	3 11 0	44 1/2	39 1/2	11(b)	11(a)	Nat. Prov. £20, 4 1/2 pd.	15 1/2	15 1/2	...	4 12 6				
108 1/2	105 1/2	107 1/2	104 1/2	U.K. & Arg. 4% (A 1947)	104	104	...	3 11 0	44 1/2	39 1/2	11(b)	11(a)	Royal Bk. of Scotland	488	492	+	3 15 6				
110 1/2	108 1/2	112 1/2	109 1/2	Dom. & Colonial Govts.	110 1/2	110 1/2	...	3 13 6	50 1/2	46 1/2	8(b)	8(a)	St. of S. £20, £5 pd.	15 1/2	15 1/2	...	3 16 6				
108 1/2	106 1/2	110 1/2	107 1/2	Australia 5% 1926-75	105 1/2	105 1/2	...	2 13 4	16 1/2	15 1/2	7(b)	7(a)	Westminster £1 1/2 pd.	98 1/2	98 1/2	...	3 13 3				
112 1/2	108 1/2	114 1/2	110 1/2	Canada 4% 1940-60	105	105	...	3 7 8	99 1/2	90/9	9(b)	9(a)	Alexanders £2 1/2 pd.	93/9	93/9	...	4 0 0				
119 1/2	112 1/2	118 1/2	114 1/2	Gold Coast 4 1/2% 1956	116 1/2	116 1/2	...	3 6 0	98 1/2	88 1/2	10(b)	10(a)	National A £2 1/2 fly. pd.	68 1/2	68 1/2	...	3 17 0				
121 1/2	116 1/2	120 1/2	117 1/2	Nigeria 5% 1950-60	119	119	...	3 6 0	98 1/2	88 1/2	10(b)	10(a)	B 7 1/2, £2 pd.	16 1/2	16 1/2	...	3 19 3				
115 1/2	107 1/2	111 1/2	108 1/2	N. Zealand 5% 1948	110 1/2	110 1/2	...	3 15 7	98 1/2	88 1/2	10(b)	10(a)	Union £1 of stock	53 1/2	53 1/2	...	2 16 3				
110 1/2	103 1/2	109 1/2	106 1/2	Queensland 5% 1940-60	107 1/2	107 1/2	...	3 2 2	98 1/2	88 1/2	10(b)	10(a)	Alliance £1, fully paid	32 1/2	32 1/2	...	2 12 0				
118 1/2	113 1/2	117 1/2	112 1/2	S. Africa 5% 1945-75	114	114	...	3 3 8	98 1/2	88 1/2	10(b)	10(a)	Atlas £5, £1 pd.	15 1/2	15 1/2	...	2 15 0				
Foreign Governments																					
101 1/2	98 1/2	103 1/2	95 1/2	Argentina 4 1/2% 1932	102	102	...	3 19 0	32 1/2	30	50(b)	40(a)	Gen. Un. £1, fully paid	10 1/2	10 1/2	...	2 12 0				
101 1/2	98 1/2	103 1/2	95 1/2	Austria 7% 1937	97 1/2	98 1/2	+	1 7 9	32 1/2	30	50(b)	40(a)	Com. Accident £5, £1 pd.	10 1/2	10 1/2	...	2 15 0				
101 1/2	98 1/2	103 1/2	95 1/2	Do. 4 1/2% 1934-59	84 1/2	84 1/2	...	5 15 6	12 1/2	10 1/2	20(b)	20(a)	Nor. & Lanc. £5, £2 pd.	35 1/2	35 1/2	...	2 15 0				
68 1/2	51 1/2	70 1/2	57 1/2	B. Aires (Prov.) 3 1/2%	69 1/2	70 1/2	+	1 5 0	28 1/2	26 1/2	35(b)	35(a)	N. Brit. & Merc. £1 1/2 pd.	13 1/2	13 1/2	...	2 15 0				
20	14 1/2	23 1/2	14 1/2	Belgian 4% red by 1970	97 1/2	97 1/2	...	4 3 9	14 1/2	12 1/2	3/2(a)	3/2(b)	Pearl (£1, fully paid)	21 1/2	21 1/2	...	2 4 0				
84 1/2	80 1/2	87 1/2	82 1/2	Bulgaria 7 1/2% Loan	21 1/2	23 1/2	+	2 10 12 6m	14 1/2	12 1/2	3/2(a)	3/2(b)	Prudential £1 A	16 1/2	16 1/2	...	3 11 9				
91 1/2	84 1/2	89 1/2	80 1/2	Brazil 5% Fund. 1914	80 1/2	81 1/2	+	3 6 5 0	22 1/2	20 1/2	45(b)	45(a)	Do. £1, with 4d. paid	112 1/2	112 1/2	...	2 7 9				
100 1/2	94 1/2	99 1/2	90 1/2	China 6% 1912	94 1/2	94 1/2	...	6 9 0	28 1/2	26 1/2	35(b)	35(a)	Royal Exchange (£1)	11 1/2	11 1/2	...	2 15 0				
103 1/2	99 1/2	102 1/2	95 1/2	China 6% 1912	94 1/2	94 1/2	...	6 9 0	28 1/2	26 1/2	35(b)	35(a)	Sea Sur. £1, fully paid	5 1/2	5 1/2	...	3 6 0				
112 1/2	108 1/2	112 1/2	105 1/2	Do. 5% (1913)	84 1/2	84 1/2	...	5 8 0	18 1/2	15 1/2	30(b)	30(a)	Sun Life Assur. £1 1/2 pd.	8 1/2	8 1/2	...	2 17 0				
108 1/2	99 1/2	104 1/2	95 1/2	Czechoslovakia 8%	101 1/2	104 1/2	+	3 13 10	40 1/2	38 1/2	193(b)	193(a)	Yorkshire £1, fully paid	20 1/2	20 1/2	...	2 6 0				
103 1/2	98 1/2	101 1/2	95 1/2	Danish 3%	100	100	...	3 0 0	121 1/2	108 1/2	143(b)	143(a)	Anglo-American. Deb.	288	294	+6	3 8 0				
89 1/2	88 1/2	90 1/2	87 1/2	Danish 6%	82 1/2	82 1/2	...	10 8 0	11 1/2	10 1/2	11(b)	11(a)	Anglo-Celtic Ord.	74 1/2	74 1/2	...	3 7 2				
109 1/2	98 1/2	106 1/2	100 1/2	Egypt Unified 4%	103 1/2	103 1/2	...	3 17 9	3 1/2	3 1/2	9(b)	9(a)	Atlas Electric, etc. £1	9/-	9/-	+3d	Nil				
80 1/2	72 1/2	78 1/2	65 1/2	French 4% (British)	18 1/2	18 1/2	...	12 5 9	4 1/2	4 1/2	15(b)	15(a)	Brit. Assets Trust £5	17 1/2	17 1/2	...	0 18 0				
78 1/2	68 1/2	74 1/2	64 1/2	French 4% (Dawson)	18 1/2	18 1/2	...	12 5 9	4 1/2	4 1/2	15(b)	15(a)	Debutant Corp. Sdk.	25 1/2	25 1/2	...	3 19 6				
88 1/2	84 1/2	86 1/2	84 1/2	Do. 5 1/2% Young Ln.	40 1/2	40 1/2	...	13 15 0	6 1/2	7 1/2	18(b)	18(a)	For. Amer. etc. £1	86 1/2	86 1/2	...	3 9 3				
37 1/2	26 1/2	40 1/2	29 1/2	Greek 6% Stab. Ln.	30 1/2	30 1/2	...	...	21 1/2	18 1/2	17(b)	17(a)	Guardian Investment	322	322	...	3 18 8				
45 1/2	31 1/2	45 1/2	35 1/2	Do. 7% Refugee	36 1/2	35 1/2	-	1	294	255	6(b)	6(a)	Indus. and Gen. Ord.	152 1/2	152 1/2	...	3 10 6				
51 1/2	38 1/2	52 1/2	39 1/2	Hungary 7 1/2%	47 1/2	47 1/2	...	7 17 9 1/2	294	255	6(b)	6(a)	Invest. Trust Fed.	322	322	...	3 13 10				
91 1/2	78 1/2	90 1/2	79 1/2	Japanese 5 1/2% 1936-85	87 1/2	87 1/2	-1 1/2	6 11 6 1/2	9 1/2	8 1/2	2(b)	2(a)	Lake View Invest. 10/-	20 1/2	20 1/2	...	3 17 0				
97 1/2	85 1/2	97 1/2	83 1/2	Do. 6% (1924) red 1958	87 1/2	87 1/2	...	7 10 6	9 1/2	8 1/2	2(b)	2(a)	Mercantile Investment	295	295	...	3 11 0				
144 1/2	115 1/2	144 1/2	105 1/2	Norwegian 4 1/2% 1911	112 1/2	112 1/2	...	3 10 6	19 1/2	13 1/2	9(b)	9(a)	Metro. Trust Ord.	180 1/2	180 1/2	...	4 9 0				
88 1/2	84 1/2	86 1/2	84 1/2	Peru 7 1/2% 1922	52 1/2	52 1/2	...	...	254	242	6(b)	6(a)	Scottish Investment (£5)	8 1/2	8 1/2	...	1 11 0				
100 1/2	87 1/2	93 1/2	80 1/2	Poland 7 1/2%	74 1/2	74 1/2	...	9 7 6	95 1/2	75 1/2	11(b)	11(a)	Scottish Mortgage, etc.	212 1/2	212 1/2	...	3 11 0				
169 1/2	7 1/2	15 1/2	60	Roumania 4% Con. 1922	13 1/2	13 1/2	...	Nil	157 1/2	143 1/2	2(b)	2(a)	Trustees Corp. £1	244 1/2	244 1/2	...	3 13 0				
144 1/2	106 1/2	160 1/2	110	Swedish 3 1/2% 1908	120	120	...	2 18 3	298	258	7(b)	7(a)	United States Debenture	238 1/2	238 1/2	...	3 7 0				
119 1/2	106 1/2	116 1/2	112	U.K. & Argentine 1933	115																

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TOTALS OF CAPITAL ISSUES DURING WEEK

	Nominal Capital	Conversions	New Money
To the Public	11,729,167	...	11,630,360
To Shareholders only	881,566	...	1,427,357
By Stock Exchange Introduction	887,000	...	1,518,250
By Permission to Deal	1,223,970	...	6,123,885

Total Capital Raised—	Including Conversions	Excluding Conversions	Total offered for Subscription—	Including Conversions	Excluding Conversions
January 1 to date—			Whole year (Old Basis)—		
1936 (New Basis)	537,624,394	489,746,914	1935	548,351,393	236,147,637
1936 (Old Basis)	477,795,716	253,013,493	1934	410,980,300	169,108,700
1935 (New Basis)	697,372,181	356,584,496	1933	467,921,500	244,780,500
1935 (Old Basis)	548,351,395	236,147,637			
January 1 to date (Old Basis)—			1932	2,699,684,265	188,909,963
1934	410,680,315	168,808,700	1928	683,000,056	369,058,073
1933	466,315,067	244,880,565			
1928	538,263,908	363,682,525			

(a) This figure includes £1,920,000 for conversion of 5 per cent. War Loan into 3½ per cent. War Loan.
 (b) Including securities for which "permission to deal" was given in fifty-one weeks ended December 21, 1935.

Nature of Borrowing (Excluding Conversions)

	Debentures	Preference	Ordinary	Total
January 1 to date—				
1936 (New Basis)	182,075,183	41,560,731	266,091,000	489,746,914
1936 (Old Basis)	158,713,616	24,423,647	69,876,230	253,013,493
1935 (New Basis)	193,345,853	48,418,531	114,820,312	356,584,496
1935 (Old Basis)	167,185,509	31,696,741	37,265,387	236,147,637
Whole Year (Old Basis)—				
1928	212,917,900	45,062,600	111,177,800	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	37,265,387	236,147,637

PUBLIC OFFERS

Indian Iron and Steel Company.—Issue of £1,500,000 4 per cent. first mortgage debentures at 98, £500,000 4 per cent. convertible second mortgage debenture stock at par and 731,464 Rs. 10 ordinary shares at par (15s.). First debentures redeemable at par from 1941 by drawings, at 102 from 1951 on notice, or at par in 1966. Convertible stock redeemable at par 1961, or at 102 from 1943 on notice; up to 1943, convertible into one Rs. 10 ordinary share per £1 10s. stock. Incorporated in India 1918, to make pig iron; proceeds of issue to acquire Bengal Iron and Steel Company undertaking. Combined profits, years to March 31: 1934, £120,099; 1935, £171,242; 1936, £286,441 (before depreciation of £76,272; £78,449; £111,357). Combined net assets, £3,574,092. New steelworks proposed; capital £3,750,000, to be provided by promoting interests, including this company. Purchase price, Bengal Company, about £1,950,000 cash (applied in repaying capital, etc., or by altering company's debentures and shares). Lists closed at 9.1 a.m., December 15th. The ordinary shares were over-subscribed over 50 times by the excess applications of shareholders, apart from any applications from the public.

Pease and Partners.—Issue at 21s. of 1,250,000 5 per cent. cumulative £1 preference shares, which will carry option up to end 1939 to take at par one 10s. ordinary share per preference share. Firm applications for 625,000 shares. Colliery proprietors and ironmasters. Profits, after depreciation, years to March 31: 1934, £52,406; 1935, £120,599; 1936, £153,763. Net assets (including proportion of subsidiaries' net assets, £1,010,366), £3,909,330.

Radio Rentals.—Issue of 100,000 5½ per cent. redeemable cumulative £1 preference shares at par and 100,000 5s. ordinary shares at 7s. Preference shares redeemable at 22s. 6d. on notice or by drawings, or in 1961. Proceeds to repay loans (about £66,000) and for general purposes. Company rents to subscribers receiving sets under contract, with service and maintenance guarantee. Profits, after depreciation, years to August 31: 1934, £567; 1935, £16,321; 1936, £21,094. Net assets, £36,074, purchased for 240,000 5s. shares (goodwill £24,000) from vendor company's shareholders, who also, with staff, take 30,000 ordinary shares at par. London and Yorkshire Trust take 30,000 ordinary shares at 7s. Company pays expenses (£12,500, including commissions). Lists closed 9.1 a.m., 17th December, heavily over-subscribed.

BY OFFER FOR SALE

Railway Clearing House.—Offer for sale of £9,300,000 railway freight rebate fund redeemable 2½ per cent. stock at 94½ (£4,000,000 allotted to the four main line railways on underwriting terms). First charge on fund. Redeemable by cumulative sinking fund of 5.12 per cent. by drawings at par 1937-1952, or by purchase or tender up to par. At present values and rates (1936-41 quinquennium), £2,330,000 payable annually into fund. Interest and sinking fund require £708,807. Purpose of issue to repay to railways £9,762,000 excess payments for 1931-6 quinquennium. Lists closed 9.5 a.m., 16th December, heavily over-subscribed.

Dictograph Telephones.—Offer for sale of 2,000,000 2s. ordinary shares at 2s. 3d. (Preferential right to vendor company's shareholders, up to 1,199,000 shares). Formed 1914; installs and maintains internal telephones, sold for cash or on hire-purchase, or rented. Profits, after depreciation, years to end February: 1934, £12,438; 1935, £18,137; 1936, £26,391; six months to August 31, £14,377. Net assets, £91,435, purchased for £181,440 (goodwill, designs, etc., £90,005). Whitehead Industrial Trust take issue at par (or 2s. 2½d. with expenses). Lists closed 9.1 a.m. Over-subscribed.

Eagle Transfer, Ltd.—Offer for sale of 500,000 2s. shares at 2s. 6d. (116,000 underwritten firm). Printers of transfers and transparencies; founded 1907. Profits, before fees, loan interest and depreciation, years to June 30: 1934, £7,590; 1935, £10,626; 1936, £9,258. Net assets, £72,029, purchased for £69,900, payable in 699,000 shares (of which this offer is part). Issue taken at par (or 2s. 4d. with expenses) by Ridgeford Trust, who have right to appoint

one director within a year. (Permission to deal sought from Birmingham Stock Exchange). Lists closed 9.5 a.m. Over-subscribed.

Thorn Electrical Industries.—Offer for sale of 50,000 6 per cent. cumulative £1 preference shares at 21s. and 266,668 5s. ordinary shares at 11s. 3d. Dealers in electrical and radio goods; makes lamps, also owns Chorlton Metal Company and Lotus Radio (1933). Combined profits, before fees, after depreciation, years to March 31: 1934, £11,867; 1935, £23,987 (Lotus, 17½ months); 1936, £43,364. Combined net assets, £89,950. Gairloch Trust purchase or subscribe for issue at about 20s. per preference and 11s. per ordinary share (including expenses). Company received 10s. each for 44,600 ordinary shares, remaining 222,068 being part of capitalised profits. Lists closed 9.5 a.m., 17th December, heavily over-subscribed.

K. and L. Timbers.—Offer for sale of 350,000 5s. shares at 8s. 3d. (200,000 unissued shares under option to vendors at 8s. 3d. until end 1938). Incorporated in South Africa to acquire two timber merchants and building material dealers. Combined profits, after depreciation, before interest and S.A. taxes, years to June 30: 1934, £14,491; 1935, £23,899; 1936, £29,276. Combined net assets, £67,974 (stocks £56,109), purchased for £67,974 cash. Vendors take at par 600,000 shares, of which this offer is part, receive £7,500 commission and option, and pay expenses (cost of shares, about 6s. per share in all).

George Ward (Barwell).—Offer for sale of 200,000 15s. ordinary shares at 26s. Boot and shoe makers since 1900. Owns since 1935 G. Geary and Son. Profits, after depreciation, G. Ward, years to September 25: 1934, £45,337; 1935, £35,653; 1936, £43,511. G. Geary, 1933, £371; 1934, Dr. £2,894; 1935, Dr. £4,885; January 1-June 25, 1936, £2,261. Net assets, £225,753. Charterhouse Investment Trust buy issue (part of 251,488 issued as capitalised reserves and profits) at 23s. 9d. (or 25s. 1d. with expenses).

BY STOCK EXCHANGE INTRODUCTION

General Funds Investment Trust, Ltd.—Issue of £100,000 3½ per cent. debenture stock repayable at par 1956, or at 103 per cent. on voluntary liquidation. Power to issue further stock ranking *pari passu*; maximum one-third of capital. Phoenix Assurance Company take issue at 99 less one per cent. commission.

Mitchell Main Colliery Company, Ltd.—Particulars of £350,000 4½ per cent. guaranteed first mortgage debenture stock (taken by Erlangers, Ltd., at 98), redeemable from 1938 by drawings at 101, from 1940 on notice at various rates, or at 101 in 1970. Guaranteed by Shipley Collieries, Ltd. Proceeds to repay loans. Owns two collieries, also royalties and rights over 2,700 acres. Guarantor company's net assets, £853,235; net profit after depreciation, 15 months to March 31, 1934, £76,443; years to March 31, 1935, £43,248; 1936, £65,753.

South African Clothing Industries, Ltd.—Robert Benson and Company and Charterhouse Investment Trust, Ltd., take jointly 150,000 5½ per cent. cumulative £1 preference shares at par, for 5 per cent. commission, and 100,000 10s. ordinary shares at 10s. 6d. (sterling). Incorporated in Union of South Africa to acquire three clothing manufacturing concerns. Combined profits of two concerns: 1933, £40,050; 1934, £44,019; 1935, £46,717. Six months to June 30, 1936, £24,254. Profits of third company, years to June 30: 1934, £3,861; 1935, £3,899; 1936, £2,713. Combined net assets, £213,558, acquired at par in shares.

Leeds Piston Ring and Engineering Company, Ltd.—Capital, 800,000 2s. ordinary shares. Piston ring specialists; founded 1923. Net assets, £80,922 acquired for £80,000 payable by 799,993 shares. Profits, after depreciation, years to March 31: 1934, £9,616; 1935, £12,181; 1936, £14,857; half-year to September 30, 1936, £8,225. Standard Industrial Trust take 400,000 shares at 2s. 6d. (or 2s. 9d. with expenses).

Associated Coal Distributors, Ltd.—Issue of £300,000 4½ per cent. first mortgage debenture stock. Acquires J. R. Wood and Company (owning Dibles, Ltd.) and Fraser and White. Coal merchants, wharfingers, etc. Proceeds to repay sums borrowed by subsidiaries for repayment of £1 preference shares in Fraser and White. First charge on subsidiaries' properties. Redeemable at par by drawings, 1938-1967, or from 1957 on notice. Net assets, £322,357. Combined profits before depreciation: 1933, £37,102; 1934, £41,570; 1935, £53,896. Prudential Assurance take at par the balance of stock not required for preference redemption for commission of 1 per cent. on whole issue.

David Rosenfield, Ltd.—Issued capital, 300,000 ordinary shares. Motor car distributors. Net assets, £77,033. Profits after depreciation on plant, before leasehold amortisation and depreciation on buildings, years to March 31: 1934, £15,329; 1935, £15,846; 1936, £16,891; half-year to September 30, 1936, £8,278. Provincial Stockbrokers Trust acquire 300,000 shares at 6s. 11d. average (including expenses).

FORTHCOMING ISSUES

Kinemas Limited.—Lists will open on Tuesday next, December 22nd, for an issue of £475,000 5½ per cent. first mortgage debenture stock at par. The prospectus will show that the company owns interests in cinemas in South Africa. Net assets amount to £831,088 and profits for the year to June 30, 1936, to £78,397 covering the interest on the debenture stock over three times.

BY TENDER

Godalming Gas and Coke Company, Ltd.—Sale by tender of £13,350 4 per cent. debentures at a minimum price of 102 per cent. Net profits, before charging debenture interest, years ended June 30: 1934, £5,220; 1935, £5,273; 1936, £6,049.

ISSUES TO SHAREHOLDERS ONLY

Halford Cycle.—Issue of 25,000 new £1 ordinary shares to holders registered on December 17th, on the basis of one new share at 40s. for every eight shares held.

Imperial Tea.—In order to provide further working capital, the directors will issue 75,000 5 per cent. cumulative preference shares of £1 at par to shareholders on register on December 2nd in the proportion of one new preference share for every seven preference or ordinary shares held.

Rubber Regenerating.—The directors propose to offer the 9,400 unissued ordinary shares of £1 to holders at par.

Laycock Engineering.—Issue of 133,333 new 5s. ordinary shares at 6s. each.

Van Emden (Dutch Guiana) Gold Mines.—The directors are issuing 50,000 5s. shares at 21s. each in the proportion of one new share for every six held on December 14th.

Chambers' Wharf and Cold Stores.—It has been decided to issue at par 136,663 ordinary shares of 5s. to existing ordinary shareholders registered on January 1, 1937, at the rate of one new ordinary for every share then held.

Dorman, Long and Company, Ltd.—Issue of 672,167 new £1 ordinary shares at 35s. each in proportion of one new for each two ordinary and preferred shares now held. Proceeds to provide for repayment of bank loans and to provide additional working capital. The new shares will rank for dividend in respect of the current year ending September 30, 1937. List remains open until December 31st.

LONDON NEW ISSUE PRICES

Stock or Share	Issue price	Paid	Dec. 9, 1936	Dec. 16, 1936
Amalgamated Collieries S. Africa £1	30/-	30/-	33/-33/6	33/9-34/3
Associated British Properties 4½% Deb.	100	50	2/1-2/10	2/1-2/10
Austin Veneer (2/-)	3/-	3/-	2/6-2/9	2/14-2/4
Berry (J.) (2/-)	3/-	3/-	4/10-5/1	4/7-4/10
Bird (Sydney S.) Ord. 2/-	...	...	5/3-5/6	5/6-5/9
Birkett (T. M.) (4/-)	...	...	4/4-4/7	4/4-4/7
Brown (E. G.) Ord. 1/-	...	...	5/-5/3	5/-5/3
Do. 5½% Pref. (5/-)	...	...	4/16-4/16	4/16-4/16
Bristol 3%	99½	24½	1/1-1/1	1/1-1/1
Buchan's (Andrew) Brewery Ord. £1	12/9	12/9	24/6-25/-	28/3-28/9
Crabtree Electric Ord. (10/-)	20/6	20/6	21/6-22/-	22/9-23/3
Do. 5% Pref. £1	...	...	4/10-5/1	4/10-5/1
Drey, Simpson (5/-)	41/8	41/8	40/3-40/9	40/3-40/9
Dunswart Iron Ord. £1	21/-	21/-	...	6/10-7/4
Do. 5½% Pref. £1	...	...	...	10/1-10/2
East Humber Cement (5/-)	5/9	5/9	...	...
Do. 4½% 1st Debts.	101	101	...	...
Everard Brewery 4% Debts.	102	35	1/1-2/4 pm	1/1-2/4 pm
Funding 2½%	98½	43½	1/1-2/4 pm	1/1-2/4 pm
Gas Light and Coke 3½% Pref.	100	20	3/6-3/9	3/6-3/9
Hackney Wick Stadium	5/-	5/-	2/11-2/7½ pm	7/3-7/6
Inter-Union Finance 5%	20/-	20/-	1/11-7/11 dis	18/10-19/4
Do. 5½% Pref. £1	...	...	...	4/7-4/10
Regional Properties Ord. 5/-	20/-	10/-	...	9d-3d dis
Simpson (Piccadilly) 4½% Deb.	100	100	...	9d-3d
Do. 5½% Notes	100	100	...	36½-37½
Walsall Conduits 4½% Ord.	32/8	32/8	31/6-32/-	32/9-33/3
Do. 5% Pref. £1	20/6	20/6	21/7-22/1½	22/9-23/3

WEEKLY TRAFFIC RETURNS
RAILWAYS OF GREAT BRITAIN AND IRELAND

(b) Week ended Dec. 11, 1936. (c) Week ended Dec. 12, 1936.	Miles Open	Gross Receipts, week ended Dec. 13, 1936 (£'000)					Aggregate Gross Receipts 1936 compared with 1935 (50 weeks) (£'000)				
		Passen- ger &c.	Merchandise, etc.	Coal and Coke	Total Goods	Total Receipts	Passen- ger &c.	Merchandise, etc.	Coal and Coke	Total Goods	Total Receipts
Great Western	1936 3,748	183	208	119	327	510	10,415	9,618	5,066	14,684	25,099
Western	1935 3,748	189	194	126	320	500	10,195	9,212	5,055	14,267	24,462
(c) L. & N. Eastern	1936 6,332	282	353	265	618	900	16,066	16,419	11,680	28,099	44,165
Eastern	1935 6,336	278	341	286	627	905	15,738	15,890	11,311	27,201	42,939
L. M. & Scottish	1936 9,161	420	513	303	816	1,236	24,638	24,088	12,124	36,192	60,848
Scottish	1935 9,223	422	512	318	830	1,252	24,038	23,780	11,783	34,563	58,601
Southern	1936 2,153	257	65	36	101	358	15,259	13,448	1,543	4,691	19,950
	1935 2,171	250	61	39	100	350	14,941	13,089	1,515	4,604	19,545
Total	1936 191,469	1142	1139	723	1862	3,004	66,396	53,253	30,413	83,666	150,066
	1935 191,772	1130	1108	769	1877	3,006	64,912	50,971	29,664	80,635	145,554
(b) Belfast & Co. Down	1936 80	1-6	...	0-4	2-0	125-6	...	...	...	26-8	152-4
(c) Great Northern	1935 80	1-7	...	0-5	2-2	124-7	...	...	...	25-6	150-3
Northern	1936 543	8-1	...	8-5	16-6	530-2	...	...	...	474-6	1004-8
(b) Great Southern	1935 543	8-6	...	8-3	16-9	509-7	...	...	...	471-3	981-0
(b) Great Southern	1936 2,076	30-2	...	59-8	90-0	1763-6	...	...	...	2166-7	3930-3
(b) Great Southern	1935 2,124	30-1	...	61-3	91-4	1709-8	...	...	...	2033-8	3743-6

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 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.....	+ 374	+ 1,310	+ 650	+ 320
24 weeks to December 13 1936				
Weekly average second half 1936	+ 15½	+ 54½	+ 27½	+ 13½
Latest week 1936 compared with	+ 10	+ 16	+ 5	+ 8

LONDON TRANSPORT

	£	£	£	£
Week ending December 12, 1936	585,000	585,000	585,000	585,000
Aggregate 24 weeks to December 12, 1936	13,468,000	13,468,000	13,468,000	13,468,000

* 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	Percent Millage	Gross Receipts for Week,		Gross Aggregate Receipts	
				1936	+ or -	1936	+ or -
INDIAN							
		1936		Rs.	Rs.	Rs.	Rs.
Assam Bengal	34	Nov. 20	1,330	\$5,46,800	+ 21,139	1,09,19,472	+ 4,09,688
Barsi Lt. Ry.	34	20	292	32,740	- 32,700	9,41,000	- 2,53,100
Bombay & N.Western	9	30	2,112	11,09,772	+ 75,191	59,033,862	+ 3,88,766
Bombay-Nagpur	30	3	3,268	22,28,890	- 2,60,316	5,27,83,889	- 37,28,065
Bombay, Bar. & C.S.	37	Dec. 10	5,072	36,12,000	+ 4,77,000	7,53,81,000	+ 24,30,000
Madras & S. Mahr.	34	Nov. 29	2,929	17,66,000	- 50,534	4,50,54,507	- 1,45,711
Rohilk'd & Kumaon	37	20	546	11,41,778	- 6,549	7,68,494	+ 11,739
South Indian	34	20	2,532	11,62,795	+ 30,215	34,10,18,187	+ 2,80,022

COMPANY MEETINGS

BANK OF LONDON AND SOUTH AMERICA, LIMITED

INCREASED PROFIT—ENCOURAGING OUTLOOK

LORD WARDINGTON'S SURVEY OF CONDITIONS IN SOUTH AMERICA

The seventy-fourth ordinary meeting of the Bank of London and South America, Limited, was held on the 15th instant at the head office of the bank, 6, 7 and 8 Tokenhouse Yard, London. The Right Hon. Lord Wardington (chairman of the bank), presiding.

The Secretary (Mr J. A. Stark) read the notice convening the meeting and the report of the auditors.

The Chairman, in moving the adoption of the report and accounts, said:—

Twelve years ago I referred to our annual meeting as one which had constituted a distinct milestone on the path which the bank had then travelled for sixty-two years. That was on the occasion of the amalgamation of the London and River Plate Bank, Limited, with the London and Brazilian Bank, Limited, when our present title was assumed. Difficult years have since been encountered, but the bank has successfully come through them, and to-day another milestone has been reached by the arrangement, completed in August last, whereby the business of the Anglo-South American Bank, Limited, now in voluntary liquidation, has been taken over by us. We, in our seventy-fourth year, are now the sole English bank operating in South and Central America. Your board feel confident that the future will prove the step to have been in the right direction. The best of relations are maintained with our large and increased clientele, who continue to receive that same consideration and good service which have earned for the bank a reputation second to none.

With regard to the balance-sheet, you will see that its total is approximately £75,000,000, or £32,000,000 more than last year. Our advances and other accounts last year included a sum of £1,490,000 in respect of depreciation on capital employed abroad. In addition the sum of £2,848,000 appeared in the balance sheet of the Anglo-South American Bank, Limited, under the same heading of depreciation of capital. These two amounts, as you will see from the report in your hands, have now been entirely removed from the combined balance sheet.

PROFIT AND LOSS ACCOUNT

In reviewing the profit and loss account it must be borne in mind that only for a period of some six weeks have the items of expenditure and revenue been affected by the increased turnover resulting from our recent deal. The economies foreshadowed and the benefits to be derived from the elimination of competition had scarcely begun to manifest themselves, but satisfactory progress is now being made in this respect. The net profit, after providing for bad and doubtful debts, is £252,000, which is £43,000 in excess of last year's figure. I would here mention, however, that the improvement has not come by way of increased earning capacity, but through our having had to make a smaller provision for bad and doubtful debts in the year under review. This, after many years of heavy writing-down, is a good sign, but it would be far too venturesome to suggest that we are yet free from this process. On the other hand, I do feel that our prospects in regard to future earnings are now more encouraging than they have been for some time past.

BOARD'S CONSERVATIVE POLICY

You will see that the available balance of profit and loss account is £420,124, from which the directors recommend the following allocations:—To payment of a dividend of 3 per cent. on £3,540,000 (namely, on shares Nos. 1-708,000, inclusive, of £5 each) payable December 21, 1936, subject to income tax, £106,200; to writing-off special legal and other expenses incurred during the year in connection with the acquisition of the Anglo-South American Bank business, £25,000; to contingency reserve, £120,000, leaving a sum of £168,924 to be carried forward. Some of our shareholders may have expected a larger distribution on this occasion, but until the board are able more clearly to appreciate the benefits that future developments may bring, I feel sure you will be in full agreement with the conservative policy adopted.

PROGRESS IN ARGENTINA

Due largely to the steady adoption of the comprehensive scheme of financial reform promulgated in March, 1935, of which the new Central Bank was the nucleus, the economic situation

continues to be strengthened and consolidated. The national fiscal position is improving. The satisfactory state of the national credit is reflected in the fact that the yield on Government securities is now below 5 per cent., whilst Treasury bills are subject to keen competition and are placed at low rates of interest. The new Central Bank is now regulating the basis of international credit as well as controlling the external value of the peso, which is particularly important to an agricultural country liable to fluctuations in overseas trade. A feature during the year has been the absence of currency inflation.

In view of the indications of Government policy we were hardly surprised to receive the welcome news on Thursday last that the Central Bank had been instructed by the Government to reduce as from that date the selling rate for official exchange from 17 to 16 pesos per pound sterling, the official buying rate being meanwhile retained at 15 pesos. This means, of course, that the Government's profits in the official exchange market have been halved, with resultant benefit to importers and other remitters of official exchange.

The new trade agreement which has been brought to a successful conclusion gives practical expression to the reciprocal nature of Anglo-Argentine trading relations, and there is reason to hope that under it there will be a further expansion in commerce between the two countries. Gratifying also is the repetition by the Argentine Government of its declaration that it intends to accord benevolent treatment to British utility and other undertakings in Argentina.

Following favourable weather, the outlook for the fine cereal crops is encouraging, and a good average wheat crop appears almost secure. The general economic outlook therefore inspires confidence.

BRAZIL AND URUGUAY

Since the military outbreak in November last year there has been no public disturbance or political agitation of any significance in Brazil. Civil life is normal, and the commercial and industrial activities of the country are progressing in an encouraging manner. During the past year the Federal Government have regularly fulfilled their obligations, and the service of foreign loans has been duly paid on the reduced scale established under the Aranha debt scheme of February, 1934, as have also the monthly commitments on their commercial debt agreements.

During the past few months Brazil has sought to improve her commercial relations with foreign countries, including Great Britain, through the revision of trade agreements and the mutual application of the "most-favoured-nation" treatment, whereby the reciprocal interchange of products and merchandise will be stimulated by the reduction of Customs tariffs to a minimum scale. The position has become increasingly complicated, however, by reason of the "compensation" agreement with Germany, which has enabled that country substantially to undersell competitors, and the outstanding feature is the growth in German imports.

It is gratifying to note the trend towards a greater diversification of Brazil's products for export, in which, with few exceptions, there has been marked expansion since 1933.

Uruguay effected further consolidation of her financial position during the year. Uruguay continues to adhere to a policy of reciprocity in foreign commercial relations, which finds expression in various trade agreements, and the year 1935 closed with a substantial trade balance in favour of the Republic, with Great Britain heading the list on both export and import account. Uruguay may be said to be enjoying a period of mild prosperity. The political situation is stable, and the coming year should see a further consolidation of the improved position already attained, although much naturally depends upon the internal situation of various countries which purchase Uruguayan commodities.

In Paraguay the past year has inevitably been a period of readjustment following the conclusion of the Chaco hostilities, the financial strain of which has been withstood in a remarkable manner.

The improvement in the internal situation in Chile has been maintained during the past twelve months. There has been a notable expansion in foreign trade during the year 1936 as compared with the two preceding years.

FOREIGN TRADE OF THE REPUBLICS

After reviewing the conditions in other countries in which the bank operates, the chairman continued: It remains for me to say now that whilst the partial recovery in South America has mainly been in internal conditions, there has also been during the year 1935 and in 1936 to date an expansion in the foreign trade of most of the republics on both import and export account, and the rise

NELSON FINANCIAL TRUST, LIMITED

GRATIFYING PROGRESS

The ordinary general meeting of Nelson Financial Trust, Limited, was held, on the 14th instant, at Southern House, E.C., the Rt. Hon. Viscount Goschen, G.C.S.I., G.C.I.E., C.B.E. (the chairman), presiding.

Mr W. A. Porter (general manager), having made a sympathetic reference to the death of Mr Harold Nelson and welcomed Viscount Goschen as his successor in the chairmanship.

The Chairman, dealing with the accounts, said that the investments stood in the company's books at £1,521,933 and their market value on October 31st was in excess of that figure. The actual break-up value of the ordinary stock on that date was 108½ per cent., which compared with 82 per cent. on the same date last year. This position arose not only from the appreciation in the market value of many securities, but also from the steady writing down of holdings out of surpluses realised. As to the geographical distribution of their investments, the figures indicated that they were now over 82 per cent. an all-British Trust; the relative figure last year was 75 per cent. The net income of the year, at £30,286, showed an increase of £4,273, and the directors recommended a final dividend of 2 per cent. on the ordinary stock, making 4 per cent. for the year; they were transferring £3,000 to revenue reserve and increasing the carry-forward to £21,217.

With regard to the current year, industry generally was enjoying a period of prosperity, stimulated by Government orders and the improvement in housing and transport facilities. Shipping reflected an increase in overseas trade, and money was still cheap and plentiful. High-class industrial shares now only yielded a return, at present market prices, which seemed to discount a long period of prosperity, and it was difficult under present world conditions to make any forecast as to the future. This rendered it necessary for the directors to proceed with caution. The company was in a very sound position, and their first object must be to continue to strengthen it; but if in the current year nothing of a serious nature occurred, they hoped they might be able to make some little addition to the distribution to ordinary stockholders.

The report was unanimously adopted.

BOOKER BROTHERS, MCCONNELL AND COMPANY LIMITED

IMPROVED RESULTS

The annual general meeting of Booker Brothers, McConnell and Company, Limited, was held, on the 14th instant, in London.

Sir Alfred P. Sherlock (the chairman) said that the profits for the year ended June 30th last amounted to £77,146, approximately £22,000 more than the previous year, which he thought shareholders would agree was very satisfactory. The increase was accounted for by a 5 per cent. dividend from Bookers Demerara Sugar Estates instead of a 3 per cent. dividend for the previous year, and also by considerable improvement in trading results by the Demerara and home branches.

The improvement in trading was due principally to the increased sugar crop which they had been getting. The colony was also benefiting from the expansion of the hinterland industries, amongst them gold. He looked for still greater expansion in that industry, and they themselves had taken up concessions in a gold-bearing district. They had also taken an interest in a gold company. The improvement in the results of the home branches was more or less consequent upon the greater trade done by the Demerara branch.

For some years past their estates had had to work on extremely economical lines, and the fact that Bookers Demerara Sugar Estates, Limited, had been able to pay a 5 per cent. dividend reflected the greatest credit on the efficient management in Demerara. There was no doubt that the results they had achieved were largely due to better methods of cultivation and improved seedlings, but it must not be forgotten that the company had an income of approximately £20,000 from interest and dividends received on its liquid capital.

Statistically, the position of sugar in the world to-day was not unsatisfactory, as stocks had declined during the year by approximately 1,000,000 tons, but production in a good many countries was likely to increase in the next twelve months. That increase, however, might be absorbed internally and, they hoped, would not affect the position. Although they were practically the most economical producers in the British Empire, they were at a disadvantage in having practically no local market at remunerative prices like other producers.

The report was unanimously adopted.

in world prices leads to reasonable hopes of further expansion in the value of aggregate exports. It must be remembered, however, that—as a result of world economic trends since 1930—the foreign trade of the South American Republics with the chief industrial countries is now mainly of a reciprocal nature and finds expression in special trade agreements, compensation arrangements, quotas, etc. In effect, much of South America's trade is now of a "barter" character, and the recorded export surpluses do not in many cases give a true indication of the real balances of payments or of the balances of free exchange cover available. Much of the activity on import account also is for material or equipment for the national manufacturing industries, which have made very definite progress—a result of the present world phase of economic self-sufficiency which cannot but permanently affect to an important degree the South American markets for foreign manufactured goods.

HEAVY IMPORTS OF GERMAN GOODS

Chief among the countries conducting business on a compensation basis is Germany, and the operation of the "Aski" mark system has resulted in increasingly heavy imports of German goods into such countries as Brazil, Chile, Peru, and Central America, to the detriment of other supplying countries, including Great Britain.

The recent international currency agreement may, by effecting stabilisation of the chief currencies, assist towards the removal of trade barriers, but this will have to be followed by general endeavours to relax other restrictions, including bilateral trading arrangements, which serve to confine the flow of world commerce within set channels. Unfortunately, however, these restrictions are often bound up with the intense economic nationalism and political creeds of certain European countries, and the immediate future in this respect is not too encouraging. Obviously, whilst such countries still pursue national self-sufficiency to an extreme degree the delicate mechanism of international trade balances cannot be fully adjusted.

To conclude, our position as the only English bank in twelve South and Central American Republics carries with it obvious privileges and responsibilities. Principal among these is the continuance of whole-hearted co-operation with the Governments and business communities in furthering the well-being of the Republic. The report and accounts were unanimously adopted.

NATIONAL BANK OF SCOTLAND, LIMITED

A POSITION OF LIQUIDITY

The one hundred and eleventh annual general meeting of the proprietors of the National Bank of Scotland, Limited, was held, on the 17th instant, at the bank's head office in Edinburgh.

The Most Honourable the Marquess of Lothian, C.H. (the governor of the bank), who presided, said the net profit of £272,440 was fully £2,000 more than for the previous year. After setting aside £134,200 to meet the usual dividend of 16 per cent., the board had made allocations to reserve and staff funds amounting to £135,000, and there remained a balance of £84,065 to be carried forward. In regard to the balance sheet, the bank's notes in circulation at October 31st last amounted to £2,720,480, showing an increase of £125,000, and this, taken in conjunction with similar increases in each of the two previous years, indicated steady improvement in industrial activity in Scotland. Deposits had reached the high figure of £36,532,000, an increase of £1,319,000. Acceptances on account of customers were higher by £350,000 at a total of £1,078,000—a clear indication of the greater volume of imports.

On the assets side of the balance sheet, cash and readily realisable assets were £9,780,000, representing nearly 25 per cent. of the deposits and notes in circulation taken together. Their holding of British Government securities stood at £18,280,000, a figure considerably below their present market value. Bills discounted showed an increase of almost £300,000, the small holding of Treasury bills included under bills discounted being practically the same as a year ago. Loans and advances at £11,275,000 showed an increase of £375,000. Some importance could be attached to that increase because it indicated that the decline in advances had been arrested and that a movement in the other direction had begun. He need not, he said, enlarge upon the liquidity and strength which characterised the balance sheet, and the directors were satisfied that the bank was in a favourable position to play its part in meeting the requirements of reviving trade and industry in this country.

The indications of recovery in trading conditions at home to which he had referred a year ago had been fulfilled, and in most directions the period had been one of revival.

The report and accounts were unanimously adopted.

RHODESIAN ANGLO-AMERICAN, LIMITED

INVESTMENT POSITION—OUTLOOK FOR COPPER

The seventh ordinary general meeting of Rhodesian Anglo-American, Limited, was held, on the 14th instant, in London, Sir Edmund Davis, J.P. (deputy chairman), presiding.

The Chairman, dealing first with the balance sheet, said: Investments stand at a total figure of £6,801,033, which is much larger than the corresponding figure a year ago. The increase is due to the fact that the reserve for depreciation of investments, which had hitherto been deducted from the cost price of the investments for balance-sheet purposes, has been re-allocated in the manner described in the directors' report. The directors felt satisfied that the maintenance of such a very large reserve, provided at a time of severe depression, was no longer necessary and therefore, after applying a portion of the reserve to writing down the company's investments to what they considered conservative figures, they authorised the transfer of £1,200,000 to a general reserve account.

At the date of the balance sheet the market value of the investments showed a surplus over book values of £1,136,742. The value of our present investments, including our additional holding of shares in Rhokana Corporation recently subscribed at £10 per share, at to-day's market prices is £15,638,586, showing a surplus over the book value of no less than £8,526,176.

The net profit for the year, subject to income tax, comes out at £200,674, which compares with £120,965 for the preceding fifteen months. The balance brought in from the last account was £291,221. After deducting income tax, £17,277, and the proposed dividend of 6d. per share, less income tax, and the directors' additional remuneration there is left £296,064 to carry forward, which is about £5,000 more than a year ago.

I think it is now necessary to refer at greater length to our interest in Rhokana Corporation, Limited, and at the same time give you my views on the future operations of that important company. In this connection may I draw your attention not only to the statement made at our last ordinary general meeting on the subject of the possible increase in the production of copper should the market warrant it, and a general increase in consumption, but also to Sir Auckland Geddes's remarks at the meeting of shareholders of Rhokana Corporation, Limited, held on October 29th last? He then stated that the average cash price for standard copper on the London Metal Exchange was £38 6s. for the month of August, £38 19s. for the month of September, and £40 14s. 8d. for the first 26 days of October. I am now able to supplement this information by giving you the figure for the whole of October, which was £41 os. 4d., and for November it further increased to £43 19s. 5d. All the figures I have quoted relate to long tons. Rhokana Corporation, Limited, profits naturally depend on the market price of copper, which in turn is influenced by production and consumption.

In this connection you will also have learned from Sir Auckland Geddes's speech that the stocks of refined copper throughout the world had gradually fallen from 854,133 short tons in 1932 to 379,727 short tons in September, 1936. Since that statement was made there has been a further fall in world stocks of refined copper, which amounted to 356,785 tons at the end of October.

Consumption, which was only 804,974 short tons in 1932, is at present apparently at the rate of about 1,750,000 short tons per annum, this estimate being based on world consumption, which for the first ten months of 1936 was a little over 1,460,000 tons. On this basis consumption for the whole of 1936 should be about the figure I have mentioned.

The gradual reduction of stocks and rise in the market price has of course been followed by a gradual increase in production by the Northern Rhodesia Copper Mines. Rhokana Corporation's output is now at the rate of about 84,000 short tons per annum, and the estimated total copper output by the three mines at present producing in Northern Rhodesia—based on the existing rate of production—should be over 200,000 short tons per annum.

While on this subject I would also draw your attention to the formation of a new company to take over Rhokana Corporation's Chingola special grant with a capital of £5,000,000 in £1 shares, of which 2,000,000 shares are to be allotted to Rhokana Corporation as vendor's consideration for the properties transferred and 400,000 are to be subscribed by Rhokana Corporation in cash at par to constitute the initial working capital. Eventually the remaining 2,600,000 shares of the said new company will be offered for subscription to the ordinary and "A" shareholders in Rhokana Corporation, Limited. Our net interest in the said 2,600,000 shares when issued will be over 1,000,000 shares, which should in course of time prove to be a valuable investment.

The report and accounts were unanimously adopted.

GOLD COAST BANKET AREAS, LIMITED

STRONG CASH POSITION—PROMISING OUTLOOK

The third ordinary general meeting of Gold Coast Banket Areas, Limited, was held, on the 14th instant, at Winchester House, Old Broad Street, London, Mr Robert Sweeny (the chairman) presiding.

The Chairman, in moving the adoption of the report and accounts, said, that, bearing in mind that they had a gold mine to develop and equip on a scale commensurate with the large size of the property and being well aware that this inevitably would require large financial resources, the board had adopted the policy of assuring that the necessary cash should be definitely available when required. In pursuance of that policy, during the year covered by the accounts 213,000 shares in Amalgamated Banket Areas, Limited, were sold, and the considerable excess of realised value over book value transferred to capital reserve. Also on the assets side of the balance sheet mine development expenditure and the cost of additional plant equipment, totalled £48,324.

Since the close of the year the company's financial resources had been further increased, and the total of cash and quoted investments at to-day's market values approximated £650,000. Their company owned a considerable stretch—approximately 7,000 ft.—along the outcrop of the formation, and their properties covered a large area on the dip of the reef. They knew that the great Rand mines of to-day had required anything from five to ten years to reach large-scale production and commensurate profits work took time, and, to start with, a great deal of it was of cutting, driving off reef, and through faults, which did not itself open up ore. In every case there were special peculiarities that had to be learned from experience.

In view of their initial comparatively limited cash resources, the policy was adopted of installing the first small unit of a production plant for the purpose of obtaining some contribution towards development costs. That policy had also had the advantage of enabling them to build up a good organisation of labour, which was being continually trained, together with their European staff, to the requirements of their mine.

A second unit of the mill to raise the plant capacity to 12,000 tons per month had been authorised by the board and the equipment had been on order for some months. The increased plant was planned to be in operation by next March.

INCREASED ORE RESERVES

The extensive development programme was achieving satisfactory results, and their ore reserves as at October 31st were 28.29 inches, showing an increase of 52,928 tons in the first four months of the current financial year. The most encouraging feature of their development was the increase both in value and width of reef in the lower levels.

Their company had an extensive holding in South Banket Areas, Limited, namely 1,500,000 shares, and, in addition, they held an option to subscribe for 500,000 shares at par which had been renewed last February for one year. The South Banket company was also pursuing an extensive development campaign. According to the latest development report, ore reserves of 233,584 tons, averaging 5.39 dwts. over 45.49 inches, were estimated to have been developed in the Tamsoo section of their property.

THE FUTURE

As regarded the future, the outlook was promising. They anticipated that development work in 1937 would open up sufficient additional ore to enable the mine to supply the extended reduction plant to its capacity of 12,000 tons a month.

They would push on with development in depth as rapidly as possible and they would be able to judge the progress from the monthly reports.

With operations at increased capacity, the limit of payable ore should be 4 dwts. per ton, if the price of gold was maintained, as appeared probable, at £7 per ounce. That being the case, it seemed that the very large extent of banket reef underlying their properties must surely be a good business proposition, provided a little patience was exercised, that operations and development were capably handled, and that they did not take the risk of making of a big mine.

He thought shareholders would feel satisfied that, as far as it was humanly possible to see, the portents were propitious. The report was unanimously adopted.

LONDON AND RHODESIAN MINING AND LAND COMPANY, LIMITED

DIVIDEND OF 10 PER. CENT.

PROGRESS OF COMPANY'S INTERESTS

The ordinary general meeting of the London and Rhodesian Mining and Land Company, Limited, was held, on the 14th instant, at Winchester House, London, E.C.

Lord Lurgan, K.C.V.O., who presided in the absence of Sir Abe Bailey, the chairman, said that the company's interest and dividend revenue of £65,410 compared very favourably with the figure of £51,818 in the previous year and £44,183 in the year before that, and showed that the revenue they were receiving under this head was steadily increasing. Of the £65,410, £62,934 came from dividends and represented a return of nearly 12 per cent. on their total investments. The profit on realisation of investments, at £32,151, compared with £45,685, the lower figure being, of course, simply due to the fact that they had not seen fit to realise investments on which they had a book profit. Rents, etc., were £14,313, compared with £12,483 in the previous year. The bulk of the figure came from rents received from the different buildings owned by the company, mainly in Salisbury and Bulawayo. Mining revenue at £9,625 showed a falling off of about £1,600.

YEAR'S RESULTS

To the net profit of £120,569 had to be added £96,128 brought forward, giving a total available of £216,697, compared with £188,379 in 1935.

In the balance sheet farms and ranches at £404,273 was very much the same as in the previous year. Stands and buildings stood at £64,785, and the municipal valuation was about double that figure. Mining properties and other interests at £37,165 could not be considered over-valued in view of the revenue that was received from them, and including, as they did, the Rennie-Tailyour concession and other interests.

The most important of their assets—share investments—at or under cost, stood at June 30th at £534,673, approximately £51,500 more than in the previous year. The valuation was £914,837, of which no less than £815,263 represented the market valuation of their quoted securities, and they had a total appreciation on their investments as at June last of £380,163. That figure was, of course, an unrealised profit. The unquoted investments were valued at £99,573, a figure which had been arrived at on a conservative basis. If the investments were taken at their value and had added to them the cash surplus—that was to say, what might be described as their liquid assets—those alone were practically equal to the capital of £1,000,000, and, in addition, they had the whole of their other assets, such as their land, stands and buildings, cattle, mining interests, etc.

SHARE INTERESTS

Dealing with the various share interests, the chairman said that the position of the Cam and Motor Company was very satisfactory, and at the annual meeting last month the chairman had forecast an increased distribution for the current year.

The South African Coal Estates Company had a record year, their sales of coal being up by 115,728 tons. Increased dividends had been received from this interest and the future of the company looked distinctly good. The Rezende Mines was increasing its profit, and dividends seemed to be assured for many years to come. The African Investment Trust had had a successful year and had again paid 5 per cent. The company was still interested in a number of Kaffir dividend-paying companies.

As to mining interests, the royalties received from the tributaries of the various small properties were quite substantial. They continued their policy of inspecting and, if thought advisable, taking up options on any likely propositions, and they trusted that sooner or later they would be successful. During the past three years the value of gold produced in Southern Rhodesia had shown a steady increase, which had continued in the current year.

In the balance sheet the land-holding remained unchanged at 1,640,644 acres. Since June 30th, Glass' Block had been sold to the Government for 3s. 6d. an acre, and they now had only three ranches running. The ranching position had improved considerably, and they had every hope and expectation that this year they would be able to show a surplus on their ranching which they could use to replace the large sums written off during the past three years.

A final dividend of 5 per cent. was recommended, making 10 per cent. for the year, and an interim of 5 per cent. on the current year was also being made.

The report was unanimously adopted.

IND COOPE AND ALLSOPP, LIMITED

PROFITS AND DISTRIBUTION INCREASED

The twenty-fourth ordinary general meeting of Ind Coope and Allsopp, Limited, was held, on the 14th instant, in London.

Colonel Sir G. L. Courthope, Bt., M.C., M.P. (the chairman), said that the progress he was able to report last year had been well maintained. The amalgamation of Ind Coope and Allsopp had proved an undoubted success, although the full benefits of the fusion had not yet been reached.

Trading profit was up by £200,000, interest by £19,000, compensation and income tax payments by £75,000, and the net profit by £125,000. The increase in trading profit was mainly due to the following facts. They had had the benefit of direct trading in all the Showell houses for twelve months, as against seven months in the previous year; in the Lichfield houses for twelve months, as against three months; and in the Leicester Hotels for one month, as against nothing; and the trading profit on bottling increased by some £40,000.

The cash position of the company was strong. In addition to £1,121,000 of cash and Government securities in the parent company's hands, the subsidiaries held £478,000 and trustees £219,000.

The condition of their properties and plant was satisfactory. The new bottling plant at Burton was giving excellent results as regarded both output and quality. A new plant at Romford was nearly completed, and would enable them to deal with the growing demand for bottled beers, as well as the trade of the Nalder and Collyer houses recently acquired. Considerable progress had been made with rebuilding and reconstruction.

With regard to the future, they might face it with confidence. The industries of the country were, for the most part, prosperous; and he had little doubt that they would share in the general prosperity.

The net profit amounted to £618,000, and with the balance brought forward there was £977,000 available. It was proposed to pay a final dividend of 17½ per cent., less tax, on the ordinary stock, making 25 per cent. for the year, and a bonus of 2½ per cent., less tax; to transfer £57,900 to public house improvements reserve, making this up to £250,000, and £100,000 to general reserve, making this up to £950,000, and to carry forward £379,000.

The report was unanimously adopted.

MESSINA (TRANSVAAL) DEVELOPMENT COMPANY, LIMITED

DIVIDENDS RESUMED

The annual general meeting of the Messina (Transvaal) Development Company, Limited, was held, on the 16th instant, in London.

Lieut.-Col. John P. Grenfell (the chairman) said that the outstanding feature of the report was that, after some few years of low copper prices and no dividends, they had been able to earn a profit substantial enough to recommend a dividend. For the six months since the close of their year the price had averaged over £40, and to-day was considerably higher, so that during the present year their profits would be greater than for that ending June 30th last. As a result of the year's working there was a balance of £47,800. The balance on profit and loss account was £115,589, against £68,952.

The general manager in his report stressed the promising outlook of the prospecting at Campbell mine. They had encountered at least two lodes, which occurred over a considerable length, but were low grade. At Harper mine they had developed a large tonnage of ore and the lodes had considerably expanded both in width and length on the strike. The bottom level, the 19th, had just recently come into ore, and that should add a considerable tonnage to their ore reserves. In the Messina mine they had found new ore bodies, and enlarged old ones in the levels above 2,100 feet.

The ore reserves showed an increase of 50,200 tons to a total of 1,268,300 tons.

Taking a broad view of the whole Messina copper field, the year had been interesting. They had some 16 miles along the strike of the copper lodes, and at two localities they had opened up payable mines, namely, Messina and Harper. The Messina mine carried copper for some 3,200 feet on the strike; the Harper mine for some 3,700 feet, and they were now opening up Campbell, which, as at present known, had copper-bearing lodes for some 5,000 feet. Although they had been at Messina for twenty-five years, it was probable that there were ore bodies of which at present they knew nothing.

The report was adopted, and a final dividend, making 20 per cent. for the year, approved.

DAVIS ESTATES, LIMITED**EXPANSION OF BUSINESS**

The second ordinary general meeting of Davis Estates, Limited, was held, on the 17th instant, at Winchester House, London, E.C.

Mr M. S. Myers (the chairman) said that the year's trading had resulted in a net profit of £86,000 compared with just over £66,000 in the previous year. That was a large and satisfactory increase and entirely due to a natural expansion of the business which they hoped and had every reason to believe would continue. The whole of the profits, after paying the preference dividend and the service of the preference share redemption fund, had been retained in the business. No profits had been distributed upon the ordinary shares since the incorporation of the company and nearly £100,000 of such profits had been divided as to an allocation of £78,000 in the reserve accounts and £21,000, the sum carried forward; that in addition to the amount of £35,000 which stood to the credit of income tax reserve account and which they trusted would not be wholly required.

The placing back of profits into the business had enabled the company to expand its activities and incidentally enhanced the ultimate value of the ordinary shares, and they must envisage a distribution on those shares in the near future. The company's investments in properties had increased by £61,000, bringing that item up to £142,000. The income derived from those properties already amounted to nearly one-half of the preference share dividend, and it would be the directors' endeavour to cover the whole of the preference dividend and redemption service from that source.

The company's balance sheet was made up at a time when they usually employed all their funds, and with their increased activity the change in the company's cash position over that of the same period last year was marked. Last year they had cash available of £46,000; this year they had a bank loan of £88,000, but that overdraft, offset by increased debtors to the company, would tend to be reduced during the first half of the ensuing calendar year.

Notwithstanding the materially more active state of their trade, their sundry creditors had only increased by the nominal figure of £1,000. They now came to the item of stock at cost, which included houses in course of construction and those constructed and those which had been contracted to be sold. It would not be wise to publish details of those figures.

He was a wise man who said as little about the future as he could, but so far as they could say, and based upon the present foundation, the company's developments were such as to give them confidence, for they were able to gauge conditions which they thought were likely to prevail for some years to come. The company was among those who might claim to be specialists. They did not compete in the low-priced dwelling-house, but held the premier position in medium-priced homes.

The report was unanimously adopted.

ORIENT STEAM NAVIGATION COMPANY, LIMITED**DIVIDEND MAINTAINED AT 5 PER CENT.**

The thirty-seventh ordinary general meeting of this company was held, on the 16th instant, in London.

Mr I. C. Geddes, the chairman, said that earnings were down and expenses up. Both passenger and cargo earnings had been reduced by the effects of the Italian campaign in Abyssinia. Homeward much cargo space was vacant. Shippers, ship-owners and consignees were all partners in Australia's export trade, and, given goodwill, it should be possible to secure more economical transport by better forecasting of the cargo to be carried at different seasons. Expenses had been increased by the restoration of cuts in pay to crews and transport workers on shore. The change-over from third class to tourist had meant additional expenditure and disturbance of programme with longer stays in port. It was proposed to regard this as an exceptionally bad year and to pay a modest dividend of 5 per cent., tax free, from reserves accumulated for the purpose.

The tourist class marked a big step forward in the general standard of cheap travel and should result in a flow of holiday traffic in both directions. Australia wanted and needed migrants, and, looking to the future, there must be room for them in that favoured land, but the movement seemed likely to be more selective than it had been in the past.

Looking back, the curve of migration had been one of ups and downs. Looking to the future, a flatter curve would be better suited both to Australia and to those who migrated, and when migration did start he hoped it would be directed with economy in the use of ships. At the present time there was vacant space

at certain seasons of the year which could accommodate considerable numbers without disturbance to existing traffic.

While their ships were refitting, they had taken advantage of their being in the builders' hands to adapt some of their spaces for the carriage of chilled meat, and now all ships, with the exception of "Ormonde," were so equipped. That expense had been incurred in advance of the requirements of the trade, but as the conversion was too extensive to be carried out in the normal "turn round" of the ship, it was economical to alter the ships while they were withdrawn from service.

Since the close of the financial year, "Orsova" had made her last voyage and had been sold for breaking up.

On December 1st "Orcades" was launched at Barrow. Certain modifications, and, they hoped, improvements, had been effected on the plan of "Orion." They had confidence that when she came into service in six months she would prove a worthy product of Messrs. Vickers-Armstrongs' craft. She would be nearly twice the size and would cost more than 2½ times as much as "Orsova" had cost twenty-seven years ago.

In April of this year the shareholders had approved an extension of the powers of the company to include transport by air. Since then they had, in conjunction with certain Australian interests, formed a company to develop air services in Australia. The report and accounts were unanimously adopted.

LUIPAARDS VLEI ESTATE AND GOLD MINING COMPANY, LIMITED**DIVIDEND INCREASED TO 50 PER CENT.**

Presiding at the ordinary general meeting of the Luipaards Vlei Estate and Gold Mining Company, Limited, held, on the 16th instant, in London, Mr E. Turk (the chairman), in moving the adoption of the report and accounts, said that the net profit resulting from the year's operations was £146,042, an increase of £7,431 on last year, and the total available on profit and loss account was £200,118. An interim dividend of 25 per cent. had already been paid, and the directors now recommended a final dividend of 25 per cent., making the total dividend for the year 50 per cent., or 1s. per share. This would leave approximately £19,000 to be carried forward to next year's accounts.

The work done during the year in the mine was fully dealt with in the report by the general manager, Mr Krone. The Tudor shaft had now been sunk to below 2,600 ft., and both main reef and south reef were being opened up at several horizons with excellent results. Developments in this section must be regarded as more than ordinarily important, occurring as they did at considerable depth in an area which was entirely intact.

After supplying to the mill 557,500 tons during the year, the fully developed and immediately available ore reserves stood at June 30th at 2,289,900 tons, averaging 4.9 dwt. over stopping width, with a further 355,800 tons developed but not immediately available at an average of 5.47 dwt.

On August 1st last the secretaryship of the company in Johannesburg and the technical administration were taken over by the New Consolidated Gold Fields, Limited. The board had every reason to think that the co-operation between their management and the experienced technical staff of the Gold Fields would have beneficial results for the company.

PROGRAMME OF EXPANSION

The company's big programme of expansion was still before them. Such a scheme would not only have to envisage the erection of a new reduction plant, either by replacing the present one or as an addition to it, but might also have to include the sinking of another large working shaft. Suggestions had been made which, in the meantime, were likely to bring about an increase in the productive capacity of the existing milling plant before the larger scheme became feasible.

Summing up the position of the company in a few words, the chairman said he could safely say that it had never been better than at present. Their output had reached record figures; the ore reserve was not only keeping up with the requirements, but gaining steadily; developments were excellent and likely to be better, and the spade-work done during the last three years was now bearing fruit in facilitating the more rapid development of the important eastern section of the mine. The life of the mine on the present basis of output could be estimated as from 30 to 40 years, and possibly even longer. It afforded the directors a great deal of satisfaction to be able to put such a sound and promising position before the shareholders that day.

Sir Frederick Hamilton seconded the resolution, which was carried unanimously, and cordial votes of thanks having been passed to the local board and secretaries in Johannesburg and to the general manager and mine staff, as well as to the chairman and directors, the proceedings terminated.

GOLD COAST MAIN REEF, LIMITED**DEVELOPMENTS AT THE BONDAYE MINE**

The third ordinary general meeting of Gold Coast Main Reef, Limited, was held, on the 16th instant, at River Plate House, London.

The Rt. Hon. Lord Dorchester, the chairman, said that cash at bankers amounted to £58,703, and there was a further sum of £60,000 due upon shares allotted and only partly paid up. Their cash position might, therefore, be considered strong and certainly adequate to finance operations until such time as they commenced crushing.

Referring to the development work accomplished during the year, the Chairman said:—The most satisfactory aspect is represented by the tangible figures of ore reserves blocked out to date on the first and second level workings of our Bondaye Mine. These reserves have been detailed in our report, but I may be permitted to reiterate them as follows:—Indicated ore reserves down to the second level, including main ore-body and spur reef, 52,794 stope tons, averaging 8.4 dwt. per ton over a width of 60 inches; in addition to which there are indicated on the north ore-body 5,978 reef tons, averaging 5.3 dwt. per ton over a width of 63 inches; and on the north-east ore-body 5,100 reef tons, averaging 7.7 dwt. per ton over a width of 34 inches.

These figures were contained in a cablegram received from the general manager, Major D. Gilchrist, on the 3rd instant. Major Gilchrist states that, on the second level, the length of the main ore-body is 275 feet, averaging 13.1 dwt. per ton over a width of 41 inches, and that the spur reef on this level is 342 feet long and carries 16.7 dwt. per ton over a width of 30 inches. Combining the two, we have a total length of 617 feet, averaging 14.8 dwt. per ton over 35 inches. Concluding the cablegram, Major Gilchrist records that results to date are encouraging, and if the third and fourth levels develop satisfactorily the question of equipping the mine for production will be brought up for consideration. Major Gilchrist states further that Mr G. M. O. Barclay is in agreement with the cabled summary. Mr Barclay is the consulting engineer to the West African Gold Corporation, Limited.

As a board we are well satisfied with the progress and full of hope for the future; and unless I am very much mistaken, by the time we meet again next year I shall be able to talk about Bondaye, not as a promising development proposition, but as a proven mine with a great future.

The report was unanimously adopted.

SECOND COVENT GARDEN PROPERTY COMPANY, LIMITED**INCREASED REVENUE AND DIVIDEND**

The third ordinary general meeting of the Second Covent Garden Property Company, Limited, was held, on the 11th instant, at the Hotel Victoria, Northumberland Avenue, London.

Mr Philip E. Hill (chairman of the company) said:—Ladies and Gentlemen,—The forecast of increased profits made at our annual meeting last year has materialised, and the revenue figures for the year ended November 30, 1936, of £165,762, show an increase over those of the previous accounting period of £54,179. During the period under review the company has purchased and contracted to purchase properties of the particular type in which this company specialises to the extent of £139,949, of which £118,000 odd are freehold and £21,000 odd leasehold.

We have other negotiations in hand, and should these materialise the board might possibly consider the desirability of making a further issue of share capital. Should this be done, the existing shareholders would, of course, be given preferential consideration. The difficulty in obtaining properties of our type on the terms we feel justified in offering continues, and this, of course, tends to a much slower development than I had hoped for when this company was formed three years ago, but I am sure everyone will agree that the progress, if slow, has at least been sure.

The directors have decided to recommend a dividend on the ordinary shares at the rate of 7½ per cent. per annum, less tax, comparable with 6 per cent. paid last year, and the balance carried forward has been increased to £23,118.

I regard the properties owned by this company as being definitely of a gilt-edged character, and having regard to this fact, I consider the dividend now being paid to be most satisfactory, and there is no reason to assume that the business of the company will not continue to progress along the same lines as hitherto.

The report was unanimously adopted.

CENTRAL WASSAU GOLD MINES, LIMITED**AGREEMENT WITH TANO ALLUVIALS, LIMITED**

The thirty-sixth annual general meeting of this company was held, on the 16th instant, in London.

Mr C. E. Parr (the Chairman) having dealt with the figures in the balance sheet, then referred to the Stock Exchange Committee's withdrawal of permission for recording dealings in the company's shares. Continuing, he said:—Turning to the development of your properties, operations have been confined solely to opening up the Beposo and Obuoso properties in Ashanti. As regards our alluvial areas in the Denkerawah district, we are just entering into a new agreement with Tano Alluvials, Limited. Under this agreement we give Tano Alluvials, Limited, the right of working approximately 3½ square miles of ground. They have declared 350 acres at least to be payable. We have, meanwhile, obtained two leases from the Chief embracing all this ground.

It is slow work, securing titles on the Gold Coast, and when they are obtained Tano Alluvials, Limited, must have adequate time to make their arrangements for the provision of capital to work the areas. We have every reason to anticipate that Central Wassau will receive next year at least £26,000, half in cash and half in shares, or wholly in cash. This is at the option of Tano Alluvials, Limited.

The report and accounts were unanimously adopted and an informal resolution was unanimously passed by the meeting expressing confidence in the chairman and directors and requesting that it should be conveyed to the Committee of the Stock Exchange with a request that that body should further reconsider their decision with a view to the early reinstatement of markings of dealings in the shares.

A vote of thanks to the chairman and directors closed the meeting.

KILLINGHALL TIN, LIMITED**DIVIDEND OF 35 PER CENT.**

The seventh annual general meeting of Killinghall Tin, Limited, was held, on the 17th instant, at 7 Martin's Lane, London.

Mr W. Arthur Addinsell, the chairman, moved the adoption of the report and accounts and the declaration of a final dividend of 12½ per cent., making 35 per cent. for the year. He said:—The net profit amounted to £62,798, compared with £37,986 in the previous year, and this was after paying £17,406 in royalty to the Malayan Government and £11,468 in tribute. Further, the annual premium on the policy redeeming the issued share capital in 1949 has been provided for in the year's expenditure. The accounts include the profit of the company's contribution of 58 tons to the Buffer Pool stock, amounting to £6,709.

The quota percentages allowed the company's mine to export 921 tons of ore last year, against 500 tons during the previous year. The dredge turned over 2,931,500 cubic yards in the year—considerably more than double the total quantity dredged during the previous year.

The board recommend a final dividend which, with the two interim dividends, absorbs a total of £52,500. It is also recommended that the amortisation premium reserve should receive a contribution equivalent to one half-year's premium. The prudence of this measure will be obvious to you. The position of the balance sheet, already strong, will, after these operations, be practically impregnable.

You are aware that the International Tin Committee recently recommended the Governments of the countries interested to renew the restriction regulations for a further period of five years. This promises well for the immediate future of your company.

Mr Archibald G. Glenister, M.Inst.M.M., seconded the motion, which was 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 Publisher, "Economist Newspaper Ltd."

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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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MALAYAN TIN DREDGING, LIMITED.

25 YEARS' PROGRESS

The 25th annual meeting of Malayan Tin Dredging, Limited, was held, on the 16th instant, in London.

Mr C. V. Stephens (the chairman) said that the profit for the year was £184,749. The directors recommended the payment of a final dividend of 22½ per cent., making 80 per cent. for the year. That compared with 45 per cent. for the previous year and 36½ per cent. for the year before, and was a record for the company. It constituted, he believed, a record for any dredging company operating in the F.M.S., and it was, he considered, a tangible tribute to the merits of co-operation as opposed to cut-throat competition.

Their dredge had commenced to operate at the end of 1912, and the success it had achieved in digging and treating ground of a varying consistency and in operating on a limestone bedrock had quickly attracted general attention to the possibilities of bucket dredging in the F.M.S.

From its early days the company had been in the van in the endeavour by experimental work to effect improvements in dredging efficiency and technique. The progress made was perhaps best summed up by comparing their first dredge with the dredge now on order. The "first" dredge, a steam-driven machine, was estimated to cost £25,000, and was designed primarily for a capacity of 50,000 yards per month. The dredge now under construction was designed to treat approximately seven times that yardage; it would be electrically operated, and the cost was estimated at approximately £110,000.

The report and accounts were unanimously adopted.

SOUTHERN MALAYAN TIN DREDGING, LIMITED
RECORD DIVIDEND

The tenth annual general meeting of Southern Malayan Tin Dredging, Limited, was held, on the 16th instant, in London, Mr C. V. Stephens (chairman of the company) presiding.

The Chairman said: After charging depreciation, £20,387, the profit for the year is £222,777. The directors recommend payment of a final dividend of 10 per cent., making 45 per cent. for the year, and leaving £24,264 to be carried forward. The dividend of 45 per cent. is the highest your company has yet paid, and I think you will agree that it is the outcome of a very satisfactory year's work. For the previous year 22½ per cent. was paid, and for the year before 20 per cent.

The International Tin Restriction scheme, which commenced in March, 1931, with four signatory countries, has functioned most successfully and has proved of the utmost value in helping the industry through the recent years of depression. It is therefore gratifying to hear that there appears to be every likelihood of a decision being arrived at shortly to continue the control scheme for a further five years as from the first of next month. The new scheme embraces seven signatory countries with a corresponding number of viewpoints on which to reach agreement, and you will readily appreciate the difficult task it has been to reconcile the different viewpoints and to arrive at an agreement acceptable to all parties.

If control functions as smoothly as it has done in past years and a reasonable degree of amity continues to prevail among the nations of the world then the future prospects for tin would appear to be very encouraging.

The report and accounts were unanimously adopted.

GOVERNMENT RETURNS, &c.

NATIONAL ACCOUNTS

The total ordinary revenue for the week ended December 12, 1936, amounted to £11,539,000, against ordinary expenditure of £15,800,000. After allowing for an increase in Exchequer Balances of £193,037, the operations for the week, as shown below, increased the gross National Debt by £4,454,000 to approximately £8,042 millions.†

(000's omitted)			
Treasury Bills.....	+ 6,241	Public Department Advances	- 1,360
2½% Funding Loan, 1952-7.....	+ 1,000	Road Fund	- 1,192
		National Savings Certificates	- 100
		British Shipping (Assistance).....	- 185
	+ 7,241		- 2,787

† 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 September 30, 1936, appeared in *The Economist* of October 3, 1936.

REVENUE	Estimate for the year 1936-37	Total Receipts into the Exchequer			
		April 1, 1935, to Dec. 14, 1935	April 1, 1936, to Dec. 12, 1936	Week ended Dec. 14, 1935	Week ended Dec. 12, 1936
ORDINARY REVENUE					
Inland Revenue—					
Income Tax	250,000,000	75,022,000	72,062,000	383,000	491,000
Sur-tax	56,500,000	8,120,000	7,840,000	370,000	290,000
Estate, etc., Duties	80,000,000	60,980,000	58,650,000	1,360,000	1,800,000
Stamps	27,000,000	14,690,000	17,210,000	550,000	1,770,000
Excise Profits Duty and Corporation Profits Tax	780,000	...	...	...	...
Land Tax and Mineral Rights Duty	780,000	150,000	140,000	...	...
Total Inland Revenue	438,000,000	158,872,000	155,902,000	2,683,000	4,351,000
Customs and Excise—					
Customs	207,525,000	141,378,000	149,535,000	4,183,000	4,964,000
Excise	110,000,000	78,500,000	77,000,000	1,700,000	1,800,000
Total Customs and Excise	317,525,000	219,878,000	226,535,000	5,883,000	6,584,000
Motor Vehicle Duties (Exchequer Share)	5,000,000	1,593,000	1,701,000	107,000	134,000
Post Office (Net Receipts)	11,250,000	12,050,000	11,300,000	450,000	500,000
Crown Lands	1,350,000	1,000,000	1,020,000	...	...
Receipts from Sundry Loans	5,000,000	3,850,816	3,614,255	13,642	88,093
Miscellaneous Receipts	25,250,000	18,616,874	14,545,238	234,489	148,592
Total Ordinary Revenue	798,881,000	411,460,690	414,617,493	9,361,113	11,538,885
SELF-BALANCING REVENUE					
Post Office	69,844,000	42,850,000	46,300,000	950,000	900,000
Motor Vehicle Duties apportioned to Road Fund	26,500,000	8,954,000	9,531,000	...	134,000
Total Self-balancing Revenue	95,844,000	51,804,000	55,831,000	950,000	1,034,000
Total	...	463,264,690	470,448,493	10,311,113	12,572,885

EXPENDITURE	Estimate for the year 1936-37	Total Issues out of the Exchequer to meet Payments			
		April 1, 1935, to Dec. 14, 1935	April 1, 1936, to Dec. 12, 1936	Week ended Dec. 14, 1935	Week ended Dec. 12, 1936
ORDINARY EXPENDITURE					
Interest and Management of National Debt	224,000,000	176,585,988	176,230,980	1,450,645	1,858,948
Payments to Northern Ireland	7,500,000	3,686,285	4,423,781	...	...
Other Consolidated Fund Services	8,200,000	2,054,435	1,477,737	1,960	...
Post Office Fund	600,000	1,126,817	420,529	...	...
Total	239,700,000	180,453,525	182,553,027	1,452,605	1,858,948
Total Supply Services (excluding Post Office)	570,969,000	340,755,399	367,887,179	10,600,000	13,241,000
Total Ordinary Expenditure	808,269,000	524,208,924	550,440,206	12,052,605	15,799,948
SELF-BALANCING EXPENDITURE					
Post Office	69,844,000	42,850,000	46,300,000	950,000	900,000
Road Fund	26,500,000	8,954,000	9,531,000	...	134,000
Total Self-Balancing Expenditure	95,844,000	51,804,000	55,831,000	950,000	1,034,000
Total	...	576,012,924	606,271,206	13,002,605	16,833,948

† Estimated Expenditure as per Financial Statement (H.C. 77) 797,887,000
Add: Supplementary Estimates 33,972,000
Less: Provision made in the Budget 25,800,000
8,372,000
806,269,000

The aggregate revenue from April 1 to December 12, 1936, is shown below:—

(000's omitted)			
Expenditure	550,440	Revenue	414,617
		Decrease in balances	26
		Gross borrowing	£141,805
		Less: New Sinking Fund*	6,009
		Net borrowing	135,797
	550,440		

* 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:	Dec. 14, '35	Mar. 31, '36	Dec. 12, '36	Dec. 12, '36
Advances by Bank of England	£	£	£	£
Advances by Public Departments	38,850,000	19,055,000	27,900,000	-1,360,000
Treasury Bills outstanding	898,250,000	763,115,000	822,135,000*	+6,245,000

Total Floating Debt

* Includes £7,000, 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 December 11, 1936. The amount applied for was £68,475,000. Tenders were accepted for Treasury bills at three months dated Monday at 99 14s. 11d., and above in full; Tuesday to Saturday at

99 14s. 10d., about 63 per cent. and above in full. The average rate per cent. was 91 0s. 7.41d. The amount allotted was £50,000,000.

Date	Amount Offered	Total Applications	Amount Allotted	Average Rate %
January 5, 1934	35,000,000	78,280,000	30,000,000	9 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 8 1.64
July 5, 1935	40,000,000	60,905,000	40,000,000	0 12 4.32
January 8, 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 2.73
July 8, 1936	50,000,000	72,750,000	50,000,000	0 12 1.27
October 2, 1936	50,000,000	77,880,000	50,000,000	0 10 6.07
December 4, 1936	50,000,000	67,990,000	50,000,000	0 15 9.73
December 11, 1936	50,000,000	68,475,000	50,000,000	1 0 7.41

NATIONAL SAVINGS CERTIFICATES

Total Sales of Savings Certificates	No. of Certificates	Value
Week ended November 21, 1936	687,845	£515,884
Week ended November 28, 1936	609,263	£456,947
February, 1916, to November 28, 1936	1,277,822,106	£1,004,804,418

At the end of October, 1936, the amount remaining to the credit of investors in Savings Certificates, excluding interest, was £390,178,581.

THE BANKERS' GAZETTE

BANK OF ENGLAND

Return for Week ended Wednesday, December 16, 1936

ISSUE DEPARTMENT

Notes Issued:—	£	Government Debt	£11,015,100
In Circulation	467,695,333	Other Government Securities	188,689,920
In Banking Department	45,965,326	Other Securities	274,202
		Silver Coin	10,778
		Amount of Fiduciary Issue	£200,000,000
		Gold Coin and Bullion	313,660,659
	513,660,659		513,660,659

BANKING DEPARTMENT

Proprietors' Capital	£14,553,000	Government Securities	£89,088,256
Reserve	3,349,318	Other Securities:—	
Public Deposits	10,426,672	Discounts and Advances	£6,742,788
Other Deposits	£98,151,502	Securities	£20,761,433
Bankers' Accounts	£38,756,578		27,504,221
Other Accounts	134,908,080	Notes	45,965,326
		Gold and Silver Coin	679,267
	163,237,070		163,237,070

* Including Exchequer, Savings Banks, Commissioners of National Debt, and Dividend Accounts.
† Reduced from £280,000,000.

Both Departments	Amount, Dec. 16, 1936		Inc. or Dec. on Last Week		Inc. or Dec. on Last Year	
	£	£	£	£	£	£
Notes circulation	467,695,333	+ 8,843,289	+ 48,231,800			
Public deposits	10,426,672	- 7,063,939	+ 172,713			
Bankers' deposits	96,151,502	+ 9,167,002	+ 16,349,274			
Other deposits	38,756,578	+ 127,864	+ 1,416,046			
Total outside liabilities	613,030,085	+ 10,818,483	+ 66,169,833			
Capital and reserves	17,902,318	+ 10,186	8,691			
Government debt and securities	288,803,276	- 52,593,636	- 51,490,462			
Discounts and advances	6,742,788	- 1,403,172	- 430,572			
Other securities	21,035,635	- 195,712	+ 5,751,242			
Silver coin in issue department	10,778	- 3,892	- 1,341,645			
Coin and bullion (bank's reserves)	314,339,926	+ 65,025,086	+ 113,672,579			
Reserves of notes and coin in banking department	46,644,593	- 3,818,203	+ 5,440,779			
Proportion of reserve to outside liabilities—						
(a) Banking Department only	32.1%	- 3.1%	- 0.2%			
(b) Gold stocks to deposits and notes ("reserve ratio")	51.3%	+ 9.9%	+ 14.6%			

Date	Issue Department		Banking Department			Gold in or out of Bank	Bank Rate
	Notes Issued	Circulation	Public Deposits	Bankers' Deposits	Other Deposits		
1936							
Nov. 25	506,680	445,567	12,055	97,804	41,694	Nil	2
Dec. 2	508,680	451,587	10,561	99,120	41,108	Nil	2
" 9	508,680	458,852	17,491	88,984	38,884	Nil	2
" 16	513,661	467,695	10,427	96,152	38,757	65,000	2

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 & Advances	Other Securities		
1936								
Nov. 25	258,161	1,830	249,367	41.1%	78,160	6,803	20,408	63,900
Dec. 2	258,684	1,304	249,171	41.1%	82,433	8,462	20,176	57,584
Dec. 9	259,679	306	249,915	41.1%	81,718	8,146	20,925	50,463
" 16	199,715	274	314,340	51.1%	89,088	6,743	20,761	46,645

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NORTH-EASTERN ELECTRIC SUPPLY Co. Ltd.
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BANKERS' CLEARING RETURNS

LONDON
(000's omitted)

	Town	Metropolitan	Country	Total
1936	£	£		£
January 1 to December 2.....	31,934,306	1,873,631	3,248,341	37,056,278
Week ended December 9.....	790,913	47,576	92,481	930,970
Week ended December 16.....	771,505	38,036	68,412	877,953
Total to date, 1936	33,496,724	1,959,243	3,409,234	38,865,201
Total to date, 1935	31,296,989	1,825,593	3,133,175	36,255,757
Increase or decrease in 1936 {	+2,199,735	+133,650	+276,059	+2,609,444
	= 7.0%	= 7.3%	= 8.8%	= 7.2%
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%

FEDERAL RESERVE REPORTING MEMBER BANKS†

	Dec. 4, 1935	Nov. 6, 1935	Nov. 11, 1935	Nov. 20, 1935	Nov. 25, 1935	Dec. 2, 1935
Assets						
Loans	8,156	8,725	8,764	8,752	8,779	8,812
Investments	12,362	13,721	13,724	13,690	13,622	13,647
Reserve with Federal Reserve Bank	4,894	5,324	5,462	5,471	5,431	5,371
Due from banks	2,370	2,435	2,440	2,505	2,475	2,512
Time deposits	13,911	15,206	15,379	15,399	15,464	15,464
Government deposits	4,843	5,042	5,022	5,029	5,034	5,037
Due to banks	482	628	596	521	449	449
Other assets	5,948	6,640	6,690	6,746	6,882	6,731

† Revised figures for banks in 101 instead of 91 leading cities. Demand deposits now exclude cash in hand or in process of collection.

RESERVE BANK OF NEW ZEALAND.—In £'s (000's omitted)

	Dec. 9, 1935	Nov. 16, 1935	Nov. 23, 1935	Nov. 30, 1935	Dec. 7, 1935
Assets					
Gold	2,801	2,801	2,801	2,801	2,801
Sterling exchange	21,054	16,834	16,503	16,578	16,786
Subsidy coin	208	143	128	118	117
Advances to the State	1,544	2,312	2,387	2,350	2,357
Investments					
Bank notes	9,879	11,686	11,797	11,838	12,500
Liabilities					
Demand liabilities	5,618	3,608	3,547	3,878	4,335
Government	8,480	9,509	10,008	9,756	9,801
Other					
Ratio of reserves to sight liabilities	99.2%	78.3%	76.1%	76.1%	73.5%

BANK OF CANADA.—In \$'s (000's omitted)

	Dec. 4, 1935	Nov. 18, 1935	Nov. 25, 1935	Dec. 2, 1935
Assets				
Reserve of which	191,544	195,165	196,598	199,142
Gold coin and bullion	181,409	179,219	179,133	179,369
Dominion Government securities	120,579	169,801	168,708	164,670
LIABILITIES				
Note circulation	94,696	128,322	126,961	128,165
Deposits	28,003	23,215	16,257	23,985
Dominion Government	189,513	204,411	208,421	201,804
Ratio of reserves to notes and deposit liabilities	61.1%	54.7%	55.4%	56.3%

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

	Dec. 13, 1935	Nov. 20, 1935	Nov. 27, 1935	Dec. 4, 1935	Dec. 11, 1935
Assets					
Gold	65,911,344	64,358,742	64,358,742	60,358,742	60,358,742
Advances on Gold Coin	1,208,884	1,036,501	1,021,146	1,103,048	1,103,048
Commercial bills	9,940,782	7,991,414	8,994,681	8,118,752	7,942,109
Treasury bills	1,082,576	1,446,790	1,446,790	1,442,723	1,442,723
Bills bought abroad	4,427,094	4,141,200	4,166,016	4,473,593	4,090,141
Advances on securities					
Loans to State without interest	3,200,000	3,200,000	3,200,000	3,200,000	3,200,000
(a) general					
(b) provisional					
Negotiable bonds	5,800,402	5,639,780	5,639,780	5,639,780	5,639,780
Sinking Fund Dept.					
Other assets (exchange ing forward exch.)	3,755,445	3,803,361	3,732,273	3,921,292	3,961,428
LIABILITIES					
Notes in circulation	80,847,796	85,758,857	86,650,778	87,272,528	86,778,731
Private deposits	2,871,566	2,215,559	2,069,388	1,892,968	2,085,748
Public deposits	9,591,661	12,491,692	12,629,732	8,656,247	9,581,486
Other liabilities	2,645,767	3,454,284	3,288,923	3,343,380	3,091,097
Ratio of gold to sight liabilities	71.0%	64.0%	63.2%	61.6%	61.3%

* The gold stock is based on the franc at 49 milligrams on and after Oct. 2, 1936.

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

	Dec. 12, 1935	Nov. 12, 1935	Nov. 19, 1935	Nov. 26, 1935	Dec. 3, 1935	Dec. 10, 1935
Assets						
Gold	3,461,616	3,699,171	3,704,519	3,717,262	3,710,206	3,722,771
Silver and other coin	65,132	53,066	56,288	57,149	55,897	55,894
Securities	1,908,939	1,860,489	1,858,334	1,867,236	1,852,078	1,851,486
Advances	107,632	70,936	68,600	65,762	75,369	72,214
Notes in circulation	4,138,309	4,479,238	4,448,839	4,446,076	4,480,422	4,468,978
Deposits: Govt.	21,168	10,391	38,267	34,000	58,283	31,859
Other	976,538	882,936	889,523	916,219	843,234	897,638

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

	Dec. 16, 1935	Nov. 16, 1935	Nov. 23, 1935	Nov. 30, 1935	Dec. 7, 1935	Dec. 14, 1935
Assets						
Gold	632,530	569,865	569,895	569,865	569,895	569,833
Silver	20,837	19,725	19,832	19,075	18,762	19,725
Home bills discounted	28,099	22,356	22,171	22,499	22,596	22,599
Loans and advances	124,371	292,387	295,148	314,152	327,210	282,281
LIABILITIES						
Notes in circulation	782,134	774,544	773,980	805,680	787,667	776,488
Deposits	50,496	151,589	154,614	141,205	172,177	238,726

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

	Dec. 14, 1935	Nov. 14, 1935	Nov. 21, 1935	Nov. 28, 1935	Dec. 5, 1935	Dec. 12, 1935
Assets						
Gold and silver	102,250	106,620	106,580	106,250	106,790	105,590
Discounts, advances and other investments	79,390	74,700	72,910	73,390	73,700	71,520
Foreign bills	2,470	2,880	2,800	2,640	2,150	1,910
Other assets	11,160	13,900	14,880	15,920	21,880	28,720
LIABILITIES						
Notes in circulation	159,020	162,670	158,850	159,890	163,230	165,770
Deposits and bills payable	24,170	23,070	25,610	25,840	28,480	29,390

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

	Nov. 15, 1935	Sept. 15, 1935	Sept. 30, 1935	Oct. 15, 1935	Oct. 31, 1935	Nov. 15, 1935
Assets						
Gold at home	1,224	1,224	1,224	1,224	1,224	1,224
Gold abroad and foreign exchange	131	133	131	133	145	152
Non-interest bearing Government Bonds	119	119	119	119	119	119
Treasury Bonds	207	399	399	399	399	399
LIABILITIES						
Notes	942	987	1,004	1,013	1,015	1,026
Government deposits	192	209	219	173	174	188
Bankers deposits	214	246	319	370	373	388
Certificates against Treasury Bonds		828	332	318	325	341
Ratio of gold and foreign exchange to notes and sight liabilities	80.7%	87.1%	87.8%	87.0%	87.3%	88.4%

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

	Nov. 20, 1935	Oct. 21, 1935	Oct. 28, 1935	Nov. 4, 1935	Nov. 11, 1935	Nov. 18, 1935
Assets						
Gold	909,513	910,492	910,592	910,911	911,170	911,237
Balances abroad	468,448	517,213	522,144	535,302	530,685	548,860
Discount	391,043	318,372	319,760	325,474	341,359	399,929
Securities	70,486	118,883	118,867	130,138	130,139	130,138
Government loans	1,046,823	1,044,860	1,044,860	1,044,201	1,044,201	1,044,201
LIABILITIES						
Notes in circulation	2,042,288	2,098,276	2,117,980	2,153,578	2,131,496	2,114,321
Government deposits	559,006	529,068	474,376	488,603	511,704	565,354
Bankers' deposits	304,973	384,226	399,353	407,596	394,531	375,086
Other deposits	46,390	37,480	70,487	64,982	62,435	58,540
Foreign commitments	21,665	37,539	37,464	37,450	37,452	37,266

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

	Dec. 7, 1935	Nov. 15, 1935	Nov. 23, 1935	Nov. 30, 1935	Dec. 7, 1935
Assets					
Cash reserve	242,469	242,768	242,768	242,773	242,778
Gold coin and bullion	124,192	105,015	102,628	105,051	105,587
Other foreign exchange	226,378	209,275	207,388	207,672	207,044
Bills discounted	624,444	624,444	624,444	624,444	624,444
Federal debt					
LIABILITIES					
Notes in circulation	915,112	880,830	822,854	915,285	874,686
Deposits	292,311	300,229	336,378	246,574	290,143

† In accordance with Art. 53 of the Statutes.

NATIONAL BANK OF CZECHOSLOVAKIA.—In Cz. K.* (000's omitted)

	Dec. 7, 1935	Nov. 15, 1935	Nov. 23, 1935	Nov. 30, 1935	Dec. 7, 1935
Assets					
Gold	2,690,798	2,591,166	2,590,306	2,590,249	2,590,722
Balances abroad and foreign currency	75,855	490,662	488,216	488,144	489,054
Discounts and advances	1,194,237	1,806,516	1,570,674	1,560,156	1,735,280
State notes debt balance	2,049,310	2,028,851	2,028,851	2,024,584	2,023,903
LIABILITIES					
Bank notes in circulation	5,665,589	5,720,169	5,453,653	5,662,145	5,878,278
Check account balance	360,549	755,858	819,457	578,332	543,283

* First Return showing effects of devaluation, October 15, 1936.

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

	Dec. 8, 1935	Nov. 22, 1935	Nov. 30, 1935	Dec. 8, 1935
Assets				
Cash reserve	1,429,483	1,597,744	1,598,314	1,602,258
Gold at home and abroad	26,051			
Foreign exchange	302,718	571,329	572,610	602,626
Other foreign exchange	1,766,782	1,718,412	1,715,868	1,716,489
Bills and advances against security	1,680,503	1,662,361	1,662,390	1,662,390
LIABILITIES				
Notes in circulation	4,813,693	5,024,163	5,236,088	5,219,200
Sight deposits	1,390,627	1,850,958	1,592,763	1,656,676
Time deposits	204,200	50,000	50,000	50,000

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

	Nov. 23, 1935	Oct. 31, 1935	Nov. 6, 1935	Nov. 14, 1935	Nov. 20, 1935
Assets					
Gold and gold exchange	10,848,322	11,784,221	11,824,198	10,048,417	15,996,411
Commercial bills	5,106,123	6,637,501	6,613,419	6,574,080	5,854,814
Agric. and urban advances	2,747,854	2,435,048	2,434,097	2,438,597	2,435,248
Treasury bills issued against losses on credit	5,033,973	5,747,013	5,749,070	5,762,918	5,765,115
State debt advances to Treasury	5,644,552	5,633,095	5,633,095	5,633,095	5,633,095
LIABILITIES					
Notes in circulation	22,330,617	24,703,572	24,861,552	24,843,557	24,670,227
Other sight liabilities	8,617,003	8,956,428	8,908,404	10,836,232	11,068,855
Long-term liabilities	4,519,466	5,528,903	5,578,303	4,715,501	4,604,299

* Position before changes resulting from decree No. 2504 of November 7th.

† First Return showing effect of these changes.

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

	Dec. 7, 1935	Nov. 15, 1936	Nov. 23, 1936	Nov. 30, 1936	Dec. 7, 1936
Assets					
Gold and gold exchange	3,527,662	2,928,442	2,939,699	2,945,148	3,334,064
State Gold Bonds	567,189	556,944	556,944	556,944	556,944
Bills discounted	321,808	383,127	379,160	379,160	379,160
Advances	3,993,343	4,399,593	4,676,805	4,842,050	4,369,180
State Debt	2,714,111	3,605,111	3,605,111	3,605,111	3,605,111
LIABILITIES					
Notes in circulation	5,895,771	5,970,101	5,970,757	5,969,175	5,976,241
Deposits and current accounts	4,319,147	5,862,949	5,811,919	5,810,534	5,748,281
Foreign exchange liabilities	196,205	173,268	176,491	178,882	176,086

GOLD AND SILVER

The following statistics of imports and exports of gold and silver for the week ended December 17, 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 S. Africa ..	1,604,242	£	Bombay, via other		
Tanganyika ..	5,163	...	ports ..	918	10,000
Kenya ..	10,758	...	Straits Settlements ..		5,450
Uganda ..	2,485	...	Sweden ..	1,026,102	
Anglo-Egyptian ..		...	Denmark ..	344	
Sudan ..	6,680	...	Germany ..	31,084	
Australia ..	20,533	...	Netherlands ..		9,200
New Zealand ..	13,887	...	Belgium ..	342,000	
British Guiana ..	2,637	...	Morocco ..		2,125
Germany ..	14,584	...	Saudi Arabia ..		3,000
Netherlands ..	75,452	2,605	U.S.A. ..	3,353,569	
France ..	6,054,312	11,319	Other countries ..	675	
Austria ..	42,912	...			
Morocco ..		4,160			
Other countries ..	1,082	209,600			
Total ..	7,854,707	6,765	Total ..	4,754,692	24,325
		220,919			5,450

IMPORTS AND EXPORTS OF SILVER

Imports			Exports		
From	Bullion*	Coin†	To	Bullion*	Coin†
Irish Free State ..		£ 9,000	Bombay, via other		
British S. Africa ..		227,500	ports ..	320,680	
Germany ..	793	65	Canada ..	11,094	
Belgium ..	3,200	...	France ..	1,610	
France ..	533	182	Switzerland ..	4,002	
Japan ..	81,835	...	Portugal ..	1,641	
Other countries ..		800	Liberia ..		5,000
		238	Other countries ..	33	200
Total ..	86,361	237,803	Total ..	340,530	319
		485			

* 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	WITHDRAWALS	1936	ARRIVALS	WITHDRAWALS
Dec. 11 ..	Nil	Nil	Dec. 11 ..	Nil	Nil
" 12 ..	Nil	Nil	" 12 ..	Nil	Nil
" 13 ..	Nil	Nil	" 13 ..	Nil	Nil
" 14 ..	Nil	Nil	" 14 ..	Nil	Nil
" 15 Bar Gold ..	65,000,313	Nil	" 15 ..	Nil	Nil
" 16 ..	Nil	Nil	" 16 ..	Nil	Nil
" 17 ..	Nil	Nil	" 17 ..	Nil	Nil
Total ..	65,000,313	Nil	Total ..	Nil	Nil
Movement Dec. 11, 1936, to Dec. 17, 1936 (inclusive) ..		£65,000,313 in			£7,745,823 in
Movement during year 1935 ..		£113,609,527 in			£154,568,724 in
Movement during 1936 (January 1 to Dec. 17, 1936, inclusive) ..		£113,609,527 in			£154,568,724 in
Movement April 29, 1925, to Dec. 17, 1936 (inclusive) ..		£113,609,527 in			£154,568,724 in
Movement September 21, 1931 (gold standard suspended) to Dec. 17, 1936 (inclusive) ..		£178,972,176 in			£178,972,176 in

GOLD MARKET

Messrs Samuel Montagu and Company write on December 16, 1936:—

The Bank of England gold reserve against notes amounted to £248,660,346 on December 9th, showing no change as compared with December 2nd. The changes effected on December 15th will be shown in the next return. The Bank of England, on December 15th, announced the purchase of £65,000,313 of bar gold; this is easily the largest daily movement ever recorded. This influx brings the amount of gold held against notes to £313,660,659, valued at the statutory price; at the current market price of gold the value is £522,700,000, which is £14,000,000 in excess of the total note issue shown in last week's return. In the open market about £2,000,000 of bar gold was disposed of at the daily fixing. Offerings were taken mainly for New York, prices continuing to rule at about dollar parity. The s.s. "Naldera," which sailed from Bombay on December 12th, carries gold to the value of about £371,000.

SILVER MARKET

The market was very steady for the first half of the week, during which prices remained unchanged at 21½d. China sales had been sufficient to meet the moderate Indian demand, but on the 14th instant a sharp increase in the latter had the effect of raising prices by ½d. to 21¾d. The demand was not maintained, and quotations eased slightly in consequence, being quoted to-day at 21¾d. for cash and 21½d. for two months' delivery. No wide movements are anticipated in the near future, but the market remains sensitive and prices may continue to show small fluctuations.

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	
Dec. 10 ..	142 0½	11 11-54	21½	21½	Dec. 9 45½
" 11 ..	141 5½	11 11-80	21½	21½	" 10 45½
" 12 ..	141 10	11 11-75	21½	21½	" 11 45½
" 13 ..	141 9	11 11-84	21½	21½	" 12 45½
" 14 ..	141 9	11 11-84	21½	21½	" 13 45½
" 15 ..	141 9	11 11-84	21½	21½	" 14 45½
" 16 ..	141 7	12 0-01	21½	21½	" 15 45½
Average ..	141 9-50	11 11-80	21-250	21-240	
Dec. 17 ..	141 5½	12 0	21½	21½	

The highest rate of exchange on New York recorded during the period from December 10th to December 16th was \$4-91½, and the lowest \$4-89½.

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
TEA AND RUBBER					
Baraora Tea.....	4%*	Dec. 30	Same	%	%
Barbheel Tea.....	7½%*	Dec. 22	5%*	...	...
Bordubi Tea.....	5%*	Dec. 30	Same	...	...
Borelli Tea.....	5%*	Dec. 30	Same	...	...
Braunton (Malay) Rubber ..	5%*	Dec. 30	Same	...	...
Cairo Malay Rubber ..	2½%*	Dec. 21	Nil*	4	2½
Estates and Agency ..	1%*	Dec. 22	Same	...	...
Harmutty Tea ..	2½%*	Dec. 23	Same	3½	3½
Jokai (Assam) Tea ..	2½%*	Jan. 13	2½%*	...	...
Kempas Rubber ..	5%*	Dec. 31	Nil*	...	...
Kirby Rubber ..	2½%*	Dec. 30	Nil*	...	...
Koomsong Tea ..	2½%*	Dec. 30	Same	...	...
Noyapara Tea ..	3%*	Dec. 30	Same	...	...
Pabbajan Tea ..	2½%*	Jan. 8	Same	...	...
MINING					
Brakpan (S/-) ..	1/6 p.s.*	Feb. 1	Same	...	...
Cam and Motor.....	4/6 p.s.*	Feb. 1	Same	...	...
City Deep.....	1/-	Feb. 1	4/- p.s.*	...	...
Consolidated Main Reef ..	2/9	Feb. 1	Same	...	...
Crown Mines (10/-) ..	9/6	Feb. 1	2/8 p.s.	...	...
Daggafontein (5/-) ..	1/3 p.s.	Feb. 1	9/- p.s.	...	...
Durban Deep (10/-) ..	1/3	Feb. 1	Same	...	...
East Geduld ..	4/9 p.s.	Feb. 1	4/8 p.s.	...	...
East Rand Proprietary (10/-) ..	1/3	Feb. 1	1/6 p.s.	...	...
Eastern Transvaal Consolidated ..	3½%*	Jan. 30	5%*	...	...
Geduld Proprietary ..	7/6 p.s.	Feb. 1	7/3 p.s.	...	...
Goldenhuis Deep.....	2/-	Feb. 1	Same	...	...
Gopeng Consolidated Tin ..	1½%*	Jan. 7	...	16½	11½
Do.....	9d. p.s.*	Jan. 7	...	...	...
Jos Tin (Nigeria) ..	...	Dec. 31	...	15	12½
Kent (F.M.S.) Tin.....	...	Jan. 30	...	5	5
Lace Proprietary Mines ..	20%†	Feb. 1	...	40	40
Modder B (5/-).....	1/6	Feb. 1	Same	...	...
Modder East ..	3/-	Feb. 1	2/9 p.s.	...	...
Mount Magnet Gold ..	10%*	Feb. 1	First	...	...
New Kledonfontein ..	1/9 p.s.	Feb. 1	1/- p.s.	...	...
Nigel Gold (10/-) ..	3/6	Feb. 1	5/6 p.s.	...	...
Nourse ..	1/8 p.s.	Feb. 1	1/8 p.s.	...	...
Rand Leases (Vogelstruisfontein) ..	2/6	Feb. 1	2/- p.s.	...	...
Rand Mines (5/-) ..	5%*	Jan. 30	First	...	...
Rezende Mines ..	4/-	Feb. 1	Same	...	...
Rose Deep.....	62½%*	Feb. 1	50%*	...	...
South African Coal Estates ..	1/-	Feb. 1	6d. p.s.	...	...
South African Townships ..	8½%*	Jan. 30	Same	...	...
South Crofty ..	10%†	Jan. 30	...	15	10
Springs (5/-) ..	2½%*	Dec. 31	...	...	...
Taquaah and Abosso Mines ..	1/5½ p.s.	Feb. 1	1/6 p.s.	...	...
Tekka Tailpin Tin ..	12½%*	Jan. 14	Same	...	...
Tekka Tin ..	2½%*	Jan. 30	Same	...	...
Transvaal Consolidated (10/-).....	3d. p.s.*	Jan. 16	6d. p.s.*	8½	6½
Van Ryn Gold ..	1/6	Feb. 1	1/- p.s.	...	...
West Rand Consolidated ..	1/6 p.s.	Feb. 1	2/- p.s.	...	...
West Springs ..	1/8 p.s.	Feb. 1	Same	...	...
Do.....	1/- p.s.	Feb. 1	1/- p.s.	...	...
OTHER COMPANIES					
Armstrong Shock Absorbers ..	5%*	Feb. 1	Same	...	...
Associated Paper ..	6½%†	...	5%†	...	...
Atlas Stone ..	9%*	...	...	9	7½
Army and Navy Investment ..	9%†	...	8%†	15	10
Associated Newspapers (Deferred) ..	4d. p.s.*	Jan. 16	Same	12	11
Avery (W. and T.) ..	5%*	Jan. 1	Same	...	...
Barranquilla Investment ..	15%*	Jan. 2	...	3	10
Beechams Pills (Def.) ..	15%*	Dec. 21	12½%*	...	...
Bertrams ..	40 cts p.s.	Jan. 30	...	10	10
Brazilian Traction Com.	3%*	Jan. 21	...	...	...
British New Guinea Development ..	2%*	Dec. 22	...	...	...
British Tea Shares Trust ..	9d. p.s.*	Jan. 29	(Bonus div.)	...	...
Cameron (J. W.) and Company ..	8½%†	...	7%†	12½	10
Card Clothing and Belting ..	20%*	...	...	7½	5
Chambers Wharf ..	34%*	Jan. 15	Same	...	...
Daily Mirror ..	14d. p.s.*	Jan. 15	...	10	10
do.	10%*	...	5%†	12	10
Eucryl (Preferred) ..	7%†	...	7½%†	15½	12½
do. (Deferred) ..	6%*	...	Same	...	...
Greene, King and Sons ..	3½%*	...	Same	...	...
Hardy's Crown Brewery ..	5%*	...	Same	...	...
Kelly's Directories ..	2½%*	Dec. 31	Same	...	...
Leeds Shipping ..	3½%*	Jan. 1	Same	...	...
Lisbon Electric Tramways ..	3½%*	Dec. 21	Same	...	...
London & Southern Super Cinemas ..	2%*	Feb. 1	3%*	...	...
London County Properties ..	2%*	...	Same	...	...
Lovell and Christmas ..	4%*	Jan. 1	Same	...	...
New Investment ..	4½d. p.s.*	Dec. 31	6d. p.s.*	...	...
North British Cold Storage ..	2½%*	Jan. 19	1½%*	4½†	3½
Palestine Electric ..	3%†	...	...	72	Nil
Peel River Land, etc.	14%*	Jan. 30	Same	16	...
Petroleum Storage (Def.) ..	2½%*	...	Same	...	...
do. (Ord.) ..	14%*	...	Same	...	...
Powell Duffryn Steam Coal.....	9%†	...	Same	16	17
Reardon Smith Line ..	10%†	...	12½%†	12½	15
Reeves and Sons ..	8½%*	Jan. 31	Same	...	...
Ridgways, Ltd.	3%*	Jan. 5	Same	...	...
Rogers (R. H. and S.) ..	3½%*	Jan. 15	Same	...	...
Sangers ..	3%*	Feb. 4	Same	5	2½
Sawyers ..	4%*	Dec. 15	Same	...	...
Shipley Collieries ..	5%*	...	2½%*	...	...
Sunday Pictorial ..	...	...	...	...	...
Union Steel of South Africa ..	...	...	...	...	...
United Kingdom Tobacco ..	...	...	...	...	...
Yorkshire Dyeware, etc.	...	...	...	...	...

† Free of income tax.

ENGLISH ELECTRIC COMPANY.—The directors have decided to pay on January 1, 1937, the arrears of dividend on the 6½ per cent. cumulative preference shares in respect of the years 1934 and 1935.

UNION-CASTLE MAIL STEAMSHIP.—The directors have sanctioned the payment on January 1, 1937, of six months' dividend to December 31, 1936, on the 4½ per cent. preference shares, and six months' arrears of dividend to June 30, 1935, on the 6 per cent. "A" shares, there is also £270,000 outstanding in 8 per cent. cumulative preferred ordinary shares.

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	Rate				
Breweries											
Blair and Co. (Alloa)	Sept. 30	£ ...	(b) £ 4,316	£ 4,316	£ ...	£ 2,440	% 4	£ 400	£ 1,476	£ (a)	% (a)
Leeds & Wakefield Breweries	Sept. 30	34,766	73,360	108,126	28,888	20,000	10	21,820	37,418	52,112	10
Newcastle Breweries	Oct. 31	47,291	106,920	154,211	12,000	44,000	11	39,903	58,308	80,215	9
Simonds (H. and G.)	Sept. 30	101,105	164,901	266,006	26,452	74,148	18	55,712	109,694	162,444	18
St. Louis Breweries	Sept. 30	2,943	796	3,739	...	...	...	...	3,739	628	Nil
Financial, Land, etc.											
Cheapside Land Developmt.	Sept. 30	637	15,202	15,839	2,283	11,000	5½	1,507	1,049	11,882	5
Davis Estates	Sept. 30	12,006	86,004	98,010	20,430	...	...	56,666	20,914	66,879	Nil
Heinemann Holdings.....	Nov. 30	3,208	15,908	19,116	6,862	7,195	12½	...	5,059	17,852	12½
Porkellis Property, etc.....	Oct. 31	1,295	10,168	11,463	...	{ 5,245 749	{ 5½A 7½B	3,500	1,969	(a)	(a)
Hotels, Restaurants, etc.											
Cadena Cafés	Oct. 3	13,161	38,194	51,355	20,088	15,496	7	3,462	12,309	35,178	7
Iron, Coal and Steel											
Arniston Coal	Sept. 30	18,603	34,612	38,215	1,162	16,250	10½	15,000	20,803	30,457	10
Cleveland Bridge & Engng.	Sept. 30	4,593	Dr. 10,785	Dr. 6,192	1,879	...	...	Dr. 15,000	6,929	9,996	5½
Duffield Coal Products	Sept. 30	Dr. 31,071	Dr. 2,795	Dr. 33,866	...	...	...	...	Dr 33,866	Dr. 3,681	Nil
Nasmith, Wilson and Co....	Dec. 31	154	Dr. 13,344	Dr. 13,190	...	...	...	Dr. 13,300	110	Dr 13,775	Nil
Shotts Iron	Sept. 30	4,378	74,425	78,803	25,945	9,972	2½	25,000	17,886	25,699	Nil
Motor Cycle and Aviation											
Guy Motors	June 30	6,199	8,624	14,823	453	5,958	7½	...	8,412	Dr 26,347	Nil
Rubber											
Jitra	Sept. 30	2,098	11,046	13,144	...	8,325	7½	2,500	2,319	6,922	5
Kapala of Malaya	Sept. 30	1,729	21,115	22,844	18,000	3,200	2	Dr. 1,505	3,149	8,359	Nil
Serom	Sept. 30	199	2,985	3,184	1,960	...	...	1,000	224	980	Nil
Sungei Puntar	Sept. 30	645	5,326	5,971	...	4,806	4	402	763	3,664	3
Shops and Stores											
Cooper and Co.'s Stores.....	Oct. 13	18,078	2,089	20,167	28,000	...	...	Dr. 20,000	12,167	33,288	Nil
Tea											
Rajawella Produce.....	June 30	4,113	14,477	18,590	10,250	...	...	4,000	4,340	5,559	Nil
Textiles											
Amalg. Cotton Mills Trust... ..	Aug. 29	48,024	(m) 2,530	50,554	...	...	...	...	50,554	4,246	Nil
Barran (John) and Sons	Oct. 31	4,119	43,635	47,754	17,550	15,448	7	...	14,756	30,866	5
Combined Egyptian Mills...	Sept. 30	Dr 1207619	Dr. 66,540	Dr 1274159	...	...	...	Dr 1,274,159	Dr 118128	Nil	Nil
Trusts											
Aberdeen, Edinburgh, etc.	Nov. 30	2,614	12,313	14,927	6,250	5,469	3½	...	3,208	11,806	3
Camperdown Trust	Nov. 2	20,053	38,014	58,067	13,894	18,525	8	5,000	20,648	36,938	7½
Malayan and General	Sept. 30	4,989	5,511	10,500	...	...	...	4,954	5,546	2,084	Nil
Scottish International Trust	Oct. 31	1,367	14,028	15,395	11,531	...	...	367	3,497	10,952	Nil
South Western Investment	Oct. 31	3,045	7,640	10,685	5,663	...	...	...	5,022	5,007	Nil
ThirCo Co-operative Invest.	Oct. 31	1,738	4,601	6,339	...	4,316	3	400	1,623	4,641	2½
Other Companies											
Agar, Cross and Co.	June 30	Dr 423,378	21,590	Dr 401,788	...	...	...	...	Dr 401788	Dr 106871	Nil
Atlas Stone	Oct. 31	11,759	39,454	51,213	...	27,500	15	9,500	14,213	23,899	10
Carbo Plaster	Sept. 30	934	Dr. 12,851	Dr. 11,917	...	...	...	...	Dr 11,917	3,934	Nil
Card Clothing and Belting....	Sept. 30	14,682	58,568	73,250	11,243	23,200	7½	24,632	14,175	47,397	5
Constable, Hart and Co.	Sept. 30	17,151	£ Dr 54,076	Dr. 36,925	...	5,204	2½	Dr. 45,000	2,871	17,702	7½
Cow and Gate	Sept. 30	30,588	110,286	140,874	23,063	30,667	16½	49,500	37,644	63,791	16½
E. India Distilleries & Sugar	Sept. 30	5,938	43,094	49,032	14,000	8,000	10	19,000	8,032	26,010	10
General Billposting Co.	Sept. 30	2,784	15,740	18,524	1,661	7,370	10	7,500	1,993	13,559	10
Low Temperature Carbsn.	Oct. 31	9,096	70,894	79,990	...	58,331	6	9,661	11,998	57,097	3½
Milton Proprietary.....	Sept. 30	98,897	47,564	146,461	5,192	24,219	25	36,000	81,050	47,250	25
Piccadilly Picture Theatre (Manchester)	Sept. 30	5,306	2,120	7,426	...	...	...	2,000	5,426	5,032	Nil
Pound (John) and Co.	Aug. 31	2,613	8,880	11,493	8,578	...	...	500	2,415	8,902	Nil
Sunlight Laundries	Nov. 30	10,856	56,740	67,596	17,297	25,416	16½	10,000	14,883	50,796	16½
Tuck (Raphael) and Sons.. ..	Apr. 30	6,887	4,798	11,685	13,750	...	...	Dr. 5,000	2,935	8,487	2

EDMUNDSONS ELECTRICITY CORPORATION, LTD.—The results of the operations of the Edmundson group of companies during the month of November, 1936, as compared with the corresponding month of 1935, show an increase of 15 per cent. of units sold.

CARRERAS, LTD.—The balance-sheet total at October 31, 1936, shows an increase of £752,063 on the year to £7,133,712. Cash amounts to £553,078, against £793,034 at October 31, 1935, and investments, excluding subsidiary companies, to £1,117,595, £1,116,845, together £1,670,673, compared with £1,909,879. Stocks have risen by £1,048,153 to £2,687,621. Debtors at £1,043,439 contrast with £1,134,375 in 1935. Reserve fund remains at £1,000,000.

TRUST OF INSURANCE SHARES, LTD. (Commissions on Purchases of Units and on Re-sales by Unit holders).—The directors of Trust of Insurance Shares, Ltd., have decided that in future the company will allow stockbrokers commission at the official minimum rate in accordance with the practice of the Stock Exchange not only on purchases of units in these Trusts by stockbrokers on behalf of clients, but also on sales of units to the company by stockbrokers on behalf of certificate holders. The net result of the new arrangements will be that the unit holder who wishes to sell his units will obtain the ruling unit bid price without any deduction for charges whatever.

MANCHESTER OIL REFINERIES, LTD.—This concern has been registered as a private company with an authorised capital of £250,000, and a paid up capital of £200,000. It will develop the production of high grade lubricating oil by solvent processes, but no public issue is contemplated for several years. The plant will be equipped for vacuum distillation, solvent extraction by the "Edeleanu" process and solvent de-waxing, and its annual capacity will be about 80,000 tons. The Board of Directors includes Major A. G. Church, Messrs. John Cohen, H. Stuart Ebben, G. Tugendhat and L. H. Watts.

H. AND G. SIMONDS, LTD.—Net profit £164,901, against £162,444. The balance brought forward was £101,105, and after meeting the year's preference dividend and the interim on the ordinary, there remains £223,077. The total distribution for the year on the old ordinary capital (£540,240) is again 18 per cent., less tax, with a final of 14 per cent. It is proposed to add £6,350 to pension reserve, making £105,000, £25,713 to property improvement account, making £110,000, and £22,000 to contingencies reserve, making £150,000. This is a balance of £109,693 to carry forward.

GUY MOTORS, LTD.—Trading profit, £20,550 for the year ended June 30, 1936. After adding £6,159 profit on sale of investments, £780 from reserve no longer required and £960 from various other sources, there is a balance of £28,449. A sum of £12,153 was written off for depreciation and, deducting debenture interest and directors' fees, leaves £8,723. Ordinary dividend, 7½ per cent., less tax.

LAUTARO NITRATE COMPANY.—For year to June 30, 1936, proceeds of sales to, and participation in profits declared by the Sales Corporation amounted to £451,706, against £416,522 in 1934-35. Other receipts, interest, etc., bring the total credit up to £521,181, against £453,654. After providing £9,127 for oficina stoppage expenses, placing £110,749 to working capital reserve and allowing for other expenses, tax, exchange differences, etc., there is a net income, subject to interest on indebtedness, of £362,165. This compares with £296,249 in the previous year. A deficit of £271,295 transferred to surplus account, against £250,920 last year.

COMMERCE AND TRADE

SURVEY OF COMMODITY MARKETS

THE past week witnessed a sharp upward movement of the prices of many important primary products. A widespread anxiety to "buy before the next rise," supplemented by speculative operations, has become noticeable on the commodity markets. The implications of these tendencies are discussed in a Note of the Week.

In Liverpool, wheat futures (March) were forced up this week by 6d. to 8s. 10½d. per cental on Tuesday; despite a reaction on Wednesday, quotations closed well above last week's level. A number of countries, including Italy, bought substantial quantities, but on the supply side little change took place this week. Raw sugar, one of the few commodities which have not yet participated in the upward rush of prices, was slightly dearer than a week ago. Lower crop estimates for West Africa and Brazil, supported by speculative activity in New York, provided the occasion for a further rise in cocoa prices. At Smithfield, beef realised higher prices than a week ago. Bacon was also marked up in price, but butter was cheaper.

Among industrial raw materials, non-ferrous metals rose to new high levels, lead now being considerably dearer than in 1929. Curiously, the price of spelter, which was above the quotation for lead in 1929, is now relatively much cheaper. The market in rubber took little notice of the decision of the International Rubber Regulation Committee to increase quotas next year, and promptly pushed up quotations still further. Linseed oil prices took a jump of £2 per ton to the highest level this year on rumours that Argentina's crop may not reach the predicted two million ton level.

In the United States, too, the rising trend of prices persisted during the past week. Thus, Moody's index (December 31, 1931 = 100) rose to 201.3 on Wednesday, against 196.2 a week earlier, 188.2 a month ago, and 164.4 on the same day last year.

COAL

SHEFFIELD.—There is an optimistic note throughout the coal market. Collieries are making good time in preparation for the holiday at the pits. There is a good demand for household coal, and prices are firm. Gas coal is also moving more freely. The shortage of small coal is becoming more pronounced. Coke requirements are very heavy. A fair demand

OIL OUTPUTS

ANGLO-IRANIAN OIL COMPANY, LTD.—Production in Iran for the month of September amounted to 641,000 tons, making a total of 6,157,000 tons for the first nine months of 1936.

THE BRITISH BURMAH PETROLEUM COMPANY, LTD.—Production of crude oil by this company for the month of November was 36,839 barrels.

BRITISH CONTROLLED OILFIELDS, LTD.—Production for week ended December 12th: Venezuela, 17,123 barrels; Trinidad, 26,772 barrels; total, 43,895 barrels. Production for November: Venezuela, 76,124 barrels; Trinidad, 122,787 barrels; total, 198,911 barrels. Deliveries for 228,586 barrels.

THE KERN RIVER OILFIELDS OF CALIFORNIA, LTD.—The total production during the month of November amounted to 141,997 barrels, or approximately 20,285 tons.

THE MEXICAN EAGLE OIL COMPANY, LTD.—Production for the week ended November 21, 1936, was 576,000 barrels. Production for the week ended November 28, 1936, was 401,000 barrels. Production for the week ended December 5, 1936, was 484,000 barrels.

PHOENIX OIL AND TRANSPORT COMPANY, LTD.—The gross production of crude oil of the Phoenix Group for November was 76,845 tons.

TAMPICO OIL, LTD.—The total production from the company's properties in Mexico during November was 10,597 barrels, in respect of which the Royalty due to Tampico Oil, Ltd., amounted to 795 barrels.

TRINIDAD CONSOLIDATED OILFIELDS, LTD.—This company has just brought into production Well No. 17, which is proving to be the most important one so far drilled in its Oropuche field. The company only commenced operations towards the end of July, the production for August and September was 23,749 barrels and 26,000 barrels respectively; the October figure is not yet to hand, but should exceed 30,000 barrels. November output was 43,500 barrels.

TRINIDAD LEASEHOLDS, LTD.—Oil produced during October, 43,301 tons; oil purchased during October from other companies, 68,354 tons. November from other companies, 43,024 tons; oil purchased during November from other companies, 69,751 tons.

THE VENEZUELAN OIL CONCESSIONS, LTD.—Production for the week ended November 14, 1936, was: Bolivar District, 806,749 barrels; Maracaibo District, 25,254 barrels; total, 832,003 barrels. Production for the week ended November 21, 1936, was: Bolivar District, 814,895 barrels; Maracaibo District, 25,877 barrels; total, 840,772 barrels. Production for the week ended November 28, 1936, was: Bolivar District, 816,857 barrels; Maracaibo District, 25,525 barrels; total, 842,382 barrels. Production for the week ended December 5, 1936, was: Bolivar District, 868,190 barrels; Maracaibo District, 23,373 barrels; total, 891,563 barrels. Production for the week ended December 12, 1936, was: Bolivar District, 828,160 barrels; Maracaibo District, 25,481 barrels; total, 853,641 barrels. Well LS. 373 at Lagunillas has been brought in, producing 870 barrels per day through a ½-inch flowplug.

exists for all qualities of coal for export, and supplies are on the short side. Numerous enquiries are to hand for forward delivery.

NEWCASTLE-ON-TYNE.—Northumberland screened steam coals are more scarce than ever for early delivery, and are likely to remain so over the first quarter of next year. Graded steam coals under a strong seasonal demand are in a similar position. Durham coals, particularly coking and bunkers, are unobtainable for this year. Under active home trade, the renewal of shipments to Italy, and an increased import quota from France, prospects of this coalfield are better than for a long time. Patent oven coke is firm under a brisk export trade and a good home demand.

GLASGOW.—Collieries are well booked until after the turn of the year, some far into 1937, and on occasion inquiry relates to supplies into 1938. Meantime, however, producers are not greatly disposed to accept further business. Prices all round are firm, any odd lots available through and the shortage in turn affects the supply of wagons for land-sale delivery. House coal is now in active demand, and in Lanarkshire an advance of 1s. 6d. per ton has been made.

CARDIFF.—This week the South Wales docks have had the unusual experience of a pressure of tonnage for prompt positions, and there are indications that the pressure will be maintained till the Christmas holidays. The spurt has been so unexpected that available loading facilities have been taxed to the utmost, and representations have been made to the dock authorities to resume operations at tips which have been idle for a considerable time. The most important of the factors which have contributed to the improvement is the expansion in French demand, but there is a temporary scarcity of supply in other Continental markets, but the first cargo for Italy under the new trade agreement has been cleared and this week. In these circumstances, prices of sized and other small coals have hardened, but with large coals finding readier markets, there are prospects of larger output and, therefore, of an increase in the supply of Railways have placed orders for 200,000 tons of large and 15,000 tons of sized coals for delivery over next year. Patent fuel prices are unaltered, but coke prices are showing a firmer tendency. The arbitrators of the Central Council under the 1930 Coal Mines Act have rejected the application of the South Wales Executive Board to vary its rule limiting contract periods to March, 1938.

IRON AND STEEL

LONDON.—The weekly report of the London Iron and Steel Exchange indicates that the scarcity of iron and steel has become accentuated and that the anxiety of consumers to secure supplies is the principal feature but little surplus is available for overseas customers. In the pig iron department the foundry iron position has become somewhat easier. New business has been transacted for delivery up to September, 1937. Nervousness is still shown regarding future supplies, and this is not confined to users of foundry iron. Consumers of hematite and this basic iron are displaying some anxiety concerning supplies next year and are apprehensive of a world-wide scarcity of pig iron.

In the semi-finished steel section tight conditions again prevail and consumers are finding it difficult to cover requirements. Few British works are in a position to accept orders for near delivery and some have retired temporarily from the market owing to the congested state of their order books.

The feature in the finished steel market is the continued heavy pressure to secure supplies of practically all descriptions. In many departments a system of rationing is in force, but although production is at a record rate, it is impossible fully to meet demand.

MIDDLESBROUGH.—There is a steady demand for increasing quantities of iron and steel from home consumers, whilst inquiries are being received in larger volume from abroad.

There is practically no Cleveland foundry iron to be purchased for early delivery, but, for further ahead, buyers have been able to purchase at the fixed minimum prices.

East Coast hematite is in heavy demand, and, although prices are officially unchanged, it is expected that an announcement will be made very shortly of an increase in price. Under the circumstances, makers are not keen to quote for delivery ahead, whilst current production is all sold. It is also anticipated that the prices of all classes of semi-finished and finished steel will shortly be increased owing to the rising costs of production. Quotations for black sheets and galvanized corrugated sheets for export have been advanced, the quotations for No. 24 gauge being £11 10s. per ton f.o.b. and £13 5s. per ton f.o.b.

There is insufficient semi-manufactured steel being produced to cover requirements, but further quantities are arriving from abroad. The output of finished steel is being maintained at top pressure, but difficulty is experienced in getting early delivery of some descriptions.

It is reported that the Furness Shipbuilding Co. have secured an order for an 8,000 ton vessel.

The demand for heavy melting steel scrap continues to increase, and, although works are offering 60s. per ton, merchants are holding for 2s. 6d. per ton more.

Good Durham blast furnace coke readily realises 24s. 6d. per ton delivered at the furnaces.

Imports of foreign ore into the Tees during the first 15 days of December amounted to 79,000 tons against 87,000 tons during the first fortnight of November.

SHEFFIELD.—Business in the iron and steel market continues at a high level, with consumers showing more interest than producers. A few odd parcels of forge and foundry pig come into the market and these are at once taken up. The recently expanded output from Derbyshire blast furnaces has helped to meet increased demand to some extent; nevertheless there is still a considerable shortage. Some iron producers are now booked into the third quarter of next year, but this appears to be the limit to which they will commit themselves at present. There is little variation with regard to hematites. Makers are not accepting all the business offering, and transactions are subject to an unofficial premium of 10s. per ton. Demand for finished iron is good, with common and marked bars as the feature. The ever increasing pressure for basic steel billets makes it impossible for makers to accept all orders in full. Acid billets are coming into heavier request. No price changes have been made this week. Output of steel in this district continues to expand. Special qualities are very well taken up, stainless steels being particularly active.

GLASGOW.—Steelmakers are still unable to deal with the heavy demands made upon them, and they cannot accept orders for near delivery. This situation is general throughout the iron and steel industries in the West of Scotland. Users of semis are unable to secure sufficient supplies to meet their requirements, while manufacturers are similarly unable to obtain deliveries of finished steel to enable them to carry through their processes without interruption. There is no falling off in the volume of new work on the market, and steelmakers and others have sufficient orders on book to keep plants operating for some months. Notwithstanding the large volume of work on hand, it is probable that there will be little or no curtailment of the holiday period, because of the unusually large number of repairs which must be undertaken.

CARDIFF.—On the Swansea Metal Exchange on Tuesday it was announced that for the current month the tinplate output quota under the pooling scheme would be increased from 65 per cent. to 70 per cent. of the allotted capacity of the works. Demand is active, particularly for the inland trade, and although the scheduled prices are still nominally unchanged current business is taking place at an additional 9d. to 1s. per basis box. Galvanised sheets are also in better demand, and on the strength of a decision of the European Thin Sheet Cartel in Paris this week the export price has been raised to £13 15s. per ton f.o.b. Shipments of tinplates at Swansea last week totalled 65,303 boxes compared with 88,399 boxes a year ago, and stocks have increased to 116,693 boxes compared with 86,270 boxes the previous week.

OTHER METALS

COPPER.—The market was again firm and prices closed on Wednesday, with a rise of £1 12s. 6d. on the week, at the highest level since 1931. There was a fair demand by consumers, and holders were prepared to sell only at rising prices. The U.S. domestic quotation was raised by 0.5 cents to 11 cents per lb. on Monday, the news of which reacted favourably on the London market. This increase, which came as a complete surprise in view of the quiet tone which has recently prevailed in the United States, was probably designed by the large American concerns to secure a higher valuation basis for their stocks in end-year balance sheets. Meanwhile, the omission of any reference this year to an "ideal" price, in Sir Edmund Davis' speech at the annual meeting of the Rhodesian Anglo American, Ltd., may serve to indicate the present attitude of the copper "restrictionists." In November, according to unofficial American statistics, world copper stocks fell by 3,268 to 353,258 short tons. This decline was much smaller than in recent months, owing to the rising trend of production, and it is possible that stocks may show an increase this month.

Sales on the London Metal Exchange: 3,000 tons on Monday, against 700 tons last week; 4,950 tons on Tuesday, against 1,800 tons last week; 5,000 tons on Wednesday, against 1,250 tons last week. Domestic spot was quoted at 10.87½ cents per lb. in New York on Wednesday, against 10.52½ cents a week ago and 10.42½ cents a month ago. Wednesday's official closing price for standard cash in London was £46 to £46 1s. 3d., compared with £44 7s. 6d. to £44 10s. a week ago. Stocks of refined copper in British official warehouses at the end of last week, at 46,046 tons, show an increase of 865 tons, while stocks of rough copper, at 856 tons, show an increase of 141 tons.

LEAD AND SPELTER.—In response to an active demand, coupled with short supplies, both metals were strong this week, lead at one time touching £26 1s. 3d., and spelter £18 11s. 3d. per ton. As in the case of

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copper, an additional stimulus was the marking up of quotations in the United States. It may be noted that, whereas in America lead and spelter are now quoted at the same price, the margin between the two quotations in London widened this week to between £7 5s. and £7 10s. per ton. Meanwhile, the indications point to a further advance in prices—especially in the case of lead—when consumption expands in the new year.

Sales of lead on the London Metal Exchange: 3,750 tons on Monday, against 2,100 tons last week; 3,650 tons on Tuesday, against 1,650 tons last week; 2,800 tons on Wednesday, against 4,250 tons last week. The New York quotation on Wednesday was 5-50 cents per lb., against 5-20 cents a week ago and 5-20 cents a month ago. The official closing quotation in London for soft foreign for shipment during the current month was £25 17s. 6d. per ton, compared with £24 1s. 3d. a week ago.

Sales of spelter on the London Metal Exchange: 3,000 tons on Monday, against 1,325 tons last week; 4,400 tons on Tuesday, against 1,000 tons last week; 4,050 tons on Wednesday, against 2,750 tons last week. Wednesday's quotation in East St. Louis was 5-35 cents per lb., against 5-05 cents the week before and 5-05 cents a month earlier. Wednesday's official closing quotation in London for "good ordinary brands" for shipment during the current month was £18 11s. 3d. per ton, against £17 last week.

TIN.—After wide fluctuations, tin prices closed on Wednesday at about the week's highest. At its meeting on Friday of last week, the International Committee decided to reduce the quota for the first quarter of 1937 from 105 to 100 per cent. of the standard tonnages. But, as indicated a week ago, this will not lead to an increased output, since the basic tonnages in certain instances have been raised. In fact, an increased production may be expected since several countries have fairly large unused quota transfers from the present quarter. However, in view of the fact that consumption is on the increase and that consumers' stocks are low, no major price decline can be looked for in the immediate future. The new restriction agreement has not yet been ratified, but is expected to come into force on January 1st and to run for five years. The I.T.C. will have full powers under the new agreement to fix quotas, and not merely to make recommendations to the Governments concerned. In fact, however, this change is more apparent than real.

Sales of tin on the London Metal Exchange: 140 tons on Monday, against 250 tons last week; 450 tons on Tuesday, against 300 tons last week; 775 tons on Wednesday, against 425 tons last week. The New York quotation on Wednesday was 52-87½ cents per lb., against 52-25 cents a week ago and 51-25 cents a month ago. Wednesday's official closing quotation in London for standard cash was £236 15s. to £237 per ton, compared with £231 10s. to £231 15s. a week ago. Stocks of tin in London and Liverpool at the end of last week totalled 1,005 tons, a decrease of 166 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 £14 5s. per flask of 76 lbs., the same as last week. Chinese antimony was quoted at £60 per ton ex warehouse, as against £56 per ton last week. Chinese wolfram for "December-January" shipment was quoted at 32s. 6d. to 33s. 6d. per unit, c.i.f., as against 32s. 6d. to 33s. 6d. per unit last week. Refined platinum at £9 15s. per ounce remains unchanged.

TEXTILES

COTTON.—Manchester.—The better tone in the market has been maintained. Business has not been so spectacular as a few weeks ago, but there is a persistent inquiry, accompanied by steady buying. Raw cotton prices have tended to rise. The Secretary of Agriculture of the United States Government has announced that the soil conservation plan will remain in operation next season. No definite information is so far available with regard to the disposal of loan cotton, but the Washington officials are not likely to take any action which will have the effect of depressing prices. In the meantime consumption, especially in the United States, remains on a high level.

Although there has not been heavy buying in American yarns for home use, a fair amount of business has been done, and the improvement in the spinning section, especially coarse counts, is being maintained. Current output is being well absorbed. Considerable satisfaction has been expressed at the necessary majority being obtained on the price maintenance scheme in the Egyptian spinning branch. Rather more contracts have been arranged in fine numbers.

There has been no shortage of inquiry in the piece-goods section and fairly active negotiations have taken place between buyers and sellers. Demand for India has continued more cheerful. Some fairly substantial contracts have been reported in mulls and other light cloths for Madras. Moderate orders have been secured in dhooties and prints for Calcutta and in dyed fancies for Bombay and up-country. Poplins have been sold for Hong Kong, dyed goods for Java, and specialities for the Straits Settlements. Printed and dyed fabrics have again moved off fairly well for South America and demand has been maintained in shirtings and coloured cloths for West Africa. Freer operations have occurred in fine goods for Switzerland. Home demand has improved again, and losses on coronation fabrics will probably be smaller than expected.

COTTON PRICES.

	1936				Corresponding Date	
	Nov. 25	Dec. 2	Dec. 9	Dec. 16	1934	1935
Raw Cotton—Mid. American..... per lb.	6-73	6-82	6-84	6-96	7-11	6-41
Sakellaridis Fully Good Fair Egyptian..... per lb.	11-85	11-11	10-49	10-44	8-91	9-52
Yarns—32's twist..... per lb.	11½	11½	11½	11½	10½	10½
" 40's twist..... per lb.	11½	11½	11½	11½	10½	10½
" 60's twist (Egyptian)..... per lb.	17½	17½	17½	17	16½	16½
32-in. Printers, 116 yds., 16 by 16, 32's and 50's.....	19 0	19 0	19 0	19 2	18 4½	17 10½
36-in. Shirtings, 75 yds., 19 by 19, 32's and 40's.....	26 6	26 6	26 6	26 9	24 0	24 10½
38-in. ditto, 38 yds., 18 by 16, 10 lb.....	10 6½	10 6½	10 6½	10 6½	10 9	10 4½
39-in. ditto, 37½ yds., 16 by 15, 8½ lb.....	9 6½	9 6½	9 6½	9 6½	9 8	9 4½

LANCASHIRE AND JAPAN.—For some time there has been serious concern in Lancashire about the growing Japanese practice to send grey cotton cloth for finishing processes to Great Britain and to export them subsequently as though made in Lancashire. This development was

discussed this week by the board of directors of the Manchester Chamber of Commerce. It is pointed out that British imports of cotton piece-goods from Japan totalled 3,900,000 square yards during the first three months of this year, 5,443,000 square yards during the second quarter, and 5,006,000 square yards in the third quarter. According to information obtained by the Chamber of Commerce 90 per cent. of these piece-goods were entered under security for subsequent re-export. Although this trade is not yet large, it is tending to grow. Grey cloth imports from Japan rose from 120,000 yards in 1933 to 850,000 yards in 1934, and 8,060,000 yards in 1935. A special committee of the Manchester Chamber of Commerce has been investigating this problem for several months. It is suggested that the acceptance of the "spun, woven and finished" formula should receive wider recognition.

JUTE.—Dundee.—Prices in all sections of the jute trade are firm, with a rising tendency. The raw jute supply-demand position is strong. Buyers continue to absorb all imports into Calcutta, which are now declining, and higher prices are expected. The present crop is likely to fall short of world requirements, estimated at over 11,000,000 bales. Consequently, consumers will have to draw on stocks. The Indian mills continue to work 54 hours per week, compared with the non-Associated Mills' 108 hours per week, yet the increased output is being disposed of satisfactorily. Dundee absorb production, and they are able to maintain their prices at recent levels. Jute yarns are particularly firm, as the result of good export orders for hessian descriptions. There is a good inquiry for jute cloth. As a result of the larger turnover, purchases of raw jute have been increased. Actually Dundee spinners have in view about 100,000 bales more than at this date last season. Business in cloth on the continent is also better, and, in spite of keen competition from Calcutta, all producers are participating in the improvement.

Daisee-2/3 has advanced to £19 7s. 6d. per ton for the full group, after business at £19 5s. being done, with single marks quoted at £19 17s. 6d. and Daisee-4 at £18, while Tossa-2/3 has been raised to £20 7s. 6d. and fours to £19 7s. 6d. for full group, December-January. Good First Marks have advanced to £22 15s. per ton, and Lightnings are sparingly offered at £20 15s. to £21 5s., while Hearts are lowest at £19 15s., December/January.

The placing of export orders of 600 tons of hessian yarns has steadied the yarn position and prices are firm at 2s. 2d. for common 8 lb. cops and 2s. 3d. for 8 lb. spools. Twist has been sold fairly freely at 3½d. for 3-ply 3½d. for 8 lb. chains. Rove is dearer at £20 10s. for 48 lb. and £16 10s. for 200 lb., while the finer yarns are firm at 2s. 9½d. for second quality 8 lb. warp, 2s. 6½d. for third and 2s. 4½d. for fourth. Carpet yarns are receiving a fair amount of attention at 3½d. for 14 lb. warp.

A steady business is being done in jute cloth and prices rule firm at 2½d. for 10 oz. 40 in. and 2½d. for 8 oz. Inquiries include meat wrappers, sugar bags, etc. If the firm tendency of raw jute continues, an improvement in the volume of business may take place. The market in linoleum hessians is quiet, but heavy goods are in steady request.

Calcutta goods have steadily advanced in price until 17s. 8½d. is now quoted for 10 oz. 40 in. and 14s. 0½d. for 8 oz., December, and 17s. 6½d. and 14s. 0½d. for January.

GRAIN MARKETS

WHEAT.—Mainly in response to renewed purchasing on Italian account and the influence of speculators, prices have again recorded a sharp advance. The movement has been reinforced by a week of unsettled weather in Argentina, which has caused some delay in harvesting operations in that country.

On Wednesday last, "December" futures were quoted in Chicago at 134½ cents per bushel, against 128 cents the week before and 117½ cents a month ago. Quotations in London, Wednesday: No. 1 Northern Manitoba, ex ship, 51s. per 496 lbs., against 47s. 9d. a week ago; No. 2 Northern Manitoba, ex ship, 50s. 3d., against 47s. 3d. a week ago. According to the *Corn Trade News*, total shipments of wheat and flour last week totalled 1,069,000 quarters, against 1,525,000 quarters in the previous week and 1,232,000 quarters in the corresponding week a year ago.

FLOUR.—Flour has again advanced in sympathy with wheat. Wednesday's London quotations (excluding quota payments) were: Straight run, delivered Home Counties, 40s. per 280 lbs., against 38s. a week ago; delivered inner London, 39s. 6d., as compared with 37s. 6d. a week ago. Manitoba patents, ex store, 37s. 3d. to 38s. 9d., against 35s. 6d. to 36s. a week ago. Australian, ex store, 34s., against 32s. to 32s. 6d. a week ago.

BARLEY.—Imported varieties of feeding barley have again been a firm market. "December" futures were quoted at 80½ cents per bushel in Winnipeg on Wednesday, against 72½ cents a week ago. Quotations in London, Wednesday: "English feed," at farm, 28s. to 29s., as against 28s. to 29s. a week ago; "English malting," at farm, 34s. to 50s., against 34s. to 50s. last week; Californian (new), ex ship, 48s. to 58s., against 48s. to 58s. last week; Chilean, brewing (new), ex ship, 39s. 6d. to 45s., against 37s. to 42s. 6d. a week ago.

OATS.—Quotations for oats have continued to advance. On Wednesday, "December" futures were quoted at 51½ cents a bushel in Chicago, against 49½ cents a week ago and 45 cents last month. Quotations in London, Wednesday: "English Black" (new), at farm, 22s. 6d. to 23s. 6d., against 21s. to 22s. a week ago; "English White" (new), at farm, 22s. 6d. to 23s. 6d., against 21s. to 22s. a week earlier; mixed 22s. 3d. last week.

MAIZE.—Despite a reaction on American markets, maize is again dearer this week. "December" futures were quoted on Wednesday at 107½ cents per bushel in Chicago, against 109½ cents a week ago and landed, 25s. 6d. per 480 lbs., compared with 25s. a week ago. "Plate," ex ship, 24s. 6d., as against 24s. a week ago; "Plate," "December," 24s. 6d., as against 24s. a week ago; yellow maize meal, ex wharf, was quoted at £6 12s. 6d. to £6 15s. per ton, as against £6 5s. to £6 10s. 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	Dec. 18, 1935	Dec. 31, 1935	Dec. 9, 1936	Dec. 16, 1936
Winnipeg (No. 1, Manitoba) —Cents per 60 lb.....	65½	82½	85½	84½	114½	121½
Chicago (No. 2, Winter) —Cents per 60 lb.....	84½	98½	101½	75½	128	134½

The visible supply of wheat in Canada amounts to 63,557,000 bushels, against 65,887,000 bushels last week, and 141,623,000 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 December 12	338,534	349,100	352,153	280,690
15 weeks to December 12	5,148,983	6,583,172	6,477,995	4,732,328
Average price of English wheat per cwt.	s. d. 4 7	s. d. 4 11	s. d. 5 9	s. d. 8 7

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
December 10, 1932 ...	Cwts. 267,558	Cwts. 346,273	Cwts. 54,633	s. d. 5 4	s. d. 6 11	s. d. 5 9
December 9, 1933 ...	338,534	375,163	45,712	4 7	9 2	5 3
December 15, 1934 ...	349,100	263,989	47,901	4 11	8 4	6 8
December 14, 1935 ...	352,153	325,391	32,911	5 9	8 2	5 10
December 5, 1936 ...	298,075	441,641	52,848	8 5	9 5	6 10
December 12, 1936 ...	280,690	389,768	61,967	8 7	9 4	7 1

OTHER FOODS

BACON.—Quotations were higher last week-end and there has since been a sustained demand for all descriptions, with the market showing a firm tone. The official quotations (per cwt. for No. 1 Sizable) which formed the basis for dealings on the London Provision Exchange this week were: English, 88s. to 92s.; Canadian, 82s.; Danish, 92s.; as against 86s. to 92s., 80s. and 90s. last week. Arrivals in London last week included Danish, 12,180 bales; Canadian, 7,501; Dutch, 2,104; Lithuanian, 1,372; and Polish, 2,291; as against 12,115, 6,879, 2,022, 1,499 and 2,005 bales, respectively, in the previous week.

BUTTER.—The market turned quiet this week, and prices were easier. Quotations (per cwt.) on the London Provision Exchange on Wednesday were: New Zealand, finest salted, 103s.; Australian, choicest salted, 100s.; Danish, 114s., compared with 104s., 102s. and 118s., respectively, a week ago.

CHEESE.—The market has shown no new features, but prices are well maintained. Quotations (per cwt.) on the London Provision Exchange on Wednesday were as follows: English, finest farmers, 86s. to 88s.; Canadian, finest coloured, 70s. to 72s.; and New Zealand, finest coloured, 63s. 6d., against 86s. to 88s., 70s. to 72s., and 63s. 6d., respectively, a week ago.

COCOA.—The rise in the price of cocoa continues. The spot quotation in New York on Wednesday was 11½ cents per lb., as against 11½ cents per lb. last week. In London, on Wednesday last, good fermented new crop, "December-February," was quoted 50s. per 50 kilos, c.i.f. Continent, against 49s. 9d. a week ago. Last week's movements of cocoa in London were as follows: Landed, 11,312 bags; delivered, for home consumption, 5,488 bags; exported, 153 bags; stocks, 103,737 bags, against 110,705 bags a year ago.

COFFEE.—A quiet, but steady, tone has been displayed both in New York and London. On Wednesday, Rio No. 7 (cash) was quoted at 8½ cents per lb. in New York, as compared with 8½ cents per lb. last week and 8½ cents per lb. a month ago. Movements of coffee in London last week were as follows: Brazilian, landed, 52 cwt.; delivered, for home consumption, 37 cwt.; exports, 118 cwt.; stocks, 9,114 cwt., against 12,154 a year ago. Central and South American, landed, 3,813 cwt.; delivered, for home consumption, 1,996 cwt.; exported, 753 cwt.; stocks, 54,487 cwt., against 65,893 last year. Other kinds: landed, 3,915 cwt.; delivered, for home consumption, 2,807 cwt.; exported, 1,137 cwt.; stocks, 89,713 cwt., against 70,537 last year.

EGGS.—In Tooley Street on Monday, the market was again quiet and prices were lower. The seasonal peak has now been passed and gradually

declining quotations are to be expected. At Smithfield, on Wednesday, English (ordinary packing, Grade I, about 15-15½ lb.) realised 18s. 6d. to 19s. 6d. per 120, as against 19s. to 20s. last week; while Danish (15½ lb.) made 14s. 6d. to 14s. 9d., as against 14s. to 15s. last week.

FRUIT.—Business at Covent Garden has improved despite the inclement weather, states *The Fruitgrower*, and all the regular Christmas lines are firm. Apples have been in steady request and all dessert sorts are inclined firmer. Pears continue to go out well at steady rates. South African peaches, apricots and plums are now receiving more attention, while hot-house grapes are generally dearer. Large supplies of Tunis dates are available at moderate prices. Cobnuts are a point dearer and all other nuts are in more active demand with the approach of Christmas; almonds are short and dear. Oranges are an active trade, but lemons keep at a comparatively low level, and grapefruit are rather slow.

MEAT.—At Smithfield this week, fresh killed supplies were ample for the demand and prices were easy. For chilled beef and frozen mutton and lamb, however, trade was good and quotations were higher. On Wednesday last, Argentine chilled hindquarters were quoted at 4s. 2d. to 4s. 6d. per 8 lbs., as compared with 3s. 10d. to 4s. a week ago. New Zealand frozen mutton was 3s. 4d. to 3s. 10d. per 8 lbs., against 3s. 2d. to 3s. 10d. a week ago. According to the Smithfield Market official report, supplies during last week amounted to 10,705 tons, an increase of 440 tons on the corresponding week last year. Beef and veal accounted for 5,754 tons, mutton and lamb 2,613 tons, and pork and bacon 1,197 tons, as compared with 5,066, 2,820 and 1,076 tons, respectively, in the same week of 1935.

MILK.—Information relative to the operation of the Milk Marketing Scheme during November, as issued by the Milk Marketing Board, is given in the following table, together with comparable statistics for earlier months:—

	Nov., 1935	August, 1936	Sept., 1936	Oct., 1936	Nov., 1936
Regional pool prices* (per gallon):	d.	d.	d.	d.	d.
Northern	13½	9½	11½	13	13½
North-Western	13½	9½	11½	13	13½
Eastern	13½	10	12	13½	13½
East Midland	13½	9½	11½	12½	13½
West Midland	13	9½	11½	12½	13½
North Wales	13½	9½	11½	12½	13½
South Wales	13½	10	12	13½	14
Southern	13	9½	11½	12½	13½
Mid-Western	13	9½	11½	12½	13½
Far Western	13	9½	11½	12½	13½
South-Eastern	14	10½	12½	13½	14½
Liquid milk price (per gallon, all regions)	17	13	15	17	17
Manufacturing price (per gallon, average)	5-804	5-256	5-656	5-766	5-778
Total sales under contract	64-85	80-00	73-65	72-98	64-64
For liquid consumption	45-59	45-82	46-80	47-65	46-51
For manufacturing	19-26	34-18	26-85	25-33	18-13

* 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, 8 tons; delivered 19 tons; stocks, 1,816 tons, against 1,512 tons a year ago. White, landed, 53 tons; delivered, 52 tons; stocks, 11,841 tons, against 13,900 tons a year ago.

RICE.—The spot price of Burma No. 2, cleaned, was 9s. 6d. per cwt., ex warehouse, on Wednesday, as compared with 9s. per cwt. a week ago. "January-February" in singles to Continent and U.K. was quoted at 9s. 6d. per cwt., against 8s. 9d. last week. Movements in London during the past week were as follows: Landed, 18 tons; delivered, 166 tons; stocks, 1,590 tons, against 5,252 tons a year ago.

SUGAR.—While the London spot market has shown a rather firmer tendency, prices in New York have eased this week. The spot price in New York on Wednesday was 3-77 cents per lb., as compared with 3-85 cents per lb. last week and 3-65 cents per lb. a month ago. Wednesday's sales of raw sugar in London included "January" delivery at 4s. 9½d., against 4s. 9d. a week ago. The movements of raw sugar at public warehouses in London and Liverpool last week were as follows:—

**A little BOVRIL
WITHIN-U-ENDZA
lot of bother
WITH INFLUENZA**

OVERSEAS TRADE RETURNS

IMPORTS (Value C.I.F.)

	Month ended November 30		Eleven Months ended November 30	
	1935	1936	1935	1936
I.—Food, Drink and Tobacco—				
A. Grain and Flour	5,853,821	7,815,397	51,090,501	61,815,858
B. Feeding-stuffs for Animals	773,111	846,908	6,988,210	7,469,188
C. Animals, Living, for Food	699,586	774,126	5,002,902	6,946,903
D. Meat	5,780,049	5,714,802	71,040,673	71,122,108
E. Dairy Produce	4,826,189	5,686,919	53,516,134	60,905,739
F. Fresh Fruit and Vegetables	3,110,129	2,789,002	36,246,131	34,289,824
G. Beverages and Cocoa Preparations	4,201,483	4,371,722	38,236,720	40,443,022
H. Other Food	6,374,619	6,275,828	45,230,880	46,465,882
I. Tobacco	2,810,248	2,842,357	15,167,945	16,219,178
Total, Class I	34,409,268	37,097,061	322,520,096	345,377,702
II.—Raw Materials and Articles Mainly Unmanufactured—				
A. Coal	1,595	2,262	18,203	30,725
B. Other Non-Metalliferous Mining and Quarry Products and the like	374,643	414,572	3,348,587	3,904,702
C. Iron Ore and Scrap	432,834	586,486	4,643,582	7,794,629
D. Non-Ferrous Metalliferous Ores and Scrap	999,554	1,130,214	10,367,409	10,985,403
E. Wood and Timber	3,352,534	4,776,736	32,819,041	40,056,663
F. Raw Cotton and Cotton Waste	4,871,104	4,883,451	30,977,886	40,480,997
G. Wool, Raw and Waste, and Woolen Rags	2,863,778	3,705,605	32,845,278	40,187,163
H. Silk, Raw, Knobs and Noils	182,145	151,873	1,288,016	1,700,226
I. Other Textile Materials	790,378	1,061,640	8,385,232	9,713,250
J. Seeds and Nuts for Oil, Oils, Fats, Resins and Gums	2,246,459	2,169,116	23,442,393	26,154,011
K. Hides and Skins, Undressed	1,119,217	1,546,264	12,627,930	16,850,688
L. Paper-making Materials	1,036,684	1,194,404	9,682,577	10,782,490
M. Rubber	576,842	250,428	9,593,451	4,117,065
N. Miscellaneous Raw Materials and Articles mainly Unmanufactured	830,536	956,000	8,780,870	9,445,271
Total, Class II	19,778,303	22,829,031	188,820,443	222,203,263
III.—Articles Wholly or Mainly Manufactured—				
A. Coke and Manufactured Fuel	5,077	21,220	40,297	105,397
B. Pottery, Glass, Abrasives, etc.	739,891	735,673	6,669,913	6,803,441
C. Iron and Steel and Manufactures thereof	707,089	815,191	7,830,718	10,842,817
D. Non-Ferrous Metals and Manufactures thereof	2,946,941	3,119,154	25,405,215	29,697,417
E. Cutlery, Hardware, Implements and Instruments	603,119	616,669	5,685,204	6,243,934
F. Electrical Goods and Apparatus	363,989	362,921	2,819,862	3,341,211
G. Machinery	1,151,584	1,546,064	12,125,780	16,305,403
H. Manufactures of Wood and Timber	542,605	619,149	5,576,609	6,826,177
I. Cotton Yarns and Manufactures	233,233	275,829	2,180,019	2,582,329
J. Woolen and Worsted Yarns and Manufactures	231,691	328,129	2,293,118	2,830,098
K. Silk Yarns and Manufactures	260,296	204,105	2,806,721	2,363,698
L. Manufactures of other Textile Materials	587,161	713,190	6,237,908	6,867,445
M. Apparel	697,903	748,715	7,968,880	8,884,502
N. Chemicals, Drugs, Dyes and Colours	1,023,655	1,041,670	10,575,960	11,412,912
O. Oils, Fats and Resins, Manufactured	2,713,698	2,677,943	29,819,425	33,076,426
P. Leather and Manufactures thereof	722,813	871,362	7,430,513	8,892,991
Q. Paper, Cardboard, etc.	1,125,648	1,150,008	12,266,115	13,236,847
R. Vehicles (including Locomotives, Ships and Aircraft)	398,305	464,201	4,157,588	4,533,689
S. Rubber Manufactures	49,877	44,724	526,983	528,107
T. Miscellaneous Articles wholly or mainly Manufactured	1,694,205	2,033,608	16,244,897	18,385,961
Total, Class III	16,799,160	18,389,525	168,661,725	193,807,802
IV.—Animals, not for Food	115,045	154,239	1,561,839	1,907,271
V.—Parcel Post	353,456	201,504	1,991,780	2,678,865
Total	71,455,232	78,671,360	683,555,883	765,874,703

Imports, 30,732 tons, against 24,851 tons last week and 24,178 tons in the same week of last year; deliveries, 16,028 tons, against 14,977 tons last week and 15,389 tons last year; stocks, 170,704 tons, against 156,000 tons last week, and 213,709 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 ended	Northern India	Southern India	Ceylon	Java	Sumatra	Africa	Total
Dec. 12, 1935	12-53	12-28	13-46	12-07	10-01	11-61	12-66
Nov. 5, 1936	13-03	12-51	14-95	11-93	9-12	11-97	13-40
Nov. 12, "	12-80	12-21	14-92	11-79	9-75	12-07	13-30
Nov. 19, "	12-69	12-27	14-72	11-58	10-24	12-07	13-12
Nov. 26, "	12-67	12-44	14-70	11-85	10-13	11-77	13-09
Dec. 3, "	12-67	12-44	14-50	11-61	10-24	11-61	13-03
Dec. 10, "	12-55	12-42	14-51	11-47	10-30	11-58	12-92

The quantities catalogued for the public auctions in Mincing Lane this week comprised 50,349 packages of Indian and 18,616 packages of Ceylon tea. Competition was good and prices in most instances—especially for Ceylon teas—showed a hardening tendency.

VEGETABLES.—At Covent Garden market this week, says *The Fruit-grower's* report, salads generally have been in slow demand. A fair showing of forced asparagus encountered a fair inquiry, while forced rhubarb has now put in an appearance. Demand has improved for cabbage, savoy, sprouts, cauliflowers, carrots, turnips and parsnips. Celery continues to sell well, mint is scarce, and onions are inclined firmer. Meanwhile, the

EXPORTS OF PRODUCTS AND MANUFACTURES OF THE UNITED KINGDOM (Value F.O.B.)

	Month ended November 30		Eleven Months ended November 30	
	1935	1936	1935	1936
I.—Food, Drink and Tobacco—				
A. Grain and Flour	128,248	172,740	1,669,618	1,652,209
B. Feeding-stuffs for Animals	54,635	52,313	531,743	524,363
C. Animals, Living, for Food	401	287	6,945	2,880
D. Meat	114,679	114,401	836,842	963,498
E. Dairy Produce	94,955	95,864	989,164	1,200,012
F. Fresh Fruit and Vegetables	101,466	138,036	245,539	271,541
G. Beverages and Cocoa Preparations	1,250,536	1,525,219	8,997,871	12,115,818
H. Other Food	1,672,143	1,312,810	11,794,586	11,310,165
I. Tobacco	388,422	411,600	3,919,320	4,142,006
Total, Class I	3,805,485	3,823,244	28,991,627	32,182,492
II.—Raw Materials and Articles Mainly Unmanufactured—				
A. Coal	2,889,725	2,529,404	29,166,578	26,775,999
B. Other Non-Metalliferous Mining and Quarry Products and the like	93,513	93,063	1,012,812	1,036,600
C. Iron Ore and Scrap	49,850	45,198	419,283	347,724
D. Non-Ferrous Metalliferous Ores and Scrap	196,582	189,659	1,618,216	1,903,338
E. Wood and Timber	6,411	7,119	81,129	83,496
F. Raw Cotton and Cotton Waste	80,615	68,448	1,040,380	768,958
G. Wool, Raw and Waste, and Woolen Rags	840,341	821,026	7,534,599	6,757,380
H. Silk, Raw, Knobs and Noils	1,088	1,304	12,721	13,207
I. Other Textile Materials	41,565	37,389	361,253	469,370
J. Seeds and Nuts for Oil, Oils, Fats, Resins and Gums	373,813	245,435	2,945,946	2,970,072
K. Hides and Skins, Undressed	148,622	138,953	1,561,953	1,581,953
L. Paper-making Materials	105,074	116,611	1,009,891	1,124,831
M. Rubber	16,759	20,764	147,814	170,035
N. Miscellaneous Raw Materials and Articles mainly Unmanufactured	255,008	255,162	2,361,762	2,425,944
Total, Class II	5,098,966	4,568,005	48,638,413	46,408,907
III.—Articles Wholly or Mainly Manufactured—				
A. Coke and Manufactured Fuel	354,550	270,093	2,789,710	2,704,108
B. Pottery, Glass, Abrasives, etc.	769,522	760,064	7,679,882	7,945,479
C. Iron and Steel and Manufactures thereof	3,296,575	3,233,003	33,038,133	32,704,872
D. Non-Ferrous Metals and Manufactures thereof	1,432,758	1,382,294	13,015,078	11,006,410
E. Cutlery, Hardware, Implements and Instruments	729,283	706,393	7,458,719	7,456,865
F. Electrical Goods and Apparatus	951,782	867,065	8,731,609	9,031,617
G. Machinery	3,503,089	3,841,806	36,040,458	37,556,491
H. Manufactures of Wood and Timber	106,175	116,090	985,369	1,110,544
I. Cotton Yarns and Manufactures	5,076,260	5,068,350	55,390,328	56,058,798
J. Woolen and Worsted Yarns and Manufactures	2,411,148	2,400,681	28,016,012	29,450,615
K. Silk Yarns and Manufactures	110,868	118,495	1,046,469	1,150,740
L. Manufactures of other Textile Materials	1,424,705	1,472,467	14,502,288	15,780,396
M. Apparel	969,072	969,431	10,299,404	10,997,901
N. Chemicals, Drugs, Dyes and Colours	1,957,074	1,828,179	19,534,215	19,172,777
O. Oils, Fats and Resins, Manufactured	474,192	451,104	4,750,913	4,568,114
P. Leather and Manufactures thereof	396,519	401,780	3,473,628	3,858,957
Q. Paper, Cardboard, etc.	620,026	600,446	6,078,703	6,118,986
R. Vehicles (including Locomotives, Ships and Aircraft)	2,476,826	2,638,138	27,242,204	29,356,483
S. Rubber Manufactures	135,225	121,286	1,404,812	1,453,514
T. Miscellaneous Articles wholly or mainly Manufactured	2,132,137	2,329,286	21,286,423	23,175,434
Total, Class III	29,327,786	28,872,431	302,754,416	310,638,901
IV.—Animals, not for food	52,642	73,021	585,068	920,096
V.—Parcel Post	1,115,115	1,104,648	10,047,957	10,105,380
Total	39,399,994	38,441,349	391,037,481	400,253,785

potato trade at the various London markets has been rather quiet, with prices about unchanged. At the Borough on Tuesday, best siltland King Edward again made 9s. to 9s. 6d. per cwt., ex market.

MISCELLANEOUS COMMODITIES

VEGETABLE OILS AND OILSEEDS.—There has been great activity and marked firmness in oilseeds, particularly in linseed, in which a substantial business was done earlier in the week at rising prices. Both Britain and the Continent were considerable buyers. The advance in prices has been helped by the rise in shipping freights and adverse reports concerning the new expected yield of two million tons. The balance of the old Plate crop has at a fair level. It seems probable that this year's exports from Argentina will exceed a million and a half tons. New crop is being dealt in freely to now afloat for Europe is 125,200 tons, including 16,400 tons from India. America is also taking larger quantities. The firmness in seed has been £3 since the beginning of the month, thus passing the highest previously recorded this year.

Cotton seed continues to advance, and the highest price for some years has been reached, up to £9 5s. having been paid for black Egyptian, quiet, but in common with other vegetable oils the market is firm and higher figures are quoted. Oilcakes are in very good demand and are firm.

FURS.—The last of the silver fox sales to be held in London this year opened on Monday last, at Beaver House, Garlick Hill, when offerings comprised between 40,000 and 50,000 Canadian and Norwegian skins,

The attendance was good, the bulk of the purchases, as usual, being made by French buyers. Since many French operators had been out of the market recently, in consequence of the devaluation of the franc, their interest in the current sales was not unexpected. Prices, which had risen by some 10 to 15 per cent. between the end of September and mid-November, were well maintained. One of the most notable features of this week's sales was the interest displayed in Norwegian skins, which, although of inferior quality to the Canadian furs, are of a colour which is more fashionable at the present time. They were accordingly in active demand at high prices.

RUBBER.—The event of the week was Tuesday's decision of the International Rubber Regulation Committee fixing production quotas at 75 per cent. of the standard tonnages for the first quarter of 1937 and

at 80 per cent. for the second quarter. Although this represents an advance on the present level of production, the increased supplies will not be available for some time, and the announcement of the decision caused the market to advance. The tone has since been strong.

The spot price in New York on Wednesday was 20½ cents per lb., compared with 19 cents per lb. a week ago and 18½ cents a month ago. Wednesday's official buyers' price for standard ribbed smoked sheet on the spot in London was 9½d. per lb., as against 9½d. on the corresponding day last week. In forward positions, business has been done at 9½d. to 9¾d. for "February" shipment, as against 9½d. to 9¾d. for "January-March" a week ago. Stocks in London and Liverpool at the end of last week totalled 82,486 tons, against 85,285 tons a week earlier. A year ago stocks amounted to 163,636 tons.

WHOLESALE COMMODITY PRICES

UNITED KINGDOM

LONDON, December 16th		The prices in the following are revised with the assistance of an eminent firm in each department			
CEREALS AND MEAT		POTATOES—		WOOL—	
GRAIN, Etc.—	s. d. s. d.	English King Edward	s. d. s. d.	English Southdown, greasy, per lb.	d.
Wheat—		per cwt.	9 0 9 6	Lincoln hog, washed.....	13½
No. 2, N. Man. 480 lb	50 3	SPICES—		Queensland, scd. super cmbg.	30
Eng. Gaz. av., per cwt.	5 7	Pepper, per lb.—		N.S.W. greasy, super cmbg.	30
Barley, Eng. Gaz. av. "	9 7	Black Lampong	0 3	N.Z., grey, half-bred 50-56.....	17
Oats, "	7 1	White Muntok	0 5½	Tops—	Crossbred 40-44 13
Maize, La Plata, landed	25 6	Cinnamon—1st sort, per lb.	0 8½	Merinos 70's Average	38
Flour, Lon. stan. ex mill,	38 3	Cloves—Zanzibar per lb.	0 8	" 84's "	36
280 lb.	9 6	Ginger—per cwt.—		Crossbred 48's "	21
Rice, No. 2 Burma, per cwt.	9 6	African	60 0	" 46's "	20½
MEAT—		Jamaica, ord. to good	57 6 85 0		
Beef, per 8 lbs.—	3 8 4 8	Mace	2 0 2 8		
English long sides	4 2 4 6	Nutmegs, 65's	0 11½		
Argentine chilled hinds	4 2 4 6	SUGAR—			
Mutton, per 8 lbs.—	5 0 6 0	(Duty, 11/8 per cwt.)			
English wethers	3 4 3 10	Centrifugals, 98's, prpt.			
N.Z. frozen	4 8 5 6	ships, c.f.f. U.K./Cont.	4 9½		
N.Z. frozen	6 2 6 8	B.W.I., crystallised ..	16 9 18 9		
Pork, English, per 8 lbs.—	6 2 6 8	Java, white, c. & f. India	Nominal.		
		Oct-Dec.			
		Refined—London—			
		Yellow Crystals	18 0		
		Cubes	22 3 22 9		
		Crushed	20 6		
		Granulated	18 1½ 19 3		
		Home Grown	18 1½ 18 6		
		TEA—			
		Indian—per lb.—			
		Broken Pekoe	0 11½ 1 1½		
		Orange Pekoe	0 11½ 1 3½		
		Broken Orange Pekoe ..	0 11½ 1 10½		
		Ceylon—per lb.—			
		Pekoe	1 0 2 1		
		Broken Pekoe	1 0 1 5½		
		Orange Pekoe	1 0½ 2 0		
		Broken Orange	1 0½ 2 3½		
		TOBACCO—			
		(Duty, 9/8-10/6 per lb.)			
		Empire growth, 7/5½			
		8/3½ per lb.)			
		Virginia leaf—			
		Common to fine	0 8 2 8		
		Rhodanian 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		
		COFFEE—			
		(Duty British grown			
		4/8; foreign, 14/- cwt.)			
		Santos supr. c. & f. cwt.	47 0		
		Colombian, good	54 0 62 0		
		Costa Rica, med. to good	52 0 78 0		
		East Indian " ..	52 0 68 0		
		Kenya, medium	55 0 66 0		
		EGGS—			
		English	18 6 19 6		
		Danish	14 6 14 9		
		FRUIT—Oranges—			
		Valencia	16 0 28 0		
		Brazilian	11 0 16 0		
		Lemons, Malaga .. boxes	10 12 12 0		
		Sicilian .. boxes	10 0 15 0		
		Apples: Amer. (var.) bris.	22 0 27 0		
		(var.) boxes	10 0 13 0		
		" Australian	...		
		Onions—			
		Valencia, case	10 0 12 0		
		Egyptian, bags	10 0 25 0		
		Grapes, Almeria, barrel	10 0 13 6		
		Grapefruit, Jaffa, Amer.	...		
		LARD—			
		Irish bladders	72 0 80 0		
		U.S. per cwt.	71 0 72 0		

OTHER FOODS		FABRICS		MINERALS	
BACON—	s. d. s. d.	COTTON—	s. d. s. d.	COAL—	s. d. s. d.
English	88 0 92 0	Am.-American .. per lb.	6 96	Welsh, best Ad'g.	ton 19 6
Irish	88 0 89 0	Sakarelida, f.g.f.	10 44	Durham, best gas, f.o.b.	Tyne.....
Danish	92 0	Yarns, 32's twist	11½	Sheffield, best house, at	pits
Dutch	88 0	" 60's twist	17	IRON AND STEEL—	
HAMS—		FLAX—	£ s. £ s.	Pig, Cleveland No. 3, d/d.	ton 81 0
Canadian	92 0	Livonian ZK	71 0	Bars, M'brongh.....	210 0
United States	91 0 94 0	Pernat HD	71 0	Steel rails, heavy.....	170 0
BUTTER—		Sisal Medium 1st sort	80 0 81 0	Tin plates	per box 18 9
Australian	100 0	HEMP—		METALS—	s. d. s. d.
New Zealand	103 0	Italian P.C. per ton	69 0	Copper, Electrolytic, ton	50/5 0
Danish	114 0	Manilla, Dec.-Feb. "12	34 10	Sheets (strong)	70/0 0
CHEESE—		Sisal, African	25 15 28 10	Standard	46/0 0
Canadian	70 0 72 0	JUTE—		Lead, Eng. pig	per ton 28/0 0
New Zealand	63 6 68 0	Native 1st mks. per ton	19 5/10	Soft foreign	25/17 6
English Cheddars	86 0 68 0	Dec.-Jan. c.f.f. H.A.R.B.	£19/7/6	Spelter G.O.B.	18/13 18/16/3
Dutch	47 0 54 0	Daisee 2/3 c.f.f. Dundee	...	Tin—English ingots.....	237/0 0
COCOA—		Dec.-Jan.	£19/7/6	Standard cash	236/15/0 237 0/0
(Duty, British grown		SILK—			
11/8; foreign, 14/- cwt.)		Canton	s. d. s. d.		
Acacia, f.f. per cwt.	51 0	Tussah	8 6 4 6		
Trinidad	55 0 70 0	Japan	8 0 9 3		
Dutch	60 0 64 0	Italian—raw, tr. Milan	8 0 9 6		
COFFEE—					
(Duty British grown					
4/8; foreign, 14/- cwt.)					
Santos supr. c. & f. cwt.	47 0				
Colombian, good	54 0 62 0				
Costa Rica, med. to good	52 0 78 0				
East Indian " ..	52 0 68 0				
Kenya, medium	55 0 66 0				
EGGS—					
English	18 6 19 6				
Danish	14 6 14 9				
FRUIT—Oranges—					
Valencia	16 0 28 0				
Brazilian	11 0 16 0				
Lemons, Malaga .. boxes	10 12 12 0				
Sicilian .. boxes	10 0 15 0				
Apples: Amer. (var.) bris.	22 0 27 0				
(var.) boxes	10 0 13 0				
" Australian	...				
Onions—					
Valencia, case	10 0 12 0				
Egyptian, bags	10 0 25 0				
Grapes, Almeria, barrel	10 0 13 6				
Grapefruit, Jaffa, Amer.	...				
LARD—					
Irish bladders	72 0 80 0				
U.S. per cwt.	71 0 72 0				

MINERALS		CHEMICALS		PETROLEUM PRODUCTS—	
COAL—	s. d. s. d.	Acid, citric, per lb. less 5%	0 11½ 1 0	Motor Spirit, No. 1, London	1 5
Welsh, best Ad'g.	ton 19 6	Nitric	0 2½ 0 3½	Petroleum, Amer. rid.	
Durham, best gas, f.o.b.	Tyne.....	Oxalic, net	0 5 0 6	bri. London...per gal.	0 8½
Sheffield, best house, at	pits	Tartaric, English, less 5%	1 0	Fuel oil, in bulk, for	
IRON AND STEEL—		Alcohol, Plain Ethyl	12 0	contract, ex instal.	
Pig, Cleveland No. 3, d/d.	ton 81 0	Alum, lump	per ton 6 10 8 15	Furnace	per gall. 0 3½
Bars, M'brongh.....	210 0	Ammonia, carb.	ton 27 0 28 0	Diesel	per gall. 0 4½
Steel rails, heavy.....	170 0	Sulphate	7 0		
Tin plates	per box 18 9	Arsenic, lump	per ton 35 0		
METALS—	s. d. s. d.	Bleaching powder, per ton	8 15 9 0		
Copper, Electrolytic, ton	50/5 0	Borax, gran. per cwt.	13 0		
Sheets (strong)	70/0 0	Do. powder	14 6		
Standard	46/0 0	Nitrate of soda	per cwt. 7 9		
Lead, Eng. pig	per ton 28/0 0	Potash—Chlorate, net	0 4 0 4½		
Soft foreign	25/17 6	Sulphate	per cwt. 9 9 10 0		
Spelter G.O.B.	18/13 18/16/3	Soda Bicarb. per cwt.	10 0 11 0		
Tin—English ingots.....	237/0 0	Crystals	per cwt. 5 0 5 8		
Standard cash	236/15/0 237 0/0	Sulphate of Copper, per ton	17 0 18 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			
		COPRA—			
		S.D. Straits c.f.f., per ton	22/12/6		
		DRUGS—			
		Camphor—			
		Japan, refined .. per lb.	2 3		
		Ipecacuanha	per lb. 7 0		
		HIDES—			
		Wet salted—Australian			
		per lb.	0 5½ 0 6		
		West Indian	0 3½ 0 4		

PETROLEUM PRODUCTS—		ROBIN—		RUBBER—	
Motor Spirit, No. 1, London	1 5	American	per ton 24/0/0 25/15/0	St. ribbed smoked sheet	s. d. s. d.
Petroleum, Amer. rid.				" 9½	
bri. London...per gal.	0 8½			Fine hard para. per lb	1 0½
Fuel oil, in bulk, for				SHELLAC—	
contract, ex instal.				TN Orange ... per cwt.	51 0 56 0
Furnace	per gall. 0 3½			SHELLS—	
Diesel	per gall. 0 4½			W. Aust. M.o.-P. ..	£ s. £ s.
				2 10 9 10	
				TALLOW—	
				London town .. per cwt.	26 6
				TIMBER—	
				Swedish u/s 3 x 8 ... per std.	£ s. d.
				" 2½ x 7 ... "	20 0 0
				" 2 x 4 ... "	18 10 0
				Canada Spruce, Dis.	22 10 0
				Pitchpine	per load 9 10 0
				Rio Dais	per std. 32 0 0
				Teak	per cft. 28 0 0
				Honduras Mahg. logs ..	c. ft. 0 12 0
				African	" 0 6 6
				Amer. Oak Boards	" 0 6 0
				" Ash	" 0 6 0
				English Oak Planks ..	" 0 6 0
				" Ash	" 0 7 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.

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THE ECONOMIST

Vol. CXXV

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(With this issue appears our Monthly Trade Supplement. Owing to the Christmas Holidays our usual table of London Active Securities and the section on Commerce and Trade have been omitted in this issue.)

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THE FINANCIAL NEWS

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

MONDAY, DECEMBER 21—THE ECONOMIC CONFLICT
IN FRANCE.—The clash between the Left Wing forces in
the French Government and the capitalist forces of finance
and industry has still not shown much sign of being solved
by conciliation. In this article our Paris Correspondent ex-
plains the present stage of the struggle and examines the
chances of an outcome which will assist French recovery.

TUESDAY, DECEMBER 22—BASE METAL SHARES:
RETROSPECT AND PROSPECT.—Our Special Mining
Correspondent, MINOTAUR, makes the Christmas week the
occasion for a review of progress and prospects in that
section of the Mining Market which has recently attracted
more interest than any—the Base Metal Companies.
A further article by our Correspondent, dealing with progress
and prospects in the Gold Share Markets, will appear at a
later date.

WEDNESDAY, DECEMBER 23—THE WHEAT BOOM.—
As forecast in earlier issues of THE FINANCIAL NEWS, the
feeling that a shortage of supplies is in prospect has taken a
firm hold on the Wheat Market. The Argentine Crop
Estimate, published this week, has done nothing to allay that
feeling. This article examines the present position with
regard to supplies and discusses the possibility of the Boom
continuing.

THURSDAY, DECEMBER 24—BRITAIN'S IRON ORE
SUPPLIES.—The uncertainty of our normal iron ore supplies
from Spain has focused a certain amount of attention on the
Iron Ore question, particularly owing to the existence of
abandoned or unworked deposits in this country. This article
surveys the British Iron and Steel Industry's present sources
of supply and suggests the probable effects of changes that
are likely to take place.

THE CHRISTMAS HOLIDAYS
In common with all other London morning newspapers, THE
FINANCIAL NEWS will not be published on Christmas Day,
December 25, or Boxing Day, December 26.

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RETROSPECT

NOTHING marks the passage of time better than Christmas. There is something about this holiday season which makes it of man's life a thing apart. It is a season regularly set athwart the current of time, like a breakwater behind which, for a moment or two, we can all take our temporal and spiritual bearings, before being once again swept into the tide of men's affairs.

Christmas, with the long momentum of its past behind it, with its gifts, and with its orientation towards the New Year, is a season of greater unselfishness than any other festival. We really begin at this time to think of others; of families as units, which we seldom do during the year; of friends scattered over the seven seas; of children, and of old men in the chimney corner; of those less fortunate than we; of the mutability of human affairs. And so we begin to think of Time itself, the shape of things to come, the destinies of the nations and of our own, and what lies before us. Let us, then, ride into the smoother waters of Christmas, 1936, and try to take our bearings.

We are all certainly better off in this country than we were five or six Christmases ago. Then, the greatest economic depression the modern world has ever experienced had settled down upon it, as if the war of 1914-18 had exacted a postponed reckoning. Men talked at Christmas, 1931, as though the world were cracking beneath their feet. Yet it was purely an economic fear. Politically, the world retained the façade of ordered unity which the Peace Treaties had imparted to it. Only in the Far East could the cloud of aggression be discerned. So it was in 1932, a sense that the world was economically disintegrating; that politics could be managed somehow, but that the nations' economic systems were rotting; that a strange economic era, without precedent or principle, yawned at our feet. World-wide values, their inter-relations through

the gold standard, the contractual solidity of the debtor-creditor relationship, the future security of capital—these fundamentals seemed gone beyond hope of recall.

Yet now, at Christmas, 1936, economic recovery has proved our saving grace, whereas political unsettlement is the dynamite that threatens to blow up our civilisation. In our economic affairs, it is true, we still have in this country our chronically unemployed, our Distressed Areas and our languishing export trades, just as the world at large still has its hard-hit, primary-producing countries like Bulgaria, Greece, or Chile. But 1936 has at last brought some unity, of which we had despaired since 1931, to the trading world. In September, the French, American, and British financial authorities co-operated to render devaluation of the franc easy. The devaluations of the other erstwhile gold bloc currencies quickly followed; and a movement towards enlarging import quotas and reducing tariff barriers in these countries began. This first faint foreshadowing of financial and commercial unity in a distraught world is now gaining its advocates in many quarters and many countries. At the same time, during 1936 those commodity prices whose abrupt fall in 1929 ushered in the Great Depression made an equally sudden spurt upwards; and this came as a final move in a slowly ascending curve which had begun to mount in 1933. With the rapid rise of these prices, world purchasing-power revived; the value of trade increased with its volume; debtors began to envisage resumption of debt services with greater equanimity, and creditors even to contemplate the possibility of fresh loans. Shipping revived; the yield of foreign investments recovered; unemployment fell; industrial capacity was more occupied.

Our first thought must be one of surprise that in a world which, in five years of depression, had raised hindrances to international trade to a higher pitch than ever before,

recovery should have become so widespread in many countries, and in so short a time after the trough of depression. America, Australia and New Zealand, Africa, India, even China, Britain, Belgium and Scandinavia; these are the high spots of world economic recovery. In every case they have been associated with radical monetary readjustment, scaling-down of costs, and the lowering of the rates which must be paid on borrowed capital.

But the Christmas retrospect and prospect has certain obscure and even gloomy patches. In all Western countries—from America to Denmark and Switzerland—"public works" have come, unhappily, to take more and more the shape of giant armaments and munitions of war.

Compare, for example, our present state with that in so recent a year as 1932. In that year the Disarmament Conference opened; and, just before Christmas, on December 12, 1932, Germany was accorded "equality of rights in a system which would provide security for all nations." At that time, our hopes ran high. Those hopes were brought to nought. The year which is now drawing to its close began, as almost every New Year begins, in an atmosphere of sanguine expectancy. The League of Nations had been made effective against Italy's aggression, largely by the pressure of British public opinion. Our Government had deeply pledged itself to support the League in order to win a General Election. But within the first few months of 1936 the League had been stultified by Italy's swift victory in Abyssinia; Nazi forces invaded the Rhineland and tore up the Locarno Treaty; and there followed an understanding between Germany and Italy over Austria in July. In the same month, the active sympathy of the two European Fascist Powers for Fascism abroad declared itself when the rebel officers in Spain struck their *coup de main*. From that day to this, Germany, Italy and Japan have stood together. Russia alone stands on the other side of the fence; and perched on the top are the remaining democracies, furiously arming to the teeth in case the fence collapses.

Thus, when we look about us this Christmastide we find greater political perils than before, but better economic conditions. Now this economic recovery cannot stand up indefinitely against political trouble; and even if we could be certain of keeping the peace there is still much to be done in the international field to make our prosperity secure. In short, our present well-being is conditional. We may safely say, however, that the omens for a further improvement in our economic lot by co-operative effort would be highly propitious were it not for the lowering political storm clouds which obscure the advent of 1937. Our economics are fast becoming a product of two disastrous political expedients: self-sufficiency and armaments.

These things apart, 1936 has been a year of especial importance to the British peoples. A year ago we wrote in this column—almost with prophetic sense—an article entitled "The Old Order Changeth." To-day we look back on twelve months which have seen the death of a King who came to the throne four years before the last war, the advent of his successor, and then—a sequel which not the wildest imagination could have foreseen—the voluntary abdication of a young and popular monarch in favour of his younger brother, without anything approaching either an Imperial or a popular conflict. It almost seems as if the immediate post-war epoch has already passed, while the links with pre-war days are snapping one after another. What of the new era into which we are plunging so rapidly?

There are some reasons why we should take heart at the outset of 1937. In the past few months we have seen the consolidation of democratic forces behind the Government of M. Blum in one of the great Western democracies; and we have seen the crushing and complete victory of President Roosevelt in another. In the third, our own, we have seen a sudden firm rally on the part of the Government against para-Fascist disturbances, and a welcome access of clarity and firmness to official pronouncements on foreign affairs. What surprises 1937 may bring we do not know. But the countries of liberty may at least console themselves with the knowledge that they are strong and that they have made some recovery from the more serious rebuffs of a year on which few statesmen can look back with satisfaction.

EUROPE LOOKS AT PAN-AMERICA

THE Pan-American Conference which is just ending after being in session at Buenos Aires for a month, has displayed a constructive energy. Such energy would have been noteworthy in the proceedings of any international body of the kind in either hemisphere; but it is particularly striking by contrast with the negativeness, caution and reserve that characterised earlier conferences in this American series.

The two principal diplomatic instruments that have emerged from the present session are a convention of December 12th for the maintenance of the American peace, and a treaty for co-ordinating, amplifying and ensuring the fulfilment of the existing treaties between the American republics. True, the action to which the signatories of these two agreements pledge themselves does not go beyond an undertaking to consult one another in the event of any threat to the objects which it is the purpose of these agreements to secure. This consultation will have to be *ad hoc*, owing to the rejection by the Conference of the United States Government's proposal for the establishment of a permanent consultative body.

The history of the Washington Four-Power Treaty, which likewise went thus far and no further, gives a warning of the possible ineffectiveness of such an instrument when the time comes to make use of it. On the other hand, where there is a will to co-operate, even an imperfect treaty can serve the purpose of statesmen who have made up their minds to take the initiative. And the will to implement the inter-American convention of December 12, 1936, may be expected to prove effective; for the scope of the treaty is not confined to the distressing yet not superlatively perilous contingency of a fratricidal war, of the Bolivian-Paraguayan type, between two or more Latin-American States. The obligations of this treaty are also expressly made to apply "in case of war outside America threatening the peace of the American republics." In that situation all American States alike would be under the strongest incentive to stand and work together.

The world-wide scope of the new inter-American consultative agreement has inevitably raised the question of the relation between the convention of December 12, 1936, and the Covenant of the League of Nations. To the Covenant, sixteen out of the twenty-one Latin-American republics are parties. The United States Government has assured these sixteen States members of the League that it had no intention of suggesting they should undertake any new obligations that would either supersede or conflict with their duties under the Covenant. This assurance has undoubtedly been given in entire good faith.

At the same time, certain of the American States members of the League, led by Argentina, have taken care on their side to see that their rights and duties under the Covenant are preserved intact. In general terms, this point has been made in Article 7 of the treaty for the fulfilment of existing inter-American agreements. In particular the group led by Argentina has successfully opposed the inclusion in the new treaties of the United States Government's proposal that the contracting parties should bind themselves to withhold the supply of arms and credits indiscriminately from all belligerents—a pledge which would have inhibited any signatories who were also States members of the League from fulfilling their existing obligations to discriminate between the covenant-breaker and his victim. And Argentina has expressly reserved her own freedom of action in such a case.

The negative aspect of the Conference's achievements is the determined attempt that has been made at Buenos Aires under the leadership of the United States, with a minimum of opposition from Argentina, to insulate all the Americas from the rest of the world. America is to be an *alter orbis* which can and will keep out of the pandemonium of international rivalry and warfare by refusing to take social responsibilities outside its own regional frontiers. The positive aspect of the Buenos Aires conference is the profound change in the relation between the United States and the other participants.

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The crux of inter-American politics is the enormous disparity in physical strength between the North American republic and its Central and South American neighbours—a disparity which is as great as that between the German Reich and Czechoslovakia, or between the United Kingdom and New Zealand. And the fundamental question of inter-American relations, ever since the emancipation of the Americas from European political control, has always been this: shall the attitude of the Latin-American republics towards the United States be like the attitude, in 1936, of Czechoslovakia towards Germany, or like the attitude of New Zealand towards Great Britain? During the war and the post-war years the Latin-Americans came to view the prospect of economic penetration and naval domination from the side of the United States with an increasing suspicion and even alarm. It should be added that anything that could reasonably be described as a United States imperialism was restricted to the limits of Central America and the Antilles; while, even within these limits and in its most extreme manifestations, it was mild indeed by comparison with the full-blooded imperialism of the European Great Powers and Japan. The measure of the present achievement of President Roosevelt is given by the new relation between the United States and her Latin-American neighbours—a relation which has been fructifying at Buenos Aires and can now be expressed in terms of the relation between Great Britain and the other self-governing Dominions of the British Crown. In that case, as in this, the overwhelmingly superior strength of one of the parties is now looked on by this physically predominant partner's associates as an asset for themselves, and not as a liability.

Inter-American co-operation and Pan-American isolation are thus the two complementary tendencies in American affairs which the Buenos Aires Conference has thrown into relief. This American spectacle will move the European observer to inquire, further, how far each of these two tendencies is likely to go.

How closely, for example, will it be possible for the relations between the United States and Argentina to approximate to those between the United Kingdom and Australia? The entente between the self-governing States members of the British Commonwealth manifestly rests upon an identity of ideology. There is, of course, at least the rudiment of a similar ideological bond between the American States members of the Pan-American Organisation. They are all of them republics which originally won their sovereign independence by throwing off the yoke of European monarchies. That, however, is now rather an old story; and the great and growing ideological differences between different American republics at the present day may come to count for more. The test question is that of the weight to be given to the formal common allegiance of all the American republics to the political ideal of parliamentary democracy. In Latin America this institution is at least as exotic as it is in Continental Europe. In some Latin-American countries at the present day even the presence of parliamentarism is being discarded in favour of

new-fangled and avowedly high-handed ideologies that are much more closely akin to the Fascism of Italy and Germany and to the Communism of Russia.

Supposing that the New World, like the Old World, divides into three distinct ideological camps, may not the Pan-American organisation fall into the same difficulties as the League of Nations? And, by the same token, may not the insulation of the Americas from the rest of the world break down? Revolutionary political ideas are even harder to keep at bay than bombing planes; and Communism and Fascism may leap an Atlantic whose western waves are still physically ruled by the United States Navy.

BORROWERS IN THE BOOM

CAPITAL is the proverbial handmaid of industry. If wassail in the kitchen appropriately accompanies high jinks in the hall, then the year 1936, when British industrial activity reached its highest level for all time, ought to be memorable in the new capital market. Actually the total new money offered publicly to investors, which rose, according to *The Economist's* computation, from £169.1 millions in 1934 to £236.1 millions in 1935, has made a further modest gain to £255.7 millions. That figure is two and a half times as large as the total for 1931, the worst year of depression, but it is little more than two-thirds that of 1928, the best pre-depression year.

The market, in fact, has been active, but not consistently active. Its constituent sections have varied from a state of incipient boom to idleness scarcely distinguishable from atrophy, as the following table shows:—

TOTAL BORROWING BY DIRECT PUBLIC OFFER
(Million £)

Calendar Years	British				Empire	Foreign	Total Issues	Index 1928 = 100
	Government	Home Corporations*	Others	Total Home				
1928.....	83.9	14.9	164.8	263.6	63.2	42.3	369.1	100
1929.....	65.4	8.3	124.3	198.0	61.0	26.2	285.2	77
1930.....	65.6	41.7	63.3	170.6	61.4	35.8	267.8	73
1931.....	10.7	8.0	35.8	54.5	38.5	9.1	102.1	28
1932.....	102.7	28.8	31.6	163.1	25.5	0.3	188.9	51
1933.....	150.8	24.5	34.9	210.2	29.2	5.4	244.8	66
1934.....	44.1	36.1	57.5	137.7	29.9	1.5	169.1	46
1935.....	88.0	51.1	81.6	220.7	15.2	0.2	236.1	64
1936.....	60.2	79.5	90.6	230.3	24.7	0.7	255.7	69

* Including county and public board loans.

Foreign issues by prospectus have become almost non-existent; Empire issues have been the lowest for any year, save 1935, shown in the table; and British Government borrowings (involving the subscription of new money or the funding of the floating debt, as distinct from pure conversion operations) have been on a moderate scale. That total home borrowings (representing 90 per cent. of all "public" issues) have been higher than in any year since 1928, has been due partly to a further rise in the total raised

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These improvements complete the process begun three years ago, when the first significant change in the appearance of the journal was made since its foundation in 1843.

by home companies and partly to further revival in the market for new issues by municipalities and public boards.

It would be difficult for any observer from Mars or the moon to deduce from our figures, either that 1936 had been a year of outstanding domestic prosperity, or that the interest-cost of new borrowing had continued to be anything from $1\frac{1}{2}$ to $2\frac{1}{2}$ per cent. lower than in 1928-29. Among the many explanations of an anomalous situation, pride of place must be given to the perpetuation of a system of unofficial, non-statutory but highly effective Treasury "control." It has been harder for a camel to thread the needle's eye than for a foreign prospectus to win the imprimatur of the Committee to whom, this year, the authorities have remitted the task of interpreting their "requests" to issuing houses. But home company issues have remained entirely free, while the queue of home corporation borrowers has, on the whole, been kept steadily moving, and favoured issuers like the railways have even been stimulated by a Treasury guarantee.

Official canalisation of part of the stream of new issues, however, does not explain why prospectus offerings by domestic industrial companies, which have been limited only by the borrowers' appetite and the market's powers of digestion, have been no more than 63 per cent. of the average for 1928-29. Undoubtedly, the latest revision of the Companies Act, and the zeal with which the Stock Exchange Committee is exercising its Petrine function of guarding the market's door, have had a salutary effect in checking the issue of many "bubble" prospectuses of a type which disgraced the boom of seven or eight years ago. The favourite speculative company of 1936, moreover, has been a relatively small unit, usually in the aircraft, machine tool, engineering or armament trades. A number of these companies may have been prone optimistically to capitalise the earnings of a single prosperous year; but at least they have been anchored to reality by the market's insistence on some earnings rather than the gold-brick-manufacturing hypotheses of the gramophone, photographic and patent corkscrew enterprises of 1928. Established concerns, being unusually well provided with liquid resources at the end of the depression (for non-liquidity arises normally from over- rather than under-trading), have financed a fair instalment of recovery without recourse to the market. And the incidence of high modern taxation is encouraging directorial boards increasingly to reserve annual profits for eventual bonus share issues, rather than to pay high dividends and subsequently ask shareholders for new capital.

Our figures, however, almost certainly exaggerate the falling-off in new borrowing since 1928-29, since they do not allow for the increasing popularity of the method of "placing" new capital on the Stock Exchange, instead of offering it direct to the public by way of a prospectus. Though the Stock Exchange Committee has announced its determination to limit "placing" facilities for companies

which are newcomers to the market, the method is both legitimate and expedient for many concerns which desire to make additional "lines" of shares available to investors. The much-discussed Morris Motors ordinary share issue of 1936 was a "placing" which admirably illustrated both the advantages and disadvantages of this practice.

Actually, the amount of new capital which comes to market by way of "permission to deal" on the Stock Exchange, without preliminary ordeal by prospectus, is very large, as will be seen by comparing the figures in the following table with those given earlier in this article:—

TOTAL BORROWING, INCLUDING "PERMISSION TO DEAL"
(Million £)

Calendar Years	British				Empire	Foreign	Total Issues
	Government	Home Corporations*	Others	Total Home			
1935.....	88.0	54.9	183.9	326.8	29.3	1.2	357.3
1936.....	60.2	82.1	306.1	448.4	39.8	11.7	499.9

* Including county and public board loans

The figures show the value of all borrowings, by prospectus or otherwise—the former being calculated at issue prices and the latter at opening prices for official dealings. Our totals are swollen by such issues as that of F. W. Woolworth, whose 3,750,000 new 5s. ordinary shares obtained "permission to deal" this month, and opened at a market price of 44 ros. per share. We publish the figures, therefore, tentatively and experimentally, as an indication of the upper limit assignable to the public creation of new capital in the last two years. It is noteworthy, however, that these all-comprehensive totals give a far more striking impression of the increased tempo of the market in 1936, compared with 1935, than the "public offer" figures alone.

On page 656 will be found our usual detailed tables showing the nature and distribution of the issues of the last two years, both on the old and the new bases. The figures suggest two supplementary observations. In the first place, the process of converting existing capital obligations to lower rates of interest continues, but since the War Loan conversion was effected in 1932, the chief beneficiaries have been borrowers other than the British Government.

CONVERSION ISSUES

(Million £)

	1932	1933	1934	1935	1936
British Government... Other Conversions ...	2,478.9 91.8	50.7 172.4	105.0 138.9	204.0 108.2	37.2 187.6
Total.....	2,510.7	223.1	241.9	312.2	224.8

Secondly, the ordinary share tends increasingly to be the favourite medium of new company finance. In 1932, out of company prospectus issues of £33.6 millions, only £6 millions (18 per cent.) were in ordinary shares. In 1936, out of £113.6 millions, some £70.3 millions (62 per cent.) were in ordinary shares. Of all company issues on our "New Basis" (i.e. inclusive of "placings") last year, as much as 78 per cent. were in the form of equity securities.

Taken by and large, the increased element of selection, official and unofficial, now present in the capital market appears to have perceptibly shifted the centre of gravity towards home as distinct from foreign investment and towards established companies as distinct from new enterprises. Undoubtedly, one result has been to raise the investment quality of the average new issue; for it is to the more speculative sections of the market that restriction's axe has been chiefly applied. The broader economic repercussions, however, of a policy which restricts new borrowings in time of recovery and low interest rates, and emphasises the domestic side of British industrial activity in a period of rising world prices, may be more doubtful.

INDIA'S FOOD PROBLEM

(BY A CORRESPONDENT)

INTEREST in the relationship between nutrition and incomes has recently been spreading all over the world. The League Assembly's committee has issued illuminating reports on the subject; and Sir John Orr's Report on "Food, Health and Income" in Great Britain discussed the nutritional problems of the leading industrial country in the world. Quite other are the nutritional needs, and therefore the nutritional problems, of the population of an Oriental country, living very much nearer the pure subsistence level. In this article we propose to estimate the volume of British India's food supply, analyse its dietetic content, and compare the resulting food values available, per head and per day, with the quantities laid down as desirable minima in the Report of the British Medical Association's Sub-Committee on Nutrition. Our inquiries are based on the year 1931-32.

The following table gives estimates of the gross output of food grains, livestock products, oils, fruits and vegetables; columns 4, 5 and 6 give details of the necessary deductions; while column 7 contains figures of the net quantities available for human consumption:—

FOOD PRODUCTION IN BRITISH INDIA 1931-32

(Figures in thousands of tons)

Item	Description	Gross Production	Deductions and Additions			Net Quantity available for Human Consumption
			Seed and Wastage	Consumption by Cattle	Export - Import +	
(1)	(2)	(3)	(4)	(5)	(6)	(7)
1	Rice	31,637	1,898	...	- 2,347	27,392
2	Wheat	7,234	434	...	- 81	6,719
3	Barley	2,374	142	...	- 24	2,208
4	Juar	4,593	270	...	...	4,323
5	Bajra	2,309	138	...	...	2,170
6	Maize	2,248	135	...	...	2,113
7	Grain	3,526	212	...	...	3,314
8	Other food grains..	11,120	667	7,453	...	3,000
9	Sugar	2,589	222	...	+ 539	2,906
10	Vegetables	10,714	1,339	...	+ 06	9,375
11	Fruits	6,928	...	...	...	6,928
12	Milk	21,612	...	...	+ 7	21,619
13	Fish	1,809	...	...	- 8	1,801
14	Meat	399	...	...	...	398
15	*Rape and Mustard seeds.	1,013	61	...	- 57	340
16	*Sesamum	374	22	...	- 12	85
17	*Groundnut	2,262	136	...	- 672	640

* Figures in Column 7 against oil-seeds relate to the oil equivalents of the seeds, as it is only the oil which is used for human consumption, the oil cakes being fed to cattle. The rates used for estimating oil extraction from seed are 25 per cent. for sesamum, 38 per cent. for rape and mustard, and 44 per cent. for groundnuts.

For most of the production figures, either official estimates have been used, or calculations have been made by assuming the same average yields over the total areas as occur in certain districts. For item 12, "milk," no official statistics are available beyond the number of cows and cow-buffaloes. We therefore obtained, from various sources, estimates of the average period of lactation, the yield of milk per day per cow and per cow-buffalo, and the extent to which cows in India do not yield any milk beyond the quantity required for feeding their calves. This gave a figure for aggregate yield. Secondly, we obtained from the health officers of a number of Indian towns figures of estimated consumption of milk per head per day. We also worked out an estimate of per capita rural consumption. From these particulars we arrived at a figure of aggregate consumption. Our production and consumption figures showed close agreement (to within 6 per cent.); and the estimate in the table is the mean of these two sets of figures.

For item 14, "meat," no official data are available. Consumption of meat is mainly confined to the towns. We obtained, from over 150 municipalities out of a total of 700, statistics of slaughter of cattle, sheep and goats; and applying the average of animals slaughtered, per head of the population of these towns, to the remaining urban population we were able to build up an estimate of urban meat consumption. We were also able to estimate the rural consumption of meat. The estimates for items 10 and 11, "vegetables" and "fruits," are less reliable than the others.

Thus, the estimate of British India's net food supply

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gives the following per capita daily ration of food, amounting to 2.4 lbs. in weight:—

	lbs.
Cereals, including pulses.....	1.150
Vegetables and fruits	0.410
Milk and milk products.....	0.490
Vegetable oils.....	0.240
Sugar	0.066
Fish and meat.....	0.005

The population of British India (according to the 1931 Census) is 271 millions; but for purposes of consumption the equivalent man-units are only 186.4 millions. The following table gives the value of foodstuffs available for consumption per man-unit per day in British India, and compares it with the standard diet recommended by the British Medical Association.*

Description	Quantity Available	B.M.A. Scale	Quantity Available compared with B.M.A. Scale	
			Surplus +	Deficiency -
Protein 1st class (grms.)	19.2	50	- 30.8	
Protein 2nd class (grms.)	78.0	50	+ 28.0	
Fats (grms.)	38.8	100	- 61.2	
Carbohydrates (grms.)...	679	500	+ 179	
Calories.....	3,543	3,390	+ 153	

These results correspond with a priori expectations. The food available per day has a high calorific value. In fact, if these statistics can be trusted, there is a surplus of calories over the minimum which must be consumed to maintain working efficiency. Poverty in the food supply shows itself rather in a deficiency of the more costly items—first-class proteins and fats—and in an excess of the cheaper carbohydrates. Thus, precisely the same phenomenon is observed in British India as when one compares the diet of the poorer classes with that of the well-to-do classes in a country with as high a standard of life as that of Great Britain.

There is a substantial deficiency in animal proteins; but against this there is an equally substantial surplus of vegetable proteins. It should be remembered, however, that Colonel McKay's detailed investigations into the jail dietaries of Bengal and the United Provinces have shown that only about 60 per cent. of the protein available from Indian cereals is actually absorbed into the human system. Thus, in fact, there may not even be a surplus of second-class proteins to offset the large deficiency in those of the first class. Moreover, our calculations do not take into account infants' needs of milk, if they are less than twelve months old. In fact, in a country with as large a vegetarian population as that of India, the consumption of milk per head should be higher than in countries with large meat-eating populations, like England and Sweden. Yet the per capita consumption of liquid milk in India is only half of that in England and a quarter of that in Sweden.

* The table of food values used for this purpose is based on figures given in Dr. B. S. Yajnik's pamphlet on "Dietaries for Cultivators," published by the Provincial Hygiene Institute of the United Provinces of Agra and Oudh, and corresponds closely with those given in Dr. Ghosh's standard work on "Hygiene and Public Health in India."

Clearly, the most important task confronting the social reformer who seeks to make India's food supply satisfy decent standards of nutrition is to increase milk production in India. The increase has to be as large as 100 per cent. A doubling of India's milk supply will not only increase the quantity of animal protein available per head, but will also increase the element of animal fat in Indian diet, which at present is largely supplied by vegetable oil. This is not as hopeless a task as may appear at first sight. India has a large stock of milch cattle—14.7 million cow-buffaloes and 38 million cows. It is true that the percentage of cows yielding no surplus of milk for human consumption is considerable; while the average yield per head, even of the stock which does yield milk, is deplorably low compared with that of the milch cattle of other countries—in fact, between a third and a fourth of the yield in England. But milk yield depends to a considerable extent on the quantity of food fed to cattle. And part of the vast quantity of cereals and other food grains now used for human consumption in India could with advantage be spared for cattle.

The main conclusion arising from the survey is the grave deficiency of milk in Indian food supply. This brief study suggests that the whole subject of India's food supply in relation to her nutritional requirements is in urgent need of more thorough and organised investigation.

I AM SPLENDID

(By Mr Smith)

In the crisis through which we have just passed the nation, by universal consent, behaved magnificently. Parliament behaved magnificently. The Press behaved magnificently. The Stock Exchange behaved magnificently. Lloyd's Register of Shipping behaved magnificently. The licensed victuallers behaved magnificently. Sir John Reith behaved magnificently. Above all, the common people behaved magnificently. And it is as the embodiment and representative of the common people that I write this article.

We English are notoriously unemotional and have but little use for self-admiration. We tend rather to depreciate our merits than to display them in the shop window. That fact is, of course, recognised everywhere both at home and abroad. When we happen to have something specially fine to our credit we invariably pass on without asking for praise, like the hero who first rescues a dog from the Thames and then hurries away to escape the onrushing reporters. But sometimes we don't get away in time; and then the weight of evidence, proving how splendid we are, is too much for us and reluctantly we have to give judgment in our own favour.

That is what has happened in the last few weeks. Wherever I have gone as representative of the common people I have been told that I was wonderful. Archbishops, bishops, city editors and leader writers have all refused to leave me unadvised of my almost unimaginable greatness. If any one of these important folk had told me about it, I should have been impressed. But when they all combine to tell me, the effect is overwhelming.

Let us start with the Bishop of St. Albans—not one of my warmest admirers, but a pleasant *hors d'œuvre* to the richer fare that follows. He says:—

During these last terrible days, however accustomed we had grown to all sorts of things, yet the heart of the nation rang true.

That's not bad, but a bit vague; and I like the Foreign Secretary much better. He says of me:—

The most remarkable feature of the crisis has been the steadfastness and forbearance of the great British public. They have again displayed those qualities of coolness, dignity, wisdom and restraint which have characterised them at critical moments in the Empire's history. They have given expression to that innate political instinct which is, perhaps, their greatest gift.

That restrained appreciation of Mr Eden's rings (as the Bishop of St. Albans said about my heart) true. Now for the Archbishop of Canterbury. He cannot, I fear, approve of all the topical jokes, limericks and riddles with which we

common people solaced ourselves during and after the crisis. Notwithstanding them, however, he says this about me:—

Some strong tide of instinct rather than of reasoned thought, flowing deep beneath the surface eddies of excitement, had borne the people through the rapids of the crisis. It is right to be proud of the way in which the nation has stood the test; yet let there be no boasting in our pride.

I do think that is lovely. Whatever some may say of the Archbishop's sermon I take off my hat to him, as the first person to detect both the eddies on the surface and the tide of instinct flowing deep within me. And, of course, I shall be very careful not to boast about it. Now I come to *The Times* leading articles, which are, I think, the best of all. They say:—

The nation has treated a great issue worthily; its thought moving steadily and soberly, with reluctance but without sentimentality, with searching of heart but without tumult, towards a firm conviction.

And again:—

The British people, facing its ordeal under an unprecedented glare of foreign publicity, has earned the wonder and admiration of the world. A sudden emergency has enabled the British people to prove its native greatness.

So, you see, it isn't only in England that I am admired and well spoken of. It's all over the world. In Reykjavik and Chicago, in Milan and Lourenço Marques, on the Potomac and on the Yangtze—everywhere men are turning to each other and exclaiming: "How wonderful is Mr Smith, and how admirable!"

To be quite frank, there is, in spite of all the praise, just a shade of bewilderment in the modest splendour of my mind. I recognise the fact that I have behaved magnificently, but I can't, at the moment, see just what the alternative to my magnificent behaviour would have been. Suppose that my heart had not rung true. Suppose that I had not been steadfast, forbearing, cool, dignified, wise, restrained and full of political instinct. Suppose that the deep tide had not flowed beneath the surface eddies. Suppose that I had not moved steadily and soberly, with reluctance and searching of heart, but without sentimentality and tumult. Suppose that in a sudden emergency I had not proved again my native greatness. Suppose, in short, that I had not been just the wonderful person that I have been. Exactly how would the deficiency have revealed itself? Of all the things that I did, what would I have omitted? Of all I left undone, what would I have done?

After all, I did not decide on the Abdication, and I could not have stopped it. I might, of course, have sent the wrong sort of letter to the papers. But if I had, they would not have printed it. I might, I am told, have formed a "King's Party." But if you were here and now to order me to form a "King's Party," I simply should not know how to set about it. One useful hint, indeed, is given me by *The Times*, which points out that I could have broken windows by throwing stones. That is very true, but the stone-throwing would have been followed by a night spent in a police cell, which would have been uncomfortable. And apart from that, a deep instinct whispers to me that merely to refrain from throwing stones is not in itself native greatness. It is undoubtedly puzzling. And sometimes, when I am slightly off colour, I become really worried, trying to make out what a man less wise, less cool, less amazing, less wonderful, less restrained and less full of deep instincts and running more to surface eddies myself—what would such a man have done that I did not do

Of course, if this were a foreign country the solution would be simple. I should say at once that the talk about my being so fine was all make-believe and eyewash, which are much in use abroad. But that theory will not work in it together. Those names in themselves are a guarantee temporal and spiritual, to the only possible conclusion—I am splendid.

NOTES OF THE WEEK

Men and Measures.—Just as last year's autumn session ended with the bizarre affair of the Hoare-Laval Plan, this year's ended with the even more bizarre affair of King Edward's Abdication. Naturally, the Abdication must overshadow all other topics in the minds of members of the public looking back over the session; but profoundly unsatisfactory as was the issue of the crisis in some ways, Parliament emerged from it with enhanced credit. Mr Baldwin's reputation appears to have been enhanced most of all. Indeed, the Prime Minister, who seemed on the verge of retirement at the beginning of the session, now seems to have taken on a new lease of political life; and Mr Churchill, who was gaining in reputation at the beginning of the Session, has suffered at the end for his championing of an unpopular cause during the Abdication crisis. Despite the irruption of that crisis, however, some important legislation has been passed during the autumn, including the Public Order Bill and the Trunk Roads Bill. The Marriage Bill, inspired by Mr A. P. Herbert, has also progressed fairly smoothly, and a Bill for establishing compulsory holidays with pay obtained a second reading. The Public Order Bill is certainly the main achievement of the Session, even if it was far from the public's mind on the gloomy December afternoon when King Edward's Abdication was announced.

* * *

Help for the Special Areas.—The problem of the Special Areas is very far from being solved, but the help that is being given by one means and another deserves the warmest encouragement. No remedy has better chance of success than the Government-financed trading estate; and it is good news that, following on the initial success of the Tyne Estate, work has actually been begun on the new Estate in South Wales. Work on this Estate—which is situated between Cardiff and Pontypridd, and is to be known as the Treforest Trading Estate—was begun on Monday. The first building is to be a paper mill; and the contract, which states that local labour shall be used whenever possible, has already been placed. The second series of contracts—for the provision of Estate roads and drainage, for the filling and levelling of the site, and for the provision of railway sidings—are now advertised, and tenders are returnable by January 5. Gardens, recreation grounds, canteens, a restaurant and a bank will be included in the Estate; and the railway will be led right into it and will give access to sidings, etc. Applications for sites have already been received from 24 firms in many industries, and six factories are to be erected immediately in addition to the paper mill. The Estate clearly offers substantial advantages to industrialists; and it may well prove a nucleus for economic as well as social revival in South Wales. Almost simultaneously with its initiation comes the news that Lord Nuffield has made a munificent gift of £2,000,000 to the Special Areas. The money has been placed at the disposal of three trustees (Mr Nigel L. Campbell, Lord Portal and Mr B. Seeborn Rowntree), and they will have full discretion to use it for the initiation or support of measures likely to give employment to those living in the Areas as well as measures designed for social betterment. There will obviously be plenty of scope for the trust's operations. The problem of the Special Areas as a whole, however, is still very far from any final solution.

* * *

The Marxist Front.—In view of the persistence of the incipient Popular Front movement in this country, the proposed "united front" (a "united front" seems to be one that excludes Liberals) between the Socialist League, the Independent Labour Party and the Communists is of some interest. It is not at all certain, however, that the united front—even if it came off—would assist the Popular Front movement. The Communist Party has never had any connection with the Labour Party; and the recent

Labour Party Conference at Edinburgh decided by an overwhelming majority against Communist affiliation. The I.L.P. split from the Labour Party after 1931, and put up candidates in opposition to Labour candidates at the last General Election. The Socialist League, on the other hand, now led by Sir Stafford Cripps and Mr William Mellor, is affiliated to the Labour Party; and since the Labour Party has rejected both Communist affiliation and open co-operation with the Communists, it is extremely doubtful whether the Socialist League could pursue these policies and remain within the Labour Party. It is also one of the ironies of the situation that the Communists are officially in favour of a Popular Front, while the Socialist League and the I.L.P. are not. The central idea of the proposed alliance between the three extreme Left factions would, of course, be to organise a campaign on Marxist, class-war lines. So small, however, is the influence of the three factions, even combined, both in the country and in Parliament, that the Labour Party would clearly not be willing to abandon for the sake of their support one iota of the democratic and gradualist principles to which it is committed. And it now appears that Sir Stafford Cripps cannot even carry his own Socialist League supporters. It may be that an eventual union of Left-wing parties will appear in this country; but the proposed Marxist Front has not brought it perceptibly nearer.

* * *

Britain and Italy.—The decision of the French and British Governments to convert their Legations at Addis Ababa into consulates was announced at Rome on Monday. The news had been foreshadowed in a statement of Mr Eden's in the House of Commons on December 16th. In the same statement, however, the Foreign Secretary declared that "in any case it is not the intention of His Majesty's Government to accord *de jure* recognition of the annexation of Abyssinia." This last assurance, of course, is not an earnest of an intention to do anything effective for the vindication of international justice in execution of British obligations under the Covenant. The British and French Governments, if they are to be judged by their records up to date, are likely to recognise the Italian "Empire of Ethiopia" with alacrity if and when they can induce the Assembly of the League of Nations to pave the way for this by declaring that Abyssinia has ceased to be a State member. Such formalities do not touch the heart of the matter. The British people will remain deeply humiliated by our failure to fulfil our own international obligations to prevent the commission of what we regard as a monstrous international crime. In his latest speech, Signor Mussolini declared that Italy's accounts in Africa had now been settled to the last centesimo, but that other accounts still remained open in other quarters. This is no very strong basis for the Anglo-Italian conversations which are now reported to have ended in a joint declaration on the respective interests of the two countries in the Mediterranean. A genuine Anglo-Italian agreement in a region vital to both parties might enable Italy to withdraw her perilous intervention in Spain, to leave the Western Mediterranean to Britain and France, and to leave Germany high and dry in Spain—an uncomfortable position. But we can scarcely trust Signor Mussolini's word after his triple breach of it in violating the Covenant of the League, the Kellogg Pact, and the Italo-Abyssinian Non-aggression Treaty of 1928. How are we to assess his assurances—reported in the House of Commons by Mr Eden last week—that the Italian Government has not engaged, and will not engage, in any negotiations with General Franco whereby the *status quo* in the Western Mediterranean will be altered? Have these assurances any more value than those which were still being given by the Duce to the Emperor of Abyssinia at a time when—as we now know from Marshal de Bono's book—the Italian preparations for attacking Abyssinia were already in full swing?

Spain and Europe.—The European wire-pullers behind the scenes of the Spanish conflict are still hard at work. This week it is reported that 30,000 German troops are already in General Franco's forces, and that they are manning tanks and artillery for the final drive on Madrid, the prelude to which seems to have begun. On the Government side considerable successes are still claimed in the north; and Oviedo and Burgos are suffering for the concentration of Franco's forces round the capital. The rebel leader's strategy seems to depend now on his ability entirely to surround Madrid with the aid of the divisions supplied by his Fascist backers. Then simultaneous advances from the Talavera road, from Guadarrama, and Sigüenza would, if successful, force Señor Caballero's forces either to surrender with the capital, or to run the gauntlet towards Valencia. Three events during the past week have rendered the European conflict of interests over Spain more acute. First, the Russian Government announce that a Russian ship, the "Komsomol," has been fired on and sunk by Spanish rebels or their foreign supporters; and it is reported that Russian warships and submarines have been ordered to convoy Russian ships in the Mediterranean. This opens up alarming possibilities of a European war in all but name. Secondly, the still continuing hasty despatch of many thousands of "blond Moors" to Spain from Germany, under German generals, has led the French Government to intimate to the German Government that France will consider herself free to take any suitable action if "volunteers" are sent from Germany in such volume. Thirdly, the definite understanding between Britain and Italy is reported to embody an Italian assurance to withdraw from supporting the Spanish rebels. If Italy does this, Germany may find herself in an awkward international predicament; and if, then, Germany and Russia withdraw from Spain together, Franco-British mediation will stand a real chance of success. For one thing is now evident beyond a peradventure; if Italy and Germany left off aiding and abetting Franco, and if Russia left off assisting the Spanish Government, General Franco's dastardly attempt at a *coup de main* would ignominiously collapse for lack of support among the Spanish people.

Rumblings in Germany.—Since the signature of the German-Japanese convention a few weeks ago Germany's diplomatic prestige has swiftly fallen; and today she seems more isolated than ever. Despite French and British official invitations to hasten her participation in discussions on a general European settlement, the directors of Nazi foreign policy unremittently cling to an isolation which their own acts, month by month, do most to crystallise. The reported Anglo-Italian understanding this week accentuates Germany's isolation, and may well involve Herr Hitler and the Reichswehr leaders in acute difficulties, both in Spain and Europe as a whole. Last week-end, so it is said, General von Blomberg deprecated the despatch of so many "blond Moors" to Spain as it might involve Germany with the Great Powers of Europe. But Herr Hitler and his Nazi politicians successfully defied the Reichswehr leaders when the Rhineland was invaded last March; and they may do so again, before long. Indeed, the manifest hardships of the present German winter are obviously forcing the chief actors in the drama—General Goering, Dr. Schacht and, strange as it may seem, the German Ambassador in this country, Herr von Ribbentrop—to exhort the German people to look elsewhere than on their own material deficiencies. These deficiencies are partly the outcome of world-wide hindrances to foreign trade, partly the result of Germany's monetary and exchange policy, but mainly the result of the Nazis' frantic self-sufficiency and re-armament programme. This has imposed rationing of food imports, and of all civil industries working for normal export trade, in favour of imports of raw materials for the Nazi war economy. This winter the deficiencies and poor quality of food, clothing, etc., have become painfully apparent in the lower income-earning classes. Accordingly, the propaganda campaign for external circumses—notably the demand for colonies in which German currency must be valid—has broken out with redoubled vigour in the last three weeks, after it had

become apparent that Herr Hitler's recent dissolution of the Colonial League had failed to bring the British Government round to the Nazi way of thinking. In this country, France, Belgium and all other European countries save Italy, the overwhelming sense of the people is that the "colonial question" can only be opened as an integral part of a general European settlement in which Germany will agree, fully and whole-heartedly, to collaborate in the political and economic redressment of Europe. Meanwhile, there is no longer any disguising the straits to which Germany has been reduced by the dictates of a frenetic militaristic preparation; and the months ahead must be clouded by fears lest desperate counsels sway desperate men.

France's Budget and the Franc.—An unnecessarily pessimistic view is being taken of France's financial position at the present moment. It is true that M. Vincent Auriol's Budget, passed by the Chamber on Friday, showed a deficit of 4,000 millions (over £40 millions); and there is, of course, a much larger additional total of loan expenditure on armaments, public works, etc. The deficit, however, is a legacy from the deflationary period of MM. Doumergue and Laval. When deflation fails and reflation and devaluation are adopted instead, the persistence of a large deficit is inevitable for a time, particularly if huge armament expenditure has to be undertaken as well. The solution can only come from increasing revenues, resulting from business revival; and business revival is steadily proceeding in France, despite the failure of the long-term interest rate as yet to fall. Moreover, recovery is likely in itself to tempt capital back, and the Government's new loan has been offered in terms which permit those who have made a profit on devaluation to retain at least 90 per cent. of their profits. Time is on the side of the French financial authorities once more. It may be that a bigger devaluation would have brought quicker relief, and that the rise in costs has offset some of the advantages. But a 30 per cent. devaluation is no trifle; and, more important still, prices and costs in the outside world are now rising rapidly, whereas in the case of most of the other devaluations they were falling. This fact is strongly in France's favour. It may be, again, that a slight lowering of the present pegged rate would be desirable—and it would be a pity to treat that rate as sacrosanct—but the remaining disequilibrium, if it exists, must be relatively small. It is on industrial revival, rather than on exchange or gold movements, that France's economic recovery now depends.

President Chiang Kai-shek's Fate.—In the course of a week, the facts of the Chinese situation have become clearer, while the outcome is still impossible to predict. It is now evident that the young Marshal's *coup* is essentially a piece of gangster's work and not a subtle move in high politics. His illustrious prisoner is not his confederate; and this means, unhappily, that the President's life is genuinely in danger. The position at Sianfu, in fact, is not unlike that at Vienna on the tragic day on which Dr. Dollfuss was a prisoner in his own Chancellery in the hands of a Nazi gang. The Chinese Government which has now of kidnapping is showing the same energy and resolution as were shown in Austria by Dr. Dollfuss' colleagues. Overwhelming Government forces are closing upon Sianfu, while their aeroplanes are circling over the city. Chang Hsueh-liang has not a chance if he decides to fight it out. His choice lies between surrendering at discretion without touching a hair of the President's head, or wreaking his revenge on his prisoner at the cost of condemning himself to death when he falls into the Government's hands. At the moment, everything is still in suspense. President Chiang himself is still alive, though one member of his suite has already met his death by "suicide" as a hint to the President of what the young Marshal can do if he chooses. On the other hand, Chiang Kai-shek's brother-in-law, Mr T. V. Soong, has flown to Sianfu, and has been allowed to land there; and he would hardly have put his head into the lion's den if he did not believe that

there was some hope of negotiating a happy ending to the story. One of the most interesting symptoms is the undisguised perturbation of the Japanese, who dread the possible permutations and combinations of Chinese politics if the strong ordering hand of Chiang-Kai-shek is removed. Evidently the Japanese do not believe that they can fish advantageously in Chinese waters that are troubled beyond a certain degree. This Japanese reaction will not be lost upon the President of the Chinese Republic if he returns safe and sound to Nanking.

A Franco-Turkish Dispute.—A dispute has arisen between France and Turkey over the future status of the Syrian district of Antioch and Alexandretta. The reason why this year's Franco-Syrian negotiations were a success, in contrast to the abortiveness of the Franco-Syrian treaty of 1933, was that the French negotiators this time conceded the inclusion of the whole of the French mandated territory outside the boundaries of the Greater Lebanon in the boundaries of the Syrian Republic. This meant the inclusion of considerable non-Sunni Arab minorities: for example, the Ansariyah of the Ladiqiyah district and the Turks in the district of Alexandretta and Antioch. As a matter of fact, this latter district has never been detached from the rest of Syria under the French mandatory regime; but, in virtue of decrees made by the French High Commissioner in 1921 and 1923, it has enjoyed a special local regime which has included a certain measure of financial as well as linguistic autonomy. This arrangement was made in fulfilment of a French pledge that had been included in the Franco-Turkish agreement of October 20, 1921. This latter agreement settled the frontier between Turkey and Syria, and settled it on lines that coincided with the linguistic boundary between the Turkish and Arabic languages—with the one exception that it left the Turkish population of Alexandretta and Antioch on the Syrian side. The French insisted upon this for the good reason that the assignment of this district to Turkey would have cut off Aleppo from the sea and have made the new Syrian State territorially halt and maimed. The concession of the special local regime was the *quid pro quo* for the Turkish Government's acquiescence in this French demand. There has been no suggestion that the rights guaranteed to this local Turkish minority in Syria have not been scrupulously respected under the mandatory regime; and the Franco-Syrian treaty provides for their maintenance under the sovereignty of the Syrian Republic. The Turkish Government's grounds for raising the question of the status of the Antioch and Alexandretta district now are twofold. They say that the agreement was between themselves and the French, and that, with the liquidation of the French mandate, they will lose their present guarantee for the well-being of their Turkish fellow-countrymen within the Syrian frontiers. In the second place, they argue that, if Syria is to receive her complete independence, the Antioch and Alexandretta district has an equal right to the same boon. The answer is that the geographical arguments for the inclusion of the district in Syria remain unaffected, and that the Turkish element in the district is by no means the whole population, nor even perhaps an absolute majority of it. The dispute has now come before the Council of the League, and the two parties have stated their cases in terms which do not hold out much promise of agreement by compromise. Both Turkey and France have, however, declared that they will not seek a settlement by other than peaceful means, and they have also agreed upon an interim regime. France is withdrawing the additional troops that were recently quartered in the disputed territory, while Turkey has agreed to the posting of neutral observers along the international frontier.

Britain's Invisible Income.—It is a necessary consequence of the way in which Sir Robert Kindersley's invaluable statistics of British capital abroad are derived that their interest is at first glance historical rather than topical. Those just published in the *Economic Journal*

refer to capital outstanding at the end of 1934 and the income obtained from it in 1935. The total of British investments in overseas Government and municipal loans, in British companies operating abroad, and in securities of overseas companies quoted in London, is estimated at £3,414 millions at that date, an increase of £28 millions in 1934. To this is added an estimate (admittedly less reliable) of £300 millions for other forms of British capital abroad, including securities not quoted in London and "direct investment." This estimate has been raised by as much as £20 millions compared with the end of 1933, and a still larger increase will undoubtedly be recorded for 1935, and again for 1936, in view of the enlarged flow of funds to Wall Street. Sir Robert Kindersley calculates the total income on the £3,716 millions of British capital abroad at £167,900,000 in 1935. The increase of £8,700,000 shown in this figure by comparison with 1934 is mainly accounted for by the larger dividends of British companies operating abroad, which of course include a large proportion of mining and plantation concerns; this trend also is therefore likely to be continued in 1936. The same group provides a further credit for the national balance of payments in the shape of sums placed to reserve and remitted to the United Kingdom. These allocations, exclusive of reserves for depreciation and obsolescence, are estimated at £5,900,000 for 1935. Still another credit item is loan repayments, which in 1934 totalled no less than £42 millions. These figures help to explain why the gross increase of British investments abroad, through new issues, British repurchases of investments formerly sold to foreigners, etc., sometimes seems out of relation to the sum apparently available for capital export. After allowing for larger dividends from "commodity" investment and for a much higher shipping income, Sir Robert Kindersley's calculations suggest that there can have been very little net surplus on the balance of payments in 1936, and that most of the capital newly sent abroad, to the United States and elsewhere, must have been counter-balanced by imports of capital, long-term or short-term.

Peace in Lancashire.—After having caused the country some anxious moments, the dispute in the spinning section of the Lancashire cotton industry was settled at the last moment. The notices to cease work, involving about 100,000 operatives, took effect at midday last Saturday. A few minutes before midnight the trade unions and the employers agreed on a compromise. A disastrous strike, which would have involved the whole industry at a moment of long-delayed improvement, has thus fortunately been averted. Since July, 1921, the wages of operatives have been steadily reduced without any whole-hearted effort to raise the efficiency of the industry by reorganisation. The last two reductions in wages were made in September, 1927, and in November, 1932, involving cuts of 12½ per cent. and 14 per cent., respectively, on standard piece price-list rates. The unions, it will be remembered, demanded a restoration of the 1932 cuts. The agreement reached last Saturday provides for an increase of 9½ per cent. on the standard piece price-list rates, equal to 1s. 1½d. in the pound. In addition, "big" piecers in the mule-room and adult male workers in the ringroom are to receive a rise of 2s. each. Actually, spinners and winders, who hitherto earned from £3 to £3 10s. per week, now receive 3s. to 4s. more, while the earnings of "big" piecers, receiving about 30s. per week, are raised by 3s. 9d. or 3s. 10d., and those of cardroom workers by 1s. 6d. to 2s. per week. Perhaps the most important feature of the settlement is the belated realisation by both parties that Lancashire's fortunes cannot be restored without a measure of co-operation. The trade unions have furnished proof of their goodwill by giving a promise of co-operation in the long-delayed internal reorganisation of the cotton industry. The sole criticism which can be made of the agreement is that it includes no provision for restoring adequate conciliation machinery. How useful a conciliation committee can be has recently been demonstrated by the prompt settlement of the dispute in the weaving section of the industry.

Pig Marketing Breakdown.—After creaking and groaning for three years, the machinery of the Pigs and Bacon Marketing Schemes has broken down altogether. The trouble has arisen because the farmers have not contracted to supply the curers with sufficient pigs to keep the bacon factories working economically throughout the coming year. The schemes provide that bacon pigs shall be sold on contract between feeder and curer, contracts being signed towards the close of the year to cover supplies during the ensuing twelve months. The approximate volume of home bacon supplies is thus known, and the Board of Trade can proceed to allocate import quotas to overseas suppliers. If the farmer defaults, however, the curer is entitled to purchase pigs on the open market, where—unfortunately for the success of the Schemes—the price paid has frequently exceeded the contract price. Partly owing to this price differential, the number of pigs offered on contract for 1937 is 314,000 short of the minimum of 2,200,000 required by the curers, although the terms are the most favourable yet granted to the farmers. Last week-end, therefore, the Bacon Board (representing the curers) availed themselves of their right to declare null and void the contracts already signed. This breakdown of the Marketing Schemes is the more serious for the British producer, since import restriction is contingent upon the existence of a marketing scheme at home. Although it is officially stated that the import quotas already fixed for the first six weeks of the New Year are to come into force, the legality of the regulation will thus be open to question. Efforts are being made to save something from the wreck as we go to Press. But it is clear that if the farmers will not play their part the curers must be allowed to obtain their pigs on the open market. This would mean an end to the schemes in their present form, and would render import regulation under the Agricultural Marketing Acts illegal. It is possible, therefore, that the consumer of bacon will benefit from this week's débâcle.

* * *

New Industries and Coal Supplies.—One of the chief paradoxes of the present system of control in the British coal-mining industry is its combined elasticity in some sections, and excessive rigidity in others. Colonel W. A. Bristow, chairman of Low Temperature Carbonisation, Limited, drew attention to this feature of the centralised selling system in the course of his speech at the annual meeting of that company on Monday. One of the statutory functions of the Central Council under the 1930 Coal Mines Act is to co-ordinate the operation of the district schemes. After these were introduced last August the Council, presumably in the exercise of this function, passed a resolution prohibiting the duration of long-period contracts for the supply of coal beyond December, 1937. A month or two later it so amended this instruction as to permit colliery companies to contract as far ahead as March, 1938. Meanwhile, the Executive Board of the South Wales District (Coal Mines) Scheme received inquiries from the National Oil Refinery, the Skewen subsidiary of the Anglo-Iranian Oil Company, Ltd., for the supply of anthracite duff for the service of a special equipment on which they proposed to spend £24,000; and from the Low Temperature Carbonisation Company, Ltd., for 150,000 tons of small coals, to be subsequently increased to approximately 400,000 tons per annum, for the service of one of its coalite and distillation plants. The Skewen concern asked for a seven-year contract, and Low Temperature Carbonisation for a twenty-five-year contract, subject not only to the usual rise and fall clause, but also to arbitration provisions. In principle, the Executive Board were agreeable to both applications. They regarded the two projects as particularly desirable in a district which has suffered so much from depression. They accordingly appealed to the Central Council to suspend its ban, and, when the Council refused, evoked the arbitration clauses of the central scheme. The case was considered by the three independent arbitrators on December 8th, and in the course of the hearing the representatives of the South Wales Executive Board suggested a compromise. The appeal, however, was dismissed, and these were the grounds on which Colonel Bristow on Monday condemned the pre-

sent methods of regulation and urged drastic changes. The defence of the Central Council, as explained by one of its officials on Monday night, is that "it is its duty to secure an economic price for coal," that "this duty could not be carried out if there were to be freedom to make contracts of unlimited duration," and that "the last thing the Council would desire is to prejudice the demand for coal." The ban of the Central Council applies uniformly to all mining areas in the country, and the "explanation" issued on Monday night would be weighty if the Central Council had been equally strong in the application of its other co-ordinating functions. It is too well known, however, that so far the Council has been almost impotent in the exercise of its statutory duty effectively to co-ordinate district minimum prices, and that its failure in this important task has contributed materially to the changed direction of inland and export demand in recent years. There is no inherent incompatibility between achieving "an economic price for coal" and giving exceptional consideration to special cases such as those brought to the notice of the Council by South Wales. It is to be hoped that further Government intervention may be made unnecessary through review of the whole matter by the Council.

* * *

The "Girl Pat."—The long drama of the runaway trawler, the "Girl Pat," ended this week in the dry-dust atmosphere of the Commercial Court. But somehow there was a dramatic touch. When the skipper disappeared with the boat, her owners claimed from the underwriters a total loss by barratry, and a most unusual thing happened. Though most of the underwriters after discussion settled the loss, two syndicates held out and fought the case for themselves; so that although the claim in Court was for a total loss, it is not improbable that the owners, before they went into Court, had received from underwriters more than the boat's market value. It is not easy to remember a similar situation. The case was fought on whether the boat was a constructive total loss while she was sailing the Atlantic. Barratry was not denied. But was she a constructive total loss? Mr Justice Porter held that she was not and gave judgment for the underwriters. A boat is a constructive total loss when the owner is deprived of possession and it is unlikely that he can recover it. Was that at a given moment unlikely in the case of the "Girl Pat"? The judge met the question frankly and said: "If I had been asked to say whether she was more likely to be lost or recovered, I should have had to say that I did not know." That is a very fair comment and the judgment emphasises the fact that mere uncertainty and anxiety about the ultimate fate of a boat is not enough to substantiate a claim for constructive total loss. All the same it seems hard lines on the owners to insure a boat that is useless to them except for home fishing, have it stolen and sailed to Central America, and then to be told that there is no loss. It is, all things considered, easy to understand the attitude of those underwriters who settled instead of fighting.

* * *

London's Fur Trade.—Since 1931—as we pointed out in an article in *The Economist* dated September 1, 1934—London has been gradually displacing Leipzig from the premier position in the international fur trade. While Britain's overseas trade in raw furs has recently enjoyed a progressive expansion, Leipzig's turnover has sunk to insignificant dimensions, as the following table shows:—

	OVERSEAS TRADE IN UNDRESSED FURS			
	United Kingdom (£ Millions)		Germany (Million marks)	
	Imports	Exports*	Imports	Exports*
1913	4.6	3.6	124.6	54.4
1931	5.4	6.7	134.9	55.2
1932	6.5	5.6	86.1	26.9
1933	7.5	5.9	69.1	28.2
1934	8.3	5.9	61.1	15.9
1935	7.6	7.4	38.9	13.1
10 months, 1935...	5.8	6.2	32.3	11.2
10 months, 1936...	8.0	7.1	31.6	4.7

* Including re-exports.

In dressed and undressed furs together, Leipzig's export balance (which amounted to 37.1 million marks in 1929) was actually transformed into an import balance of 3.8 million marks in 1935.

OVERSEAS CORRESPONDENCE

From our Correspondents in each centre

UNITED STATES

REFLATION AND RECOVERY

As the year ends everyone, from his own viewpoint, is endeavouring to project the trends of the past into the future. The conspicuous facts of the immediate past are: (1) The reflation programme, which is based on the Federal deficit, credit expansion and low money rates; (2) a steep and continuous increase in production since the fourth quarter of 1934, which has lifted activity near to a statistically conjectured normal; (3) a rise in commodity prices which has gained momentum in the last six months. Moody's index of primary commodities, which was as low as 78 just before the Administration took office, now stands at 200, at which figure it is almost 25 per cent. above a year ago; and (4) a definite sellers' market in labour.

Nevertheless, these qualifications should simultaneously be made: (1) While the Treasury has actually established its capacity to sell long-term issues on a 2½ per cent. basis or below, the American economy in general has by no means adjusted itself yet to any such low figure; (2) while the index of production at, say, 110 is near a conjectural normal, (a) certain sections of our economy (e.g. non-residential building and even residential building) are far below the average of the '20's and (b) it is apparently still impossible to single out any section that seems *prima facie* superheated; (3) while primary commodities have risen spectacularly, the official indices (including the cost-of-living index) show no corresponding movement. As with the low money rate, the effects of higher primary commodity prices do not yet seem to have permeated the economic structure; and (4) while there is a sellers' market in labour, there are still millions on the relief rolls, and hypothetical millions of unemployed not on the relief rolls.

APPREHENSIONS IN WASHINGTON

Washington seems to be filled with apprehensions. It is clearly concerned with the fear that prosperity will evolve into boom, and boom into collapse. So far, these apprehensions have expressed themselves in three directions: (1) Uneasiness over the influx of foreign capital (hot money) into our market; (2) intimations that further and perhaps drastic action will be taken to reduce the volume of excess reserves and regain control of the credit system and of the money market; (3) suggestions that the Securities Exchange Commission will take further action to control stock market trading.

The financial community is variously influenced by these apprehensions. Action taken to control the international flow of capital, as well as action taken to alter the mechanical operation of the stock markets are matters of vital concern to Wall Street; and it must adjust itself to the decisions taken, without necessarily having much voice in those decisions. Since little credit is now employed in the stock market, proposals for limiting or reducing bank reserves apply more directly to the banking community; and perhaps one can do no better than point to the reception of the last Treasury issue, and to the present prices of Government securities, to find evidence that the banking community is confident that whatever measures of credit control are imposed, they will not be so severe as to affect the long-term rate of interest. But Wall Street in the sense of the stock market interest as well as Wall Street in the sense of the banking fraternity, are persuaded that the implications of such a long-term rate, maintained over a period, have not been fully realised. Both Wall Streets are more than a little uneasy over the protraction of the credit expansion policy, and remember that more than a year has elapsed since the Federal Advisory Council recommended action on excess reserves, and that, although action was taken, excess reserves are nearly as high as they were when the recommendations were first made.



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BUSINESS ADVANCE AND LABOUR

Industry seems less infected with misgivings than finance. Business is doing better than well; prices are rising all along the line; and the expectancy of higher prices is primarily responsible for the forward buying that has become so characteristic of recent weeks. On the industrialist's horizon, the principal cloud is his relations with labour; and this takes more forms than the well-known cloud that Hamlet observed from the battlements of Elsinore. There is the fact of the sellers' market in labour, which alone would occasion a rising trend of wages. Beyond this, there is the imposition of the Social Security taxes, which began in 1936, and became substantially heavier in 1937—combined with a strong probability that these taxes will be changed in the forthcoming session. Perhaps still more a source of anxiety is the intense rivalry for control of labour organisation between groups, as exemplified by the maritime strike on the Eastern Seaboard; and as elsewhere illustrated by the feud of the American Federation of Labour (Mr Green) and the Committee for Industrial Organisation (Mr Lewis).

Beyond these generalities, there are innumerable strikes, sometimes by a few men in key processes, sometimes affecting an entire plant. Frequently the contention is for the time basis rather than piece-work basis in computing wages. In a great variety of forms, piece-work had become the prevalent practice in American industry; adopted, of course, on the theory that it increases output per man-hour. *Per contra*, it might be expected that a general transposition of the wage base would reduce output per man-hour; and this, in conjunction with the present wide adoption of the 40-hour week, becomes one of the imponderables of the relations between management and labour in the coming months. At the present time, however, these considerations, which essentially focus on the question of labour costs, are dismissed with the assumption that demand is strong enough to absorb them in higher prices.

1938 BUDGET TO BE BALANCED

In recent years, at this period, a good deal of concern has been felt about the Budget. It is now widely supposed that the deficit as a reflationary mechanism has outlived its usefulness, and that, while supplementary relief appropriations will be introduced to cover the period to the end of current fiscal year (June), the Budget to be introduced in January will propose a virtual balance for the 1938 fiscal year.

It cannot be too strongly urged that the tone of the reports from Washington has completely changed. These reports emphasise three facts: (a) That the phase of reflation through deficits as a mechanism of recovery is ended; (b) that while a tentative start toward quantitative credit control was initiated in 1936, more active measures will presently be taken, probably in the form of higher reserve requirements plus some action in the direction of "hot money"; (c) that the contemplated controls, while in some measure quantitative, are what are called qualitative—i.e. exclude

the historic mechanisms of the restrictive or punitive money rate. The nature of these controls has not yet been indicated, except in so far as the very limited application of the principle in the form of S.E.C. control of margin requirements is taken as significant.

NEW YORK, December 14.

FRANCE

THE DEFICIT AND BUSINESS

AFTER a general discussion on the financial policy of the Government, which was severely criticised by the Conservatives, the Budget for 1937 was passed by 489 votes against 106, i.e. by a majority much larger than that of the Popular Front. The final Budget is as follows:—

	Millions of francs
Expenditure	48,047
Revenue	43,681
Deficit	4,366

This deficit arises only from the Ordinary Budget. There is still the Extraordinary Budget, yet to be covered by loans, the total of which is about Frs. 15,000 millions for defence and State public works. Even this does not represent the total sum to be borrowed. One must add the Frs. 7,000 millions deficit of the railways and loans for the Pensions Fund. M. Vincent Auriol pointed out that expenditure since the devaluation of 1928 had always been 50,000 or 55,000 millions, out of which 48 per cent. has been for public debt, 18 per cent. for defence and 34 per cent. only for State administrative expenses. Thus, 66 per cent. of the total cannot be reduced.

The last 1935 Budget, M. Auriol added, had proved the vanity of formal Budgetary equilibrium not associated with economic recovery. The final figures of the 1935 accounts are as follows:—

1935 BUDGET			
Millions of francs			
	Estimates	Excluded	Verified accounts Cost of new social laws Included
Expenditure	40,438	44,500	48,022
Receipts	40,450	38,000	38,000
	+ 12	- 6,500	- 10,022
Extraordinary defence expenditure	6,265 millions.		

M. Vincent Auriol said there was no hope of Budgetary equilibrium, save in the revival of business. But this revival had begun. He contended that the estimated increase of revenue by 4,500 millions would prove too high. Wholesale prices had risen by 35 per cent. and retail prices by 15 per cent. only since devaluation; and the re-established margin of profitability heralded favourable developments. Finally, M. Auriol pointed out that savings, which brought Frs. 30,000 millions every year to the State in a time of acute economic crisis, would not fail when a revival in business was obvious.

FOREIGN TRADE IMPROVING

Foreign trade in November was as follows:—

	November, 1935	October, 1936	November, 1936
(000's omitted)			
Imports:—			
Foodstuffs	543,710	763,440	846,703
Raw materials	898,124	1,143,225	1,476,630
Manufactured goods	294,478	340,475	383,787
Total	1,736,312	2,247,140	2,707,120
Exports:—			
Foodstuffs	251,173	259,502	297,183
Raw materials	393,330	397,968	534,166
Manufactured goods	776,704	802,459	888,367
Total	1,421,207	1,459,929	1,719,716
Import surplus	315,105	787,211	937,404

Total trade shows an increase of 720 millions and 1,270 millions if compared, respectively with October, 1936, and November, 1935. This is principally due to the increase of imports, provoked by fear of higher prices in foreign

markets. In volume, exports were 243,000 tons less, while imports were 575,000 tons more than in October.

GOLD HOARDERS AND THE NEW LOAN

The main question now is whether the gold hoarders will answer the last appeal of M. Auriol and exchange their gold against the new 1936 debentures repayable in three years. No doubt, immediate acceptance of these bonds in payment of death duties, and the introduction on the Stock Exchange of the subscription right attached to the gold certificates, are astute measures which will persuade many hoarders to sell to the bank gold which is becoming more and more devaloured by the rise in all prices.

It is to be feared, however, that certain gold hoarders not convinced by M. Poincaré will not respond to the appeal of M. Auriol. Moreover, the capital hoarded abroad will—at least for a time—not be encouraged to return by the new campaign of M. Jouhaux, General Secretary of Trade Unions, in favour of the nationalisation of all key industries (banks, insurance, coal mines, metallurgy, etc.). Its owners will also be disquieted by the almost unanimous refusal of the Senate to vote the compulsory arbitration system of M. Léon Blum, which the Chamber has adopted.

PARIS, December 23.

GERMANY

FOOD CARDS RE-INTRODUCED

THE conditions of the new food-card system, which comes into force on January 1st, have now been revealed. Having unpleasant associations, the term "food cards" is not used officially. Instead references are made to "customer lists," which are to be kept by retailers. But the householder may be entered upon a customer list only on presentation of a municipal card, issued on the basis of the number of persons in his family and their ages. Only butter and fats are for the present on the card system. In principle a household will be entitled to purchase a quantity equal to 80 per cent. of its normal (October, 1936) consumption, but no guarantee is given. The retailer will himself be limited to a ration, which may be too much, but may be too small for the supply of those customers who present cards; and if it is too small householders will have to change their retailers.

The meat situation has improved. About the grain shortage nothing from authoritative quarters has appeared. Official utterances made between October and early December about the combined bread and fodder outlook seem to have been too optimistic. It was not admitted that there would be any shortage of either, and it was only urged that farmers must deliver their full grain quotas and must not feed livestock with bread cereals fit for human consumption.

REASONS FOR CEREAL SHORTAGE

In October—that is, after the 1936 crops result was known—it was officially stated, on the basis of a Reich Nutrition Estate inquiry, that the bread cereal stock for the new crops year would be 12,400,000 tons, and the consumption, including that for seed and industrial purposes, only 10,150,000 tons. It was added that the very good fodder crops would relieve farmers from feeding wheat and rye to livestock, as they did to a great extent in the past crop year. The potato crop was returned at nearly 46 million tons, as against 41 million tons in 1935; sugar beet, at 11½ million tons, or 8 per cent. more than in 1935; and hay at 40½ million tons, as against 33 million tons. Other fodder crops were reported as very good. According to the *Frankfurter Zeitung*, which first divulged the impending wheat shortage and the need for resuming imports, 2,800,000 tons of rye, which is about 800,000 tons above the normal quantity, and 500 to 600 thousand tons of wheat were consumed for fodder in the crop year 1935-36. Formerly very little wheat was so consumed.

Unsatisfactory crops in 1934-36 had much less to do with the present shortage than the contraction of imports of both bread and fodder cereals. Only if the crops of 1934-36 are compared with those of the exceptionally good year 1933

could they be called unsatisfactory. The wheat crops of the three years were much larger than the pre-war and very much larger than those of many post-war years preceding the self-sufficiency campaign. In 1913 (in the present Reich area) the wheat crop was 4,040,000 tons; in 1926 (lowest recent year), 2,600,000 tons; in 1933, 5,604,000 tons; and in 1934-36 the crop was almost stable at around 4,700,000 tons. Rye cultivation was for a time intentionally reduced. Production in 1913 was 10,100,000 tons (an exceptionally high figure, however); in 1926, 6,406,000 tons; in 1933, 8,700,000 tons; since when the average has been about 7½ million tons. Even these considerable fluctuations are insignificant compared with the reduction of imports. The following figures (in tons) are of net imports:—

	1927	1935	1936 (11 months)
Wheat	2,530,000	145,000	23,000
Maize	2,105,000	282,000	166,000
Barley	1,996,000	158,000	47,000

The grounds on which the Government thought that it could permanently dispense with imports of fodder cereals are not clear. Those who were optimistic about the wheat situation seem to have expected that the very good harvests of 1933 would be repeated; and also to have ignored the bad quality of the 1935 and 1936 crops, which resulted in wheat being used for feeding livestock.

The prices of colonial goods rose this week by 5 per cent. Their prices were already prohibitive, and certain kinds had disappeared from the market. In connection with the Four-Year Plan, it is stated that Germany in 1936 produced 31.4 per cent. of her consumption of textiles raw materials, natural and substitute, as against 16.81 per cent. in 1932. The retail turnover in October was 18 per cent. higher than in October, 1935. Pig-iron output in November was 1,256,700 tons, against 1,379,000 tons in October.

LOSSES ON COAL EXPORTS

In an analysis of coal industry finance, an economic journal attributes the unexpectedly low dividends declared this year by mixed iron and coal companies to the losses suffered on coal export. In very few cases did the profit on all coal business, home and foreign, provide even for writing-off. The volume of exports of Ruhr coal has been relatively stable lately at a little below the figure of pre-crisis years. The volume and value of Ruhr exports, as well as average export and home (wholesale) prices, are given as follows:—

	Exports Volume 1,000 tons	Value Mill. M.	Average Export Price Marks per ton	Average Home Price
1928	20,679	408.8	19.07	20.11
1932	15,081	194.5	12.90	17.04
1935	21,022	198.2	9.43	17.00

The November foreign trade returns show an export surplus of Rm. 64 millions, against a surplus of Rm. 76 millions in October and of Rm. 54 millions in November, 1935. This result is only moderately satisfactory. In 1935 the November export surplus suffered practically no decline; and total exports as well as exports of manufactured goods increased, whereas this year both fell. Imports in November this year increased very little, last year considerably. The decline in exports was entirely in exports to Europe; and is officially attributed in part to the gold *bloc* devaluations. The export surplus in the first eleven months of 1935 was Rm. 459 millions:—

	Oct.	Nov.	Jan.-Nov.
Millions of Rm.			
Imports			
I. Foodstuffs	126.9	140.3	1,369.7
(a) Livestock	8.4	11.6	87.2
(b) Animal foodstuffs	38.4	41.6	409.7
(c) Vegetable foodstuffs	80.1	87.1	872.8
II. Industrial goods	229.1	217.6	2,483.2
(a) Raw materials	123.5	120.5	1,402.5
(b) Semi-manufactured	64.1	62.6	718.5
(c) Manufactured	41.5	34.5	362.2
Total	356.0	357.9	3,852.9

	Oct.	Nov.	Jan.-Nov.
Millions of Rm.			
Exports			
I. Foodstuffs	6.3	7.4	78.3
(a) Livestock	0.1	0.2	2.2
(b) Animal foodstuffs	1.3	0.8	8.7
(c) Vegetable foodstuffs	4.9	6.4	67.4
II. Industrial goods	425.2	414.3	4,233.4
(a) Raw materials	39.0	34.5	372.3
(b) Semi-manufactured	40.6	38.4	423.3
(c) Manufactured	345.6	341.4	3,437.8
Total	431.5	421.7	4,311.7

The Prussian Government announces the issue of a Rm. 200 millions 4½ per cent. loan, the main purpose of which is to convert Rm. 150 millions of 4½ per cent. Treasury bonds maturing on February 1, 1937. The new loan is to be repayable within twenty years at the annual rate of 3.2 per cent. In the first instance, the loan will be offered to holders of Treasury bonds at 97½. The price to cash subscribers is 97½.

Money last week was temporarily plentiful owing to repayment of Reich Treasury bonds and Treasury bills. On Friday and Saturday the day-loan rate declined. This week's market opened liquid, with the day-loan rate still lower at 2¼-3 per cent.

BERLIN, December 21.

ARGENTINA

FURTHER ECONOMIC RECOVERY

THE economic improvement in Argentina has become more marked during the past month. Prices of the three chief crops—wheat, maize and linseed—were 10.70 pesos, 5.60 pesos and 13.70 pesos per 100 kilos, yesterday, against 10.60 pesos, 5.55 pesos and 14 pesos a month ago. The decline in the price of linseed is due to the abolition of the basic price and the expectation of an excellent linseed crop in Argentina. On December 2nd the Government suppressed the minimum prices of wheat and linseed, while retaining that of maize. The accompanying decree stated that the reasons for authorising the Grain Regulating Board to buy wheat and linseed at a basic price had disappeared.

It has now become apparent that the export surplus for the current year will be substantially greater than in 1935. Figures of foreign trade for the first ten months of 1936 compared with 1935 are as follows:—

	1935	1936
(Market values in pesos)		
Imports	986,816,138	921,360,073
Exports	1,331,700,139	1,287,746,571
Export surplus ...	344,884,001	366,386,498

On December 2nd the value of the Argentine peso in the free market, which had remained for some time about 17.60 to the £, suddenly jumped to 17.16. The free market quotation continued to rise, and on December 9th reached 17 to the £—exactly equal to the official import rate. On the same evening the Government instructed the Central Bank to reduce the official import rate from 17 to 16 pesos to the £. The accompanying statement observed that the revalorisation of the peso was not artificial, but was the logical result of the improvement in the Argentine balance of payments. The Government, it was said, was gradually removing the emergency measures imposed during the depression, and this process would be hastened as soon as the principal countries approached the problem of definite currency stabilisation.

Argentine exports in November were in volume 1,484,047 tons (against 1,133,964 tons in November, 1935) and in

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value 159,047,079 pesos (against 111,578,403 pesos). The totals for the first eleven months of 1936, together with the corresponding figures for the same period of the two previous years, were as follows:—

FIRST ELEVEN MONTHS OF EACH YEAR		
	Volume in Tons	Market Value in pesos
1934	14,160,133	1,318,572,542
1935	15,090,804	1,443,278,542
1936	12,855,156	1,447,718,126

Exports in value were made up as follows in the first eleven months of the two years:—

(Market value in pesos)		
Products	1935	1936
Pastoral	482,085,039	538,165,193
Agricultural	890,699,798	839,445,253
Forestral	38,877,071	32,966,926
Mining	6,862,035	8,707,448
Hunting and fishing	6,517,601	8,155,743
Miscellaneous	18,236,998	20,277,563

Average prices for the first eleven months of 1936 were 48.7 per cent. higher in the case of wheat, 18 per cent. of linseed, 15.6 per cent. of maize, and 27.1 per cent. of unwashed wool. The value of dry and salted sheepskins was actually 99.1 per cent. higher.

The decline in the value of imports during the eleven months as compared with 1935 was the inevitable result of the decline in exports which was so marked in the first half of the year. Now that the fall in exports has been completely reversed, it is reasonable to expect an increase in imports in the near future. The import items which show the biggest declines are textiles, tobaccos and wood.

The third official estimate of cereal and linseed sowings, together with the percentage of increase over last year, is as follows:—

Crop	Hectares	Difference per cent.
Wheat	7,083,000	+ 23.2
Linseed	3,010,000	+ 13.2
Oats	1,278,000	+ 6.9
Rye	892,000	+ 26.0
Birdseed	44,500	+ 4.5
Barley	779,000	- 0.8

The weather for the new crops has been very favourable, and harvesting is in progress in Northern and Central Argentina.

THE NEW ANGLO-ARGENTINE TREATY

The new Anglo-Argentine Trade Treaty, which was signed in London on December 1st, was received here with mixed feelings. The Argentine stockbreeders, as was expected, were particularly disappointed. The meat clauses were generally regretted as calculated to reduce mutual trade between the two countries. A tax on the entry of Argentine chilled beef into Great Britain and a reduced quota have, however, been regarded as inevitable ever since the British Government announced its intention to subsidise domestic agriculture and give preference to the Dominions. The Treaty, while far from giving universal satisfaction, is felt to be much less unfavourable to Argentina than was expected. Had the Treaty been published six months ago when the Argentine economic outlook was dark and depressing, more complaints would probably have been heard. But to-day the world, and especially Great Britain, needs Argentine products, and with the high prices now ruling, it is felt that it would require more than the meat clauses to effect a substantial reduction in the value of trade between the two countries.

BUENOS AIRES, December 12.

CANADA

SYMPATHY WITH KING EDWARD

THE bewildering crisis over the Abdication of King Edward VIII has absorbed the attention of the whole Canadian people for the past ten days. Now that it is ended, there is widespread sympathy for the unhappy fate of a monarch who had won personal popularity in Canada

during successive visits; but, while he has his partisans who hold that he has been harshly treated, the great preponderance of intelligent opinion in Canada feels that his transference of the Crown to King George is all for the best.

THE DOMINION-PROVINCIAL CONFERENCE

Meanwhile there took place last week in Ottawa another Dominion-Provincial conference on finance, taxation and correlated problems; representative delegations from all the Provinces, including eight out of the nine Premiers, were present, and Mr Dunning and other Ministers attended for the Federal Cabinet. The practical reforms, which received the endorsement of the National Finance Committee set up by the Conference and are likely to come into effect soon, are three in number. After a discussion of the possible effects of the recent "gold clause" decision by the British Court of Appeal, the provincial delegates unanimously urged the Federal Government to enact legislation nullifying the effect of the gold clause in contracts relating to Federal, Provincial and private bond obligations in Canada, and to legalise payment of them, dollar for dollar, in any coin or currency which is valid legal tender. Another resolution called for the attainment of uniformity in the compilation of both Federal and Provincial statistics. Thirdly, it was agreed that the Dominion and the Provinces should, by co-operation with the Bank of Canada, attempt to achieve co-ordination in the timing of their several bond issues.

The King Cabinet has been continuing through Sir F. Floud, the British High Commissioner, its negotiations for the completion of the revision of the Anglo-Canadian fiscal agreement; and while apparently the basic principles have been settled, difficulties about details have arisen. Certain Ministers are resisting particular concessions to Britain, and a few days ago Mr Mackenzie King declared that he could not predict when a final bargain would be achieved or even say whether the revised pact would be ready for presentation to Parliament in the coming session.

BUSINESS WELL MAINTAINED

Business is being maintained at a remarkably satisfactory level; although the business index of the Bureau of Statistics has fallen slightly:—

Week ending	Car-loadings	Wholesale Prices	Bank Clearings	General Index
Dec. 7, 1935	67.0	72.7	94.7	98.8
Nov. 5, 1936	71.0	77.4	95.4	112.1
Nov. 21, 1936	75.0	77.3	99.2	113.6
Dec. 8, 1936	71.3	77.2	94.4	112.9

The chief business stimulant continues to be the boom in progress in most of the mining districts. This boom is creating a tremendous demand for supplies of all kinds. Purchasing power has also been increased by increases in dividends and wages; in one fortnight alone recently the aggregate value of the wage increases announced was about \$2,000,000. Retail merchants report that, except in special areas, their sales at the end of the year promise to be the highest since 1930 and that their prospects for winter business are good.

The Federal revenues continue month by month to show encouraging gains, and the yield for November, placed at \$37,120,277, was roughly \$6,000,000 above the figure for November, 1935. Expenditures, however, in November, 1936, amounted to \$49,550,755, an increase of \$1,750,000 over November, 1935.

The Western grain crop is being rapidly sold, and prices are tending to rise. On December 4th visible stocks of Canadian wheat were reduced to 120,113,569 bushels, compared with 266,546,382 bushels on the parallel date of 1935.

OTTAWA, December 12.

SOCIAL CREDIT IN DIFFICULTIES

THE failure of the Social Credit candidates at the recent civic elections—complete failure at Edmonton, relative failure at Calgary—may mark the turning point in that party's fortunes. These defeats occurred in spite of active participation in the campaigns by Mr Aberhart and many provincial ministers and members, and in spite of an appeal

LETTERS TO THE EDITOR

RECOVERY IN HOLLAND

TO THE EDITOR OF THE ECONOMIST

SIR,—Allow me to make a few remarks concerning your "Overseas Correspondence" about Holland in *The Economist* of December 12th, page 521. Your correspondent shows a great deal of optimism in beginning his letter with the assertion that "the consequences of the devaluation of the guilder are all favourable."

Having regard to the rather complicated structure of the Dutch economic organism, and the course of affairs in the months immediately preceding the depreciation, it seems to be premature to make up a balance so soon. My daily contact with leading men in industrial and commercial circles supports me in my opinion that most of them are still awaiting the development of events before pronouncing a definite judgment upon the effect of depreciation. The only conclusion we can come to for the present is that the depreciation, combined with the Tripartite Agreement of September 26th, has aroused an optimism which may be welcomed as a good thing in itself, but from which we cannot yet draw any conclusion about the final economic results. Orders that hitherto have been held back under the deadening influence of the depression are being placed. I have, however, a feeling that in the last few weeks in some circles a reaction is growing.

The conclusions of your correspondent concerning the influence of the depreciation on the port-traffic are a little one-sided. The following causes and figures show that other factors must be taken into consideration in accounting for the amelioration in the port-traffic of Rotterdam. In the first place, there was the increase of the port-traffic via Rotterdam resulting from the increasing costs at Antwerp following the strike there. In the second place, there was the considerable augmentation of the German traffic via Rotterdam during the third quarter of this year, which preceded the depreciation of the guilder. This increase is evident from the greater number of shifts worked by the Rotterdam dock labourers. The figures below speak for themselves. Another stimulus to the increasing activity in the port of Rotterdam was the reduction of the rents for quays, sheds and wharfs granted by the municipality, which came into force on June 15, 1936. The effect of these measures is clearly demonstrated in the following figures, giving the comparison between the numbers of shifts (half-day working time) worked by the Rotterdam dock labourers in the third and fourth quarter of 1935 and 1936:—

	1935	1936
Third quarter	549,775	583,274
Fourth quarter without December	378,283	400,234

The depreciation will most probably have the effect of an increase of port-traffic in this country.

Your correspondent also concludes from the following figures, mentioned by him, that "it is obvious that there has been a decided change for the better":—

UNEMPLOYMENT IN HOLLAND

	1934	1935	1936
End August	302,100	353,100	381,427
End September	309,600	366,000	390,091
End October	328,900	381,900	394,444

We all in Holland hope the change in the near future may indeed be in a good direction, but to infer already a decided change for the better from the above-mentioned figures is too optimistic.

Yours faithfully,
A. PLATE,
President of the Netherland Society
for Industry and Commerce and of
the Shipping Association South.

P.R. AND EUROPEAN DEMOCRACY

TO THE EDITOR OF THE ECONOMIST

SIR,—While not intending to enter the lists for or against Proportional Representation, as advocated by Mr Humphreys in your issue of November 7th, I would like to draw your attention to a significant fact attendant on the multiplicity of parties which has been evident in the post-war democracies.

The House of Commons is constructed so that Government supporters sit on one side of the House while the Opposition parties directly face them. In all other countries, to the best of my belief, where democracy has existed since the War, the Parliaments are constructed in a round or crescent-shaped manner, so that all political parties are adjacent to one another. Great Britain, with its rectangular Parliament, is the only country which has managed to confine itself to a reasonable number of parties.

Is it too far-fetched to suggest that the multiple party system is at least encouraged by the Continental system of adjacent benches? Is it not reasonable to suppose that proximity to one's neighbour induces an approximation of views, and that, in order to maintain the differing viewpoints of political parties, it is necessary that they should be separated by a symbolical chasm emphasising their opposing outlooks?

In all seriousness I venture to suggest that if the French Parliament were reconstructed on British lines, within 50 years—if democracy can hold out so long—the number of parties in the French Chamber would be reduced to manageable proportions.

Yours faithfully,
RICHARD M. HALDANE.

Cape Town.

to the Social Credit "covenants," which entitle the covenantor to "social dividends."

Each applicant for the dividends must sign a covenant, one provision of which reads, "I hereby covenant, promise and agree: (1) To co-operate most heartily with the Alberta Government and with my fellow citizens of the Province of Alberta in providing food, clothing and shelter for everyone of us." When this was criticised as an attempt to build up a huge party machine by means of wholesale bribery of the electors by payment of dividends only to the faithful, Mr Aberhart was most indignant and explained the clause as meaning that the recipient of dividends must co-operate in the new Social Credit economics of using Alberta credit. If he could ever be got to reconcile his statements with the facts or with his own subsequent statements, he might now be asked to explain the signed appeals issued by the Calgary campaign committee in the following terms: "Remember that when you signed the covenant with the Provincial Government you agreed to give them your full co-operation. This is the first opportunity you have had to show your sincerity of purpose. Vote, and vote a full Social Credit slate." In the result, some 38,000 Calgary covenantors produced less than 13,000 first choice votes for their defeated candidate for the commissionership—a sort of city manager elected annually.

The stamped scrip scheme—with its "Prosperity Certificates"—and the attempt at a province-wide co-operative enterprise, with banking functions—which is "Alberta Credit"—are the main sections of the programme. Prosperity Certificates have failed completely. They will not run their course and pay for themselves with the weekly stamps, but have been largely presented for redemption each month. The Government is now attempting to secure a partial re-issue of them as part of the salary of civil servants and to the recipients of relief—both on a "voluntary" basis. The original authority was for \$2,000,000 of these Prosperity Certificates. A remnant, probably \$30,000 to \$40,000, of these poor paper imitations of real money is now being passed out to civil servants, who have the humiliation of getting rid of an unwelcome and possibly illegal medium of exchange. The Prosperity Certificate is definitely moribund.

THE "ALBERTA CREDIT HOUSE"

The Alberta Credit House Act has been proclaimed, the Credit House Board appointed and some sites for branch houses secured. For some weeks now, however, there has been rather a suspicious lull in the flood of announcements about the details of organisation. Individual covenantors with a claim to dividends are asserted to number some 380,000, or over 85 per cent. of all the adults in Alberta. The hitch apparently is in getting covenantors to give manufactured goods and farm products in exchange for Alberta Credit. So far as the farmers are concerned, this is quite immaterial, because the scheme has been so long delayed that this year's crop has, in large part, been already marketed for good old-fashioned money and, fortunately, for more of it than last year. So Mr Aberhart has already lost the great bulk of this year's "foreign exchange."

If it be true that Social Credit proper is doomed to early failure, the rather anxious question remains, what use will be made of the undoubted powers of even a Provincial Government in being? What further measures will the Aberhart Government adopt at the next session, probably in February, to appease the wrath of disillusioned devotees? If it collapses, what form will its collapse take, and what will succeed it? Will it be physical collapse? Already poor Mr Manning (one of Mr Aberhart's chief assistants) has been ordered to rest so indefinitely that his portfolios have been parcelled out to other Ministers. Incidentally, this deprives the Government of about half of its religious activity; and either Calgary or Edmonton, but not both, will have its full weekly measure of Bible prophecies and politics. Mr Aberhart, too, speaks often of feeling the strain of his seven-day week.

EDMONTON, December 10.

BOOKS AND PUBLICATIONS

JAPAN AND WAR

Of these five books on Japan the two from Japanese sources confine themselves mainly to objective statistical surveys of Japanese economics, while the others are almost inevitably directed to one set of questions: will there be war in the East, and what will be the cost to Japan? Mitsubishi's analysis of the growth of Japanese trade and industry is an indispensable book of reference, whose usefulness is limited only by the fact that in Japan a very important part of economic activity slips through the statistical sieve, and is not measured.

Messrs Yano and Shirasaki's book is the English translation of a Japanese school text-book, and is therefore doubly interesting. The substance of the book consists in its statistical review of products and industries, illustrated by charts and pictures. Its comments on social and political matters are of a nature acceptable to the authorities, as is customary with text-books in all countries. We expect to be told that there is no country with a body politic so solid and sound as that of Japan. It is more interesting to read that there is cause "for fearing that the sense of loyalty to the Throne when carried to extremes, as is seen on occasions, might ruin the affection through which the people turn to the Throne." Is this the cloven hoof of criticism appearing in a text-book? At any rate, the student must find it encouraging to read that the country swarms with unemployed graduates, and the trouble is "that there are too many schools and universities."

Messrs Tanin and Yohan have tried to estimate the strain that would be put on Japan by a prolonged war, on the lines of the Great War. A schedule of military requirements is compared with industrial capacity and financial resources. Inevitably such calculations must be very approximate, and cannot justify the pretence of accuracy in the estimate that in the first half-year of war Japan will need 1,022,337 horses. The authors' sources for this calculation are not too relevant to the actual problem; it is more important to compare the industrial resources of Japan and her stipulated enemy, Russia, than to demonstrate that Japan could or could not sustain the burden of a war on the lines of the Great War. But granted their assumptions, the authors work through the problem in exhaustive detail, and most observers confirm their conclusion that Japan can bear the burden of a great war for only a limited period, and at the cost of "shattering the class basis of Japanese Imperialism" in the event of defeat.

To Miss Freda Utley facts are ammunition with which to mow down her target: Japan's bluff. Her attack is that of the idealist who hates the social injustices of Japan, "the acute social antagonisms, the stored resentment and fury of the millions of underclothed and underfed workers, peasants and artisans and of the desperately struggling petty bourgeoisie." Japan, she maintains, is actually as politically and socially unstable and as near to revolution as was the old Russia, from which Japan differs mainly in that she has not yet experienced her 1905. Miss Utley's book should be read for its comprehensive knowledge of Japan and for its passionate faith in a cause. But her zeal of phrase tends to oversimplify, and her eye to select what fits her mental framework. There are, despite oppression, many Japanese who are as critical of their own affairs as is Miss Utley, and social revolution may not be as imminent as she suggests.

As a journalist Mr Guenther Stein is concerned to show what is, and leave what ought to be to look after itself. His interesting book surveys the position in Japan, Russia

and China. Under an ever-increasing economic strain Japan pushes on in the arms race. Russia has turned the corner, and the Japanese Army has recognised that the day to strike alone is gone. There are signs of growing unity in China in opposition to Japan. War, if it came, would solve nothing for Japan, even in victory, and would inevitably spread from the East to the West. Yet reason is a thin barrier with which to hold back war, and Mr Stein feels almost inclined to close his account on a note of undisguised pessimism. As in the West, so in the East, the chances to build a system of peace with justice have been missed, thanks to too narrow a sense of international justice and the absence of courage with which to defend conviction. With this book Mr Stein meets a real need.

SHORTER NOTICE

"Coal: Its Constitution and Uses." By William A. Bone and Godfrey W. Himus. With a supplementary Chapter upon Fuel Economy and Heat Transmission in Industrial Furnaces, by Reginald J. Sarjant. Longmans. 631 pages. 25s. net.

This huge volume takes the place of Professor Bone's "Coal and Its Scientific Uses" (1918), and is likely to remain a standard work for just as long. It is an exhaustive treatise on the chemical constitution of coal and methods of utilising this greatest of our raw material assets, to which are prefixed certain economic remarks, few in number but thoroughly judicious. The cost of getting coal, the authors urge (to give one example), is largely a question of miners' wages, which chiefly depend on the cost of food, clothing and housing. Hence, any policy which aims either at restricting British overseas trade or at higher food prices, in the supposed interests of agriculture, will undermine, and probably in the long run ruin, our industrial and commercial system. Notwithstanding some opinions to the contrary, the authors hold fast to the dictum, which W. S. Jevons emphasised, that the more economy is practised in the use of coal, the more will its consumption increase. An impartial examination of the facts, e.g. of the electricity industry's consumption of coal, certainly bears this out. So does a brilliant series of chapters on fuel economy in the manufacture of iron and steel from the time of the Industrial Revolution.

But that is to anticipate. The book opens with the origin, formation and classification of coals, and the authors give general support to the peat-coal-anthracite theory. They study the geographical distribution of the world's coalfields, and then devote a long section to the chemical constitution of coal. Combustion next receives their attention, with chapters on the smoke nuisance and smoke abatement. In considering the utilisation of coal, they give special attention to the carbonising industries. Pulverised coal, boiler design, coal-and-oil mixtures, hydrogenation and the production of electricity are all studied, and there is a chapter on a subject in which Professor Bone has no rival—incandescent surface combustion. This is a monumental work, entirely worthy of its distinguished authors, and must necessarily hold the field for many years to come.

BOOKS RECEIVED

The Economic Development of France and Germany, 1815-1914. Fourth Edition. By J. H. Clapham. (London) Cambridge University Press, Fetter Lane, E.C.4. 420 pages. 16s. net.

A Graphical Survey of the Canadian Textile Industries. By J. A. Coote. (Montreal) McGill University Research Offices. 248 pages. No price stated.

Urban Handicrafts of the Bombay Deccan. By N. M. Joshi. (Poona) Gokhale Institute of Politics and Economics. 207 pages. Rs. 2-8.

World Economy. By R. Steiner. (London) Rudolf Steiner Publishing Co., 54 Bloomsbury Street, W.C.1. 306 pages. No price stated.

Ready Reckoner and Wages Calculator. By O. E. Griffiths. (London) Williams and Norgate, Ltd. 63s. net.

Some Aspects of Marine and Other Insurance in London. Swiss Bank Corporation, 99 Gresham Street, E.C.2. 55 pages. No price stated.

Neue Kreditpolitik. By H. Gestrich. (Berlin) Verlag von W. Kohlhammer. 95 pages. No price stated.

MONEY AND BANKING

ARGENTINE EXCHANGE

THE present position of the Argentine exchange lends additional interest to the modernisation of the Republic's monetary structure, which has been successfully achieved within the last year and a-half. Before the promulgation of financial reforms in March, 1935, there had been no fundamental change in the Argentine monetary system since the end of 1899. The reform laws were five in number, and all dealt with the formation and powers of the new Central Bank. They gave unity to certain functions, previously scattered, such as the care of the circulating medium, rediscount operations, and the regulation of the foreign exchange value of the national currency. Emphasis was laid upon the functions of a Central Bank in adjusting the international balance of payments—a vital necessity in developing an agrarian economy exposed to violent fluctuations in exports.

The Decree promulgating the financial reform laws was signed on March 28, 1935, and on the 13th of the next month a Decree was issued which in effect placed a surcharge of 20 per cent. on the official rate of exchange payable by importers of goods from countries which did not show a trade balance in favour of Argentina. The exchange control regime then in operation had been adopted at the end of November, 1933, when the world grain market was depressed and Argentina was faced with the unusual and disturbing feature of an adverse trade balance. The measures undertaken at that time included the formation of a Grain Regulating Board, in order to guarantee minimum basic prices at which the authorities were prepared to purchase grain from native growers. The necessary funds to repay the Board for any losses were to be obtained from the margin between the rates at which the Government bought and sold export bills, practically all of which became deliverable to the authorities. The Government's buying rate (paid to Argentine exporters) was fixed at 15 pesos per £, while the selling rate (payable by importers with priority permits) was, until recently, 17 pesos or over. Meanwhile, there was also the "free" exchange rate. This applied only to such foreign exchange as had not to be sold to the authorities. It was subject to the normal market influences, and until recently stood consistently higher than the Government's selling rate.

The Government's profit has thus been substantial, though its extent has been only occasionally revealed. Thanks, however, to the recovery in world grain markets since 1933, no considerable amounts have been required to compensate the grain board and other boards. The Minister of Finance's report, covering the year 1935, stated that receipts in the Government's Exchange Profits Account amounted in 1934 to 119.2 million pesos, and in 1935 to 118.1 millions. The exchange loss on the public debt service and other payments accounted for 24.3 million pesos in 1934 and 31.8 millions in 1935—a total of 56.1 millions. The financing of the various regulating boards which obtained their resources from the Exchange Fund required the sum of 10.7 million pesos in 1934 and 25.2 millions in 1935, or a total of 35.9 millions. There was thus at the end of 1934 an unutilised balance of over 80 million pesos, and at the end of 1935 a balance of over 60 million pesos. At that date, the Exchange Profits Fund totalled 144.9 million pesos (say £8½ millions sterling), distributed as follows: gold, foreign currencies and values realisable in foreign currencies, 82.6 million pesos; deposited in the Banco Central, 62.3 million pesos.

Recent unofficial reports have suggested that Argentina may restore freedom to the exchange market. How far do existing conditions lend colour to this suggestion? There can be no doubt that the economic situation has been largely consolidated. Mainly owing to the devaluation of the large gold holdings of the old Conversion Office, a heavy floating debt has been virtually eliminated. Major conversion and redemption schemes for the external

debt have effected, or will effect, considerable reduction in debt services, and will lessen the demand upon available exchange. The position of the Central Bank is exceptionally strong, the latest statement showing a ratio of gold and foreign exchange to note circulation and sight liabilities of over 88 per cent. The Bank is now exercising its orthodox functions by regulating the basis of internal credit and intervening when necessary to control the external value of the peso.

Further, the reasons for maintaining large Government exchange profits have virtually disappeared. Export trade is booming, and prevailing sentiment is optimistic. On December 2nd the Government suspended the guaranteed minimum prices for wheat and linseed, and thereby restored liberty of movement to the grain market, although for the time being the basic price of maize is being maintained. The decision was followed on December 10th by a reduction in the selling rate for official exchange from 17 to 16 pesos, which halved the Government's profits and gave a corresponding benefit to importers and other remitters through the official exchange market, who need to purchase foreign exchange.

Already the "free" exchange rate is practically at the new level of the official selling rate. As heavy maize shipments and good wheat and linseed crops are expected, the superabundance of export exchange will make it difficult to avoid a general lowering of exchange rates. Full relaxation, however, is most likely to take place in stages, as circumstances permit—or compel. The Grain Regulating Board is still in existence, and official opinion believes that if unforeseen circumstances arise, it may again have to support wheat and linseed prices. This implies that some margin between the buying and selling rates of official exchange will be maintained as long as possible. An alternative to a further lowering of the selling rate would be the raising of the official purchasing price from 15 pesos. This would benefit grain exporters, but, in view, of present world prices, it is hardly likely to come about.

The omens, generally, suggest that the authorities will follow a middle course between raising the buying rate and lowering the selling rate for official exchange. So long as any system of exchange control remains, the priority terms of the new Anglo-Argentine Trade Agreement continue to apply to the provision of sterling exchange to cover remittances from Argentina to this country. The wording of the relevant clause appears loose enough to enable this priority to be retained so long as there is the slightest vestige of control. From the general point of view of all remitters, full freedom in the exchange market would naturally be welcomed. But from the British exporters' viewpoint, importance attaches to the apparent absence of any intention, so far, to suppress the system of priority permits which implies the payment by many competitors of a surcharge up to 20 per cent. From the Argentine standpoint, also, this surcharge is the most important feature of the exchange control. The priority permit system, which gave importers exchange at the official selling rate and relieved them from the 20 per cent. surcharge, has enabled the country to direct the course of trade so as to fulfil its trade agreements, under which imports have been stimulated from various countries which have purchased Argentine products. In a recent official report, indeed, the Argentine Minister of Finance emphasised the importance of this control so long as international trade remains fettered by high tariffs, quotas and other obstacles.

The upshot is that so far as her foreign exchange reserves are concerned, Argentina could safely abolish all her exchange controls to-morrow. The difficulty lies rather in the way in which her control system has become involved

in her commercial treaties with certain countries, including ourselves. Furthermore, there is her desire to balance imports and exports bilaterally—that is, country by country—and while we must condemn this attitude from the broad standpoint of economic theory, we must equally concede that, if she were to abandon it, she might in practice find that she had exposed herself to an indiscriminate flood of imports, which in time might swallow up her foreign exchange reserves. One of the penalties of restriction and canalisation of trade is that freedom can only be recovered gradually and with care. In Argentina's case, the transformation of her present surcharge into a straight 20 per cent. discriminatory tariff against countries with whom she has an adverse trade balance might, in conjunction with the restoration of exchange freedom, be a practical first step. This, however, brings us from the realms of foreign exchange to those of international trade, and so falls beyond the scope of our present article.

FINANCIAL NOTES

American Exchange Control.—Mr Morgenthau announced only this week an alteration in the methods of the American Exchange Stabilisation Fund, which in effect will make it similar to the British Exchange Equalisation Account. So far the difference has been that when the British Exchange Account was formed its original assets consisted of Treasury bills specially issued for the purpose. The original assets of the American Stabilisation Fund, on the other hand, consisted of gold derived from the 1934 devaluation of the dollar. The distinction was that when the British Account buys gold it turns Treasury bills over to the money market; which in reality means that the British Account has continual powers to borrow sterling at short-term, up to the statutory limit of the Account, in order to pay for any fresh acquisitions of gold. So far the American Exchange Account has had no such borrowing powers, for it never had any American Government securities placed originally at its disposal and available for sale. All gold coming into the United States has, therefore, had to be re-sold to the Reserve Banks, with a consequent expansion of the internal credit basis, for the simple reason that the banking system alone had dollars with which to pay for the gold. Hence the stupendous increase in member banks' excess reserves, only partially mitigated by a lesser expansion in the note circulation and in Government deposits at the Reserve Banks. The Administration is now seeking power to follow the British example and to issue Treasury bills for the purpose of enabling the Stabilisation Fund to buy and hold gold. This fundamental change in procedure suggests several interesting possibilities, if we can draw upon our own past experience. If these Treasury bills are taken up by the member banks, then any increase in their deposits due to the inflow of foreign funds will be off-set by an increase in their securities. This will mean a fall in their ratio of cash to deposits, and a reduction in their excess reserves. On the other hand, if the Reserve Banks take up the new Treasury bills, the only change from the recent experience will be an expansion in the Reserve Banks' "governments" instead of in their gold certificates; and member banks' excess reserves will continue to grow, as in the past. These are matters of practical operation with which the American authorities are doubtless conversant. In the meantime, we are glad that the United States is following the British precedent, for our methods are the only way in which an Exchange Fund can be made to serve as an efficient insulator of the internal credit basis from the sudden pressure of international capital movements.

The Foreign Exchanges.—The London market has been very quiet. Dollars have been weak at \$4.91½, partly because the market over-bought dollars earlier in the month. With the approach of the end of the year there has been a temporary demand for sterling, for lending in

the London money market. Some American banks have therefore been selling dollars spot and buying them forward, and while they incur a small loss on the swap, the return on loans in London into the New Year leaves them with a margin of profit. There have also been sales of dollars against gold shipments to New York, while there has been further covering of previous forward sales of guilders and Swiss francs. The feeling in London is that ultimately dollars will appreciate, but no one wishes to buy spot dollars before the end of the year. Spot guilders have been very strong at Fl. 8.97½. This week the last of the forward guilder sales made before the guilder went off gold on September 28th have been falling due, and there has been heavy covering. Next week this special demand for spot guilders will have subsided, and so the rate may weaken. Forward guilders have now strengthened to either side of par. The franc is still held at Frs. 105.15. The new loan offered to gold hoarders has met with a very partial success, and there has been little new repatriation. Its current market price is 124-126. Frenchmen who "surrendered" gold at the old parity immediately after devaluation are able by presenting their surrender certificates to subscribe for the new loan at par, and they will probably all do so. These subscriptions are estimated roughly at Frs. 2,000 millions.

The Money Market.—We go to press before this week's Bank return is issued, but there is no doubt that the note circulation has risen to a new high record. There has been a fair demand for money this week, and while some of the clearing banks have been lending at the normal rates, others have been asking rates of ½ and 1 per cent. for loans against bills. Loans into the New Year now cost 1½ and 2 per cent. Borrowing at the Bank was expected to begin on December 24th. On that day there were three days' Treasury bills to pay for, while maturities are now mainly on December 20th and 30th, immediately before the end of the year. Still, loans from the Bank should make money easier until the 31st, especially as next week's Treasury bill payments will be dated January 1st and 2nd. It is more than likely that the Treasury will have to borrow on Ways and Means over the turn of the year:—

	Dec. 3, 1936	Dec. 10, 1936	Dec. 17, 1936	Dec. 23, 1936
Bank rate.....	2	2	2	2
Clearing banks' deposit rate ...	½	½	½	½
Short loan rate:—				
Clearing banks	1-1½*	1-1½†	1-1½*	1-1½*
Others	½	½	½	½
Discount rates:—				
Treasury bills	½	½	½	½
Three months' bank bills	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.				
† This week's rates were 1-1½; 1-1½; and 1-1½ per cent., for the three classes of loans, respectively.				

The Bank's gold purchase has caused an easing of discount rates. Last week the Treasury bill tender rate dropped from £1 os. 7.4½d. to 18s. 1.36d. per cent., with the result that market discount rates have also fallen.

Coronation Insurances.—It is impossible to arrive at an exact figure of the amount insured against the postponement of the Coronation, but it is probably somewhere between £100,000 and £200,000. The insurances took various forms. Most policies mention specifically the Coronation of Edward VIII, and on these there can be no risk of postponement of the Coronation, and it seems probable that if the Coronation of George VI duly occurs on May 12th these policies will bring no claim. It might be possible to argue that the word "the" in front of Coronation denotes the particular Coronation which was in mind at the time the risk was placed, but the value of this argument must be doubtful. Most policies entitle the assured to an agreed sum if a loss occurs, while others are indemnity policies to pay only the ascertained loss. What the aggregate loss will be on them it is impossible as yet to say.

THE STOCK EXCHANGE

WHAT ARE EARNINGS?

THE Christmas season is not, by tradition, a time for intense investment activity. Shareholders are concerned with the spending rather than the receipt of income. The autumn dividend warrants have mostly been cashed. The banks' statements will be upon the investor before the twelve days of Christmas have run their course, but he must wait another month for the railway announcements and at least a couple of months for the reports of the host of companies which make up their accounts to December 31st.

The end of the year is an appropriate time for balancing gains and losses, reviewing opportunities accepted and forgone, and calculating earnings, individual and corporate. The rise in investment portfolio values during the past year has been based, directly or indirectly, on increased industrial earning power. But what are company earnings? How is earning power measured? And how should it be translated into capital values?

When a company is first formed, investors supply capital (let us assume ordinary shares) in the expectation of a return of x per cent., which will be low if prospects of profits are good and high if they are not. If the subscribers enjoyed Methuselah's expectation of life they would seek this return in perpetuity. In order to secure that return it would be necessary for the company, through all changes of economic circumstances, to maintain its assets "intact" and to keep their earning power undiminished.

This theoretical idea of the maintenance of assets values goes farther than the provision of formal depreciation, and, indeed, beyond the categories of "fixity" in any physical sense. It involves the consideration of fundamental risks of economic change which, for mere mortals, are more easily subsumed in a "higher than average" yield during prosperity and a prompt sale if sudden technical change occurs. To the layman, however, the adequacy of depreciation allowances is itself difficult enough to judge, for it depends on two factors—the rate employed, which is a technical matter, and the basic value of the assets, which is even more mysterious. Occasionally, there may be obvious anomalies of practice. Suppose that two companies each value their fixed assets, which possess similar earnings capacities, in the one case at £1 million and in the second at £2 millions. If the conventional rate of depreciation were, say, 5 per cent., investors would accept annual depreciation charges of £50,000 and £100,000, respectively, without comment. Yet, when the time came for replacing these assets, Company A's shareholders, despite their ostensibly more favourable balance-sheet position, might be much the worse off.

It is usual to consider "free" reserves as earnings, which, but for the board's caution, could have been distributed in dividends. But if they are really "true" earnings, can they be hypothecated in later years for dealing with special circumstances—an exceptional fall in stock values, for example? Shareholders are taught to regard a conservative distribution policy as a contribution to their equity and a portent of rising earnings to come. But if reserves are snatched back in later years to cover what are really working expenses, does the point still hold? Between 1901 and 1930 the profits available for the common stock of the United States Steel Corporation amounted to \$2,344 millions. Cash and stock dividends distributed totalled \$1,094 millions and \$1,250 millions were "ploughed back" into the business. But when depression came, considerable drafts were made, in effect, on this accumulation to meet current depreciation charges. To that extent, the "free" reserves were not free, but represented advance provision for future depreciation, and the "true" earnings of earlier years were, *pro tanto*, overstated.

To measure "true" earning power, therefore, it may sometimes be necessary to question the adequacy of depre-

ciation provisions over a term of years, or the perpetual "freedom" of free reserves. But the shortcomings of the majority of reports involve more immediate practical difficulties. The number of concerns which specifically disclose the amounts charged for depreciation is not large, and the point at which "profits" are disclosed is wholly irregular. There are some holding companies which disclose merely sufficient profits to cover formal expenses and the cost of a dividend decided round the board-room table. Until holding companies disclose the full earnings of all their subsidiary companies (following the excellent examples of Dunlop, Wiggins Teape, Richard Thomas, Turner and Newall and others), investors can have no real notion of their true profits. And the same generalisation applies to companies which make undisclosed transfers to contingencies before striking their profits—a practice which enabled one concern to report identical "earnings" for three successive years—and to those which credit undisclosed amounts from capital profits to revenue. The number of companies which thus clothe their earnings in the cloak of semi-invisibility is legion. If companies were as willing to disclose their essential earnings position as they are to publish such trivial details as transfer fees received, or to separate small charges for bank interest, professional fees and the like, the investor's lot would be happier.

But even if obscurantism were eliminated from the published accounts of British companies, the investor would still have to consider the implications of the fact that he shares his equity, to the extent of nearly one-quarter, with the Exchequer. Clearly, the treatment of income tax is a very relevant factor in the calculation of true earnings. Investors occasionally write to the financial Press, urging that all company reports should be produced in an identical format. But no shareholder appears ever to have inquired why income tax is treated in so many different ways in company accounts. There are many variations on a single income-tax theme, all depending on the answer to the question: Have disclosed profits been struck after providing for the company's full liability for income tax for the year, or has the company's charge for tax been reduced to the extent of the tax recoverable from its shareholders? Companies such as F. W. Woolworth show a charge for income tax which clearly represents the full liability, and in consequence the dividends provided in the accounts are calculated at the *net* total which shareholders will receive, after income tax has been deducted at the standard rate from the dividend warrants. Others, like Imperial Chemical Industries, charge a relatively small proportion of the total tax liability, and consequently show the dividends at their *gross* total, before income tax has been deducted. In this second case, therefore, the total assessment is made up of two parts: the company's share, which represents tax on the profits which are not distributed, and the shareholders' proportion, which is deducted at source from their dividends. Two consequences immediately arise, which have great significance where a substantial proportion of earnings is ploughed back.

For "Woolworth" companies the accounts are on a net basis throughout; preference dividends are shown after deducting tax, and the resultant earnings for the equity, therefore, need only be divided by the total (net) cost of the dividend and multiplied by the (gross) rate per cent. declared. The resultant figure is the percentage rate of earnings for the equity, available if the directors wished to distribute profits up to the hilt. But for "Imperial Chemical" companies, the amount shown as earned for the ordinary shares is a composite total, made up of two distinct parts. The first consists of profits which the directors have decided to place to reserve. The company's liability for income tax on this sum has necessarily been provided, and consequently the sum is included in the

published earnings on a net basis. But the second part, which is to be distributed in dividends, is, *ex hypothesi*, on a gross basis. To ascertain the "true" earnings, therefore, it is necessary to deduct the (gross) cost of the dividend from the apparent amount earned to pay it. The residue, representing the net amount of reserved earnings, must then be multiplied by a factor to raise it to a gross basis. With the standard rate of income tax at 4s. 9d. in the £, this factor is 20s. ÷ 15.25s., or 1.3115. This gross amount, added back to the dividend, shows the approximate "true" earnings, i.e. the earnings which would have been shown in the accounts if the company had intended to divide all the available profits. A simple comparison between this sum and the amount of ordinary capital reveals the effective rate of earnings. Some companies show both earnings and dividends free of (i.e. after deduction of) income tax. This method is really another way of representing the accounting position of "Woolworth" companies. A gross dividend of 13.115 per cent. (at the present rate of tax) would, in this case, be declared as 10 per cent., tax free, and a 10 per cent. gross dividend would be declared as 7.625 per cent., tax free. The effective amounts earned are similarly set out on a "tax-free" basis, and can be converted to a gross rate, for comparison with those of other concerns, by simple application of the tax factor.

The treatment of the tax problem, altogether, is troublesome rather than obscure. Its difficulty is enhanced by non-disclosure of the actual amounts provided for tax in many company accounts. But the method adopted for setting out the dividend serves as a thread to guide the investor through the labyrinth, even where the amount provided is itself undisclosed. Finally, adjustments are necessary for companies which obtain Dominion income tax relief—the South African gold mines, for example. This is a factor which some investors are apt to overlook in calculating relative yields.

It is clear that the measurement of earning power is a problem worthy of the mathematical skill of a Dr. Rhodes and the deductive flair of a Sherlock Holmes. And it is equally clear that so long as the investor must work, willy nilly, on the imperfect raw material to which alone, in the present state of British company law, he is entitled, the value of the results will be relative rather than absolute. And mathematics have no relation whatever to the mixture of conventional regard, sentiment and enthusiasm with which the market converts earnings percentages into capital values. We are still far from scientific investment in any but a Pickwickian sense. But Christmas is not, perhaps, the most appropriate of seasons for philosophical musing on a problem which has regularly perplexed the mind of uneconomic man since the South Sea Bubble.

INVESTMENT AND COMPANY NOTES

Rising Costs and Profits.—How is the investor to view the effect of rising costs and prices on the various enterprises in which he may be interested? Emphatic warnings have been given to him by the spokesmen of companies as widely different as J. Lyons and Company, Tube Investments and Dorman Long. The possible effects, although they are dependent upon identifiable factors, cannot be simply expressed for any one company. For those industries whose prime costs form a large proportion of the total, the effect of rising prices and expenses might be expected to show itself at an early stage. These conditions apply to many processing concerns, working on materials which are already in a fairly advanced stage of manufacture. Much depends also on what the consumer will bear; where a small rise in selling prices would cause a large falling-off in demand, it may be worth a manufacturer's while to carry most of the burden himself. Inability to pass on the whole rise in costs is plainly evident among provision and catering concerns, of which International Tea Company's Stores and J. Lyons and Company may be taken as typical. For concerns in specialised branches of manufacture—which we may illustrate by

W. and T. Avery, Craven Bros. (Manchester), Westinghouse and General Electric—there should be less difficulty in passing on rising costs owing to the urgent demand for mechanical equipment. And where manufacturing concerns can immediately adjust selling prices and hold substantial stocks of raw materials, like woollen textile concerns, a rising trend of material prices is of positive advantage. The reverse case, however, is presented by a company whose sales must be effected some time ahead at firm prices, for seasonal reasons. Unless raw materials can be fully "covered" in the market, the risk of a subsequent rise is important. Past reports of Dunlop Rubber have frequently called attention to this factor. In the present phase, indeed, market initiative is passing steadily to commodity and mining shares, and to the bonds of the producing countries. Even if labour unrest is avoided, the effects of rising costs are bound to assume increasing market importance next year.

U.S. Rail Surcharges Expire.—Wall Street's optimism was deflated by the week-end news that the Interstate Commerce Commission had refused to extend the emergency freight surcharges. As recently as November 14th attention was drawn, in a Stock Exchange leading article, to their expiration on December 31st, after six months' extension. Recently, the Class I Railroads asked for a temporary extension of sixty days, to give time for general readjustment of freight charges, but it has been refused. Although Wall Street affected surprise at this verdict, it was suggested by the Commerce Commission's recent decisions. Certainly informed railroad opinion and those in touch with Washington did not anticipate a "favourable" decision. Various references which have been made to the "serious" effect of the decision for the coal-carrying lines seem equally misplaced. When the emergency charges were renewed, coal traffic was specifically relieved of certain of these higher rates. In actual practice, such coal-carrying lines as the Chesapeake and Ohio and the Norfolk and Western have recently shown a sharp expansion of net revenue, and have overtaken considerable arrears of maintenance. Railroads serving the Pennsylvania coalfields have been severely hit by the "boot-leg coal getters." As much as 6,000,000 tons of coal is estimated to have been trucked away from the anthracite coalfield in 1935, and it is doubtful if lower rates would divert much of this traffic to the railroads. Broadly, the Interstate Commerce Commission's view, both on fares and rates, is that, under prevailing conditions, a reasonable reduction of charges will stimulate traffics and net revenues. The Eastern passenger fares case was typical, and it is generally agreed that the Commission was right in this forecast. It was hardly to be assumed that they would take, within a few months, a diametrically opposed viewpoint, and for this reason alone our previous article did not even envisage the possibility of an extension of the higher charges. The case is not of considerable importance for itself, but for British investors it suggests that Wall Street's optimism regarding the recovery of rail stocks has, for the time being, lost some touch with quite simple realities.

Textile Machinery Shares.—The investment possibilities of a Lancashire cotton revival were examined at length in *The Economist* last week. It may be expected, in that event, that a considerable re-equipment movement would make itself felt. In recent articles on the general prospect for Lancashire, we showed that a large proportion of Lancashire's machinery could now be renewed with advantage. The three concerns most interesting to the investor in that event would be Platt Brothers (Holdings), Smalley. The first two are the dominant members in the Textile Machinery Makers group, and have apparently been in the group during recent years. The finances of both are reasonably strong, and a revival of profits would imply an important increase in dividends. Tweedales and Smalley is outside the group, but is a well-established concern on

a smaller scale. Its interim dividend declared in October was only 2½ per cent. against 4 per cent. last year. That reduction presumably reflects current difficulties in export markets. It is not, however, relevant to the possibilities which would open if Lancashire were itself to appear as a promising market for the machinists. The following table of recent earnings shows that the yields now obtainable on Howard and Bullough and Tweedales and Smalley ordinary shares (though their maintenance is not assured in the immediate future) should pay for the keep of the securities till more profitable conditions are experienced:—

Company	Total Profits	Earned for divs.	Ordinary Shares			
			Earned	Paid	Price and Denom.	Yield %
Howard & Bullough Secs. (Mar. 31) ...	1934 18,272 1935 25,819 1936 36,832	7,772 16,124 29,774	% Nil 1-9	% Nil 2½	s. d. 15 0 (£1)	£ s. d. 5 0 0
Platt Bros. & Co. (Hlids.) (Mar. 31) ...	1934 73,648† 1935 118,595† 1936 127,178†	45,211 86,470 95,083	Nil • •	Nil Nil Nil	9 0 (£1)	Nil
Tweedales & Smalley (Apr. 30) ...	1934 24,365 1935 52,456 1936 57,676	22,250 50,198 55,418	4-9 11-5 12-4	6 10 12½	17 6 (10s.)	6 17 0‡

† Includes undisclosed income tax repayments, and reserves not required. * Assuming normal preference dividends, earnings were 0-7 per cent. and 1-3 per cent., respectively. Arrears of 9s. 1d. gross still due on 7 per cent. 2nd preference. ‡ Interim 1936-37 reduced from 4 per cent. to 2½ per cent.; not allowed for in yield.

It would appear, however, that prosperity for the textile machinery makers in general would need to await the second wave of Lancashire's recovery. To forecast the date of that recovery is difficult, but it is conceivable that the market would already be discounting the second wave by the time the first wave had established itself.

Property Company Results.—Outstanding among recent property company reports, *Second Covent Garden Property* shows an increase of £53,400 in profits. In their report, the directors state that more capital will be needed if certain plans mature. In these circumstances it is difficult to frame an estimate of future earnings, but the company has the benefit of experienced management and the accounts since its incorporation make the following satisfactory showing:—

	Years ended November 30th		
	1934†	1935	1936
Total profits	63,590*	111,199	164,599
Taxation	8,404	11,645	20,411
Other expenses.....	4,735	6,822	9,591
Debtenture and other interest	20,523	45,998	65,460
Preference shares	9,682	19,375	26,687
Ordinary shares—			
Earned	20,246	27,359	42,450
Paid	9,823	21,390§	35,456
Earned %	10-3 p.a.	7-7	9-0
Paid %	5 p.a.	6§	7½
Carry forward†	9,947	16,300	23,118

† Period from July 28, 1933, to November 30, 1934.
* Including £8,909 profit on sale of property.
‡ After adjustments. § 6 per cent. actual on £300,000, plus 3 per cent. actual on £320,000 for 6 months.

The balance-sheet shows that £40,000 has been spent on further properties, while investments have increased from £14,647 to £153,228. In accordance with a note to the balance-sheet of November 30, 1935, mortgages have been reduced by over £119,000 to £16,104, and the bank loan has increased to £64,392, against £31,020, while creditors amount to £64,392 against £28,175. The position generally suggests that any extensive developments will certainly require new money. Any property company, indeed, can only progress if opportunities arise for expansion. Buildings can be no more than fully let, and wholesale adjustments in rent cannot frequently be made, although profits are undoubtedly subject to the trend of rents, particularly where "lets" are short. These factors have again become

topical in view of recent prospectuses. Results lately available include those of another large company, *Town Investments*. The form of the profit and loss account has been changed, but it seems that profits of £98,886 after expenses and tax compare with £88,522. The 14 per cent. dividend is only maintained, but is payable on a larger capital. A new concern, *Capital and Provincial Trust*, shows a full year's profits of £44,033 compared with £53,588 for the initial 16-month period. A much smaller company, *Properties Selection*, shows practically unchanged profits of £18,469, and though a higher dividend of 5½ per cent. is paid, the percentage earned for the equity remains at about 8.8 per cent. The long-established *Metropolitan Industrial Dwellings* is in a somewhat different category, for profits over recent years have been unusually steady. An increase of 2 per cent. in the dividend to 8 per cent. marked the company's fiftieth year. There is no clear inference from these mixed results, but the invitation they extend to new property investments at a time when rents appear to be falling rather than rising in contrast to building costs, is not outstandingly warm.

Brick and Housing Estate Companies.—An opportunity to study the present state of housing development has been afforded by recent reports from a brick company and two housing estate concerns. No immediate recession in building activity is suggested by the results of *Sussex Brick Company*, whose profits have advanced from £56,622 to £83,314. These earnings are again distributed up to the hilt, although the dividend remains at 18 per cent., since both the preferred ordinary and deferred capitals have been increased. The position of the brick-making companies has been well summed up by the chairman of *London Brick*. The inevitable down-turn in building activity will probably not be sudden, for demand can hardly fall simultaneously in every district. For this major concern the surpassing of three output records suggests no imminent setback. The position of smaller companies, compelled to follow the lead of London Brick Company in reducing prices, may be less favourable, for they cannot spread their geographical risks so easily. The few housing estate companies known to the investor, however, reveal certain signs of strain in the residential building industry. *Morrell Estates and Development*, a holding company, has published a first report for the period to June 30th, showing total profits of £110,845 and £82,219 for the equity. The latter figure represents no less than 47.9 per cent. on the ordinary capital, but not a penny is distributed in dividend. The balance sheet, indeed, indicates how inconvenient any large payment would be. Cash stands at only £45, while current liabilities amount to about £6,000 (including preference dividend), and £242,000 out of the £522,000 interests in subsidiaries is on loan account. A similar policy is followed by *Davis Estates*, whose income of £92,834 shows a substantial increase of £24,665 over the previous year. For the second year, however, no ordinary dividend is paid, although 18.7 per cent. and 19.9 per cent. respectively was earned for the equity in the past two years. Is this determination to continue development out of profits consonant with the general belief that some slackening in housing expansion is imminent? Or may shareholders feel that the dividend policy of these companies must be governed by the rate of disposal of new houses as they are built?

The Problem of the Foreign Exchanges

by L. L. B. ANGAS

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Brazil Bond Outlook.—A recent feature in the foreign bond market has been a sharp rise in Brazilian bonds. Brazil's trade returns for the past few months have shown decided improvement, but the slowness of the market to respond may have been due to uncertainty caused by local agitation for default on the foreign debt when the Aranha scheme ends in 1938. The export trade figures up to September, however, were so good that the bonds immediately moved up sharply. The favourable balance of trade for the nine months, £6,139,000 (gold), compares with only £4,223,000 (gold) at end-September, 1935. Owing to the recent rise in coffee prices, total exports of coffee increased slightly this year to £12,662,000 (gold), against £12,508,000 (gold), while cotton shipments have risen sharply to an aggregate value of £5,612,000 (gold)—a rise of £1,456,000 (gold) over last year's value. There seems no statistical reason for the rise in coffee prices, which is due rather to hopes of a definite scheme between the producing countries for raising prices as a result of the Bogotá Conference. But even if the promised quota system were also achieved, Brazil's problem of coffee over-production would still be unsolved. Other signs of economic improvement may be found in the steady increase in revenue this year over Budget estimates. Meanwhile, the President has refused to pass the 1937 Budget unless public expenditure is drastically reduced. These signs, together with the check to currency inflation and the creation of a gold reserve, are propitious. From the end of March, the proportions of debt service under the 1934 Debt Plan are increased, for loans in Grade III to Grade VII, by a flat 10 per cent. This will increase the basic rates to 50 per cent. for Grade III issues, and to 32½ per cent. for Grade VII issues. In view of the improvement in Brazil's finances, it is reasonable to expect the full satisfaction of the 1934 undertaking. In framing yield calculations, investors must consider the prospects of revision of the scheme from 1938 onwards. But assuming that the final rates are maintained, yields of 7½ per cent. are obtainable on Grade IV bonds, while among the State and municipal loans in Grades VI and VII current yields range from 9 to 10 per cent. These valuations are plain enough warning for the investor. But there is evidence that speculative operators, impressed by rising commodity prices, are turning to the bonds of primary producing countries. The claims of Brazil for this strictly specialised purpose cannot be overlooked.

British-American Tobacco Report.—The disclosed profits of this holding company show further progress in the slow climb towards the pre-depression level of over £6,000,000. Profits and dividends amount to £5,541,756, against £5,469,171, and the dividend is maintained at 20 per cent., tax free. Of the real changes in the trading position it is impossible to judge, as the accounts are still presented in the usual form, without consolidated statements of earnings or assets. Thus, the profit and loss account is merely an appropriation account of disclosed earnings. There is reason to presume that a favourable change has occurred in the company's trading prospects, as discussed by Sir H. Cunliffe-Owen's address last January. Sales at that time continued to increase above the record year, 1929, but the ratio of profit was less, and the rise in total earnings was in smaller proportion. But the company, as the market recognised on the collapse of the gold bloc, is an international trade equity, *par excellence*, and has a striking interest in a recovery of world trade. The balance sheet discloses no important changes. A rising trend in tobacco profits is perhaps indicated by the dividend of one of the associated companies, United Tobacco Company (South), whose final distribution of 2s. per share plus a 3s. bonus, free of South African tax, makes 40 per cent. for the year, compared with 30 per cent. But if any opinion is formed of British-American Tobacco's prospects, it must be judged on general considerations, and not from a study of the accounts. At the present price of £6½, the ordinary stock yields £3 18s. 6d. per cent.—a figure in keeping with its stable dividend record.

United Molasses Position.—The diversification of United Molasses industrial interests was the theme of Mr F. K. Kielberg's address last Friday. Already, the company's tanker tonnage has been largely employed for the transport of oil, and recently it has acquired an interest in the sugar-refining industry. These developments differ markedly in their significance. The full benefit of the investment in Macfie and Sons has yet to be realised, for the due proportion of earnings for the past year, before the share purchase, has been placed direct to investment reserve. This Liverpool refinery was acquired with the proceeds of part of the United Molasses' holding in British Sugar Corporation shares, which was received in exchange for investments in various East Anglian beet sugar companies acquired only two years ago. Like Sir Leonard Lyle, the directors felt that the holding in British Sugar Corporation was unnecessarily large, in view of its limited dividend prospects. The chairman pointed out, not for the first time, that two-thirds of the company's capital is represented by transport equipment. Increased oil carrying, although opportune in view of the short supplies of molasses, is nevertheless something of a *pis aller* for a company formed to concentrate the great part of world trade in molasses into its hands. And it is significant that although the production of Cuban high-test molasses relieved any actual market shortage, it involved the acceptance of a lower trading margin, and required sub-normal transport facilities. Two tankers, constantly employed between Cuba and England could carry the equivalent of eight handling the ordinary "Blackstrap" molasses from the East. The chairman confirmed our suggestion that the directors would continue their cautious depreciation policy while earnings remained favourable. At 25s. 3d., the 6s. 8d. stock units are a progressive but not highly-gearred recovery holding.

Gaumont Group Position.—By wielding the heavy weight of the poll, the directors of Gaumont-British succeeded in obtaining the adoption of the accounts and the re-election of Mr S. R. Kent to the board by overwhelming majorities on Thursday of last week. The meeting, however, produced some pointed criticism from the floor and some significant disclosures from the chairman's table. Since shareholders, once seized of the facts, can usually interpret their full significance, it may be sufficient merely to add the new information to our recent discussion (see *The Economist* of December 12th, page 534) of the consolidated balance sheet. It was disclosed that the group's gross profits amounted to £1,296,906 for the year to March last. Depreciation and sinking fund took £372,763 (equivalent to only 2.3 per cent. of the valuation of the group's property assets), and debenture interest and outside holdings required £526,411. After providing £178,750 for the corporation's preference dividend, the balance available for the equity was £218,982—some £20,000 more than the amount brought into the parent's accounts. Analysis of the book value of film production (£1,578,908, before deducting the newly-created special reserve) revealed that released films stood at £871,619, unreleased films at £101,350, and productions in progress, including "expenditure in respect of future productions" at £605,939. Information of great moment was also given on the valuing of properties. The figure of £16,145,233 for properties taken at valuation included an excess over book values. In earlier years, book values had been written down, and such amounts were being reinstated "to a certain extent." In other instances, properties were apparently valued in excess of book values where no depreciation had been provided. A request for disclosure of the extent of writing-up was rejected on the grounds that the figure would be misleading. The 10s. ordinary shares still stand around 9s. 4½d.

London Tin Merger Approved.—Shareholders of London Tin and Anglo-Oriental this week approved, though not without some criticism, the merger scheme outlined in *The Economist* of November 28th. The scheme was

amended, at the last moment, to allocate a further 200,000 shares from the ordinary shareholders of Anglo-Oriental to the preference holders, and the final share of the two classes in the company's allotment of London Tin shares will therefore be 28.9 and 71.1 per cent. respectively. This modification, which was made possible by a change of ownership in a substantial block of ordinary shares, goes some way to meet the comment, expressed in our earlier Note, that Anglo-Oriental preference shareholders were required to pay a stiff price for the support of the ordinary shareholders to the scheme. Proposals, however, to increase their participation from 3,000,000 to 4,000,000 shares, leaving the ordinary holders with a mere 500,000 shares, were plainly unacceptable. In the course of the proceedings, it was disclosed that the Association of Investment Trusts, whose approval was given to the first proposals, represented 36 members holding 13½ per cent. of the Anglo-Oriental preference capital. But the sense of the two meetings suggests that most shareholders accepted the view put forward in these columns—that some inequities were created and perhaps were inevitable in a scheme of this sort, but that the principle of the merger was fully deserving of support. Such considerations, presumably, explained the relatively quiet endorsement of the scheme by London Tin ordinary shareholders. Mr Ivan Spens made no attempt to forecast the London Tin profits for the year to April next, but he expressed the hope that shareholders would receive a modest distribution.

Apex (Trinidad) Profits.—The preliminary profits statement from Apex (Trinidad) has provided excellent Christmas news, and justified recent activity in the 5s. shares. Oil profits have jumped from £300,468 to £369,700—the highest level since 1929, and the 35 per cent. dividend is equal to the best expectations. After a substantial increase in tax provision, equity earnings show an increase from £122,454 to £179,555. As the following table shows, the 1933-34 level of profits has been restored:—

	YEARS TO SEPTEMBER 30TH		
	1934	1935	1936
	£	£	£
Oil profits	348,700	300,468	369,700
Amortisation of wells	130,973	146,114†	132,378
Head Office expenses (net)	7,433	4,011	8,030
Taxation	21,443	21,013	40,987
Directors' remuneration	8,750	6,875	8,750
Ordinary shares:—			
Earned (gross)	180,102	122,454	179,555
Paid (gross)	175,000	137,500	175,000
Earned (%)	36.3	24.5	36.2
Paid (%)	35½	27½	35½
Carried forward	115,611	100,565	105,120

† Includes £19,693 special depreciation.
‡ Subject to deduction of tax, after Dominion Income Tax relief, of 2s. 1-9d., 2s. 3-4d. and 2s. 5-5d. in the £ in respective years.

The company is the largest producer working in the British Empire, and its costs are among the lowest. It is to finance a programme of expansion, by issuing 200,000 5s. shares to shareholders at 20s., in the proportion of one in ten. At the present price of 33s., these rights are worth approximately 1s. 2d. per share, and the "ex all" price is approximately 30s. 6d. Around this level, the shares offer the satisfactory yield of £6 11s. per cent., after adjustment for Dominion income tax relief. Deliveries have lately increased, and pending the publication of the full report early in 1937, the outlook seems good.

Other Company Results.—Our summary on page 658 of the profit and loss accounts of 22 companies is of seasonally short dimensions. *Adelaide Electric Supply* continues to display rising gross revenues, and the net profits have recovered from their previous small setback, to £351,193, against £347,739. The trading profits of *Cannon Iron*

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Foundries are over £3,000 higher at £76,946, and the company pays 15 per cent. compared with 7½ per cent. paid for the period March 20 to September 30, 1935. The *Triumph Company* reports an increase in the previous year's loss of £89,785 to £115,236 for a fifteen-month period. An independent valuation of assets has, however, been made, and a definite scheme of financial reconstruction is expected in the New Year. *W. Abbott and Sons* have experienced a severe setback, with a loss of £94,969 against £2,897. Most of the loss was due to the disposal of over-valued stocks at the best prices available. A capital re-organisation is proposed. *Chappell and Company* have earned no less than £24,794, compared with £7,246, but the increase is being used to provide for repairs and dilapidations of properties.

Company Meetings of the Week.—On later pages of this issue will be found the reports of the following company meetings:—Mexican Railway, Stoll Theatres Corporation, Carreras, United Molasses, Low Temperature Carbonisation, Raphael Tuck, Agar Cross, Industrial Credit Company, Gold Options Syndicate, Scottish Australian Company, Kwahu Mining (1925), Thistle-Etna Gold Mines, Arston Gold Mines, Akim (1928), Wiluna Gold Corporation, and South-West Africa Company. At the Stoll Theatres Corporation meeting, Sir Oswald Stoll described the sale of the Alhambra Theatre and pointed out that the Alhambra capital would be returned in full plus a substantial premium. Colonel W. A. Bristow, at the Low Temperature Carbonisation meeting, criticised the policy of control adopted in certain instances by some of the coal sales committees. Points discussed by Mr F. K. Kielberg at the United Molasses meeting are discussed in a note on page 643. Mr Henry S. F. Alexander, at the Agar Cross and Company meeting, referred to the company's shortage of working capital. At the Carreras meeting, Mr Harry W. Danbury said it was felt that the time had arrived for another step to be taken in making the capital more commensurate with profits. The chairman at the Industrial Credit meeting gave some figures of the capital issues carried through by the company. Mr Gustave Tuck, at the Raphael Tuck and Sons meeting, said that the Christmas and greeting card departments continued to make progress. At the Kwahu Mining Company (1925) meeting, the chairman ventured to predict that the Marlu Gold Mining Areas was destined to be added to the world's important gold mines. Sir Godfrey Fell, at the Thistle-Etna Mines meeting, discussed the progress made in the company's mines. At the Arston Gold Mines (1929) meeting, the chairman referred to the proposal to increase the company's capital. Mr J. Campbell Inglis, at the Scottish Australian meeting, attributed the greatly improved results to a favourable rainfall at practically all stations and to the recovery in the world price of wool. At the Akim (1928) meeting, the chairman discussed the company's holding in Arston Gold Mines. Sir Edmund Davis, at the South-West Africa Company meeting, expressed satisfaction that the prediction of a substantial increase in profits had been fulfilled on the re-opening of the Abenab mine. At the Wiluna Gold Corporation meeting the chairman said the chief reason for the fall in monthly profits was the decrease in the grade of ore opened up on the East Lode. Mr Vincent Yorker, at the Mexican Railway Company meeting, in remarking that the increase in traffics had been contributed equally by goods and passenger traffic, reported that the rise in expenses was more than double that in receipts. At the Gold Options Syndicate meeting, the chairman gave the reasons for the proposed return of 2s. 6d. per share.

THE WEEK IN THE MARKETS

THE STOCK EXCHANGE

SETTLING DAYS

TICKET
JANUARY 5

ACCOUNT
JANUARY 7

THE markets of chief interest to investors this week deal in something more appetising than mere *choses en action*. The Stock Exchange has displayed a firm tone, relatively to the approach of the Christmas holiday, and fair business has been reported in the week's "features." In the investment markets, gilt-edged have been dull and neglected, as befits the year-end, but buying of the Railway Rebates Loan was well sustained and took the scrip to a new high. Brazilian bonds lost something of their recent tone, and there was little afoot among Far Eastern issues. European issues remained nervous, with German bonds lower.

Home rails have shown small movements, although L.M.S. ordinary enjoyed some following. Prior charges were featureless. A firmer front, however, was displayed by London Transport "C." Among foreign rails, Cordoba provided the greatest interest, for the market was still busy with persistent rumour, though no firm fact, regarding the possibility of purchase by the Argentine Government. In other Argentine stocks, a steadier tone was apparent, with a number of fractional advances.

In quiet industrial markets, a few features made an immediate impression. Cable and Wireless stocks, for example, improved on the better traffic return, and Triplex Glass were stimulated by an impressive output statement, and by hopes of a bonus to come. Standard provided the principal feature in the motor group. Reduced business was done in iron and steel shares, and the aircraft group continued deflated, apart from Fairey. Tobacco shares enjoyed moderate support, and British American Tobacco improved fractionally on consideration of the results. Unilever were supported on rising soap prices. The miscellaneous leaders, like Murex, Turner and Newall and Imperial Chemical, made a few pence, and several of the small engineering concerns improved.

The oil shares market has seen satisfactory business for the eve of the Christmas holiday. Attention has been directed mainly to Trinidad issues, particularly Leaseholds. Apex (Trinidad) were strong on the dividend and new share offer discussed on page 644. Rubber shares closed last week on their best form, with prices reaching their highest, and spot rubber touching 10d. a pound. This week conditions were less active, and some prices fell back slightly on profit-taking. Interest in the tea shares market was naturally greatest in Ceylon tea-cum-rubber issues; dealings in Indian issues were on a very restrained scale.

The Kaffir market has been quietening down for the holiday, and there have been no movements of great importance. Prices have remained very firm, and in mid-week there was a substantial demand for Gold Fields, and other finance descriptions. The West African section was nearly stagnant. Rhodesian copper issues saw some profit-taking at the end of last week, but this gave way to renewed support later as the commodity price improved. Rhokana were in the lead. Tin shares have been supported on the rising commodity price.

Business on the Paris bourse has been very quiet, but the tone was fairly satisfactory. At Berlin, the week opened with an all-round improvement, which was maintained in mid-week.

"FINANCIAL NEWS" DAILY BARGAIN INDEX

Approximate number of Bargains recorded in Stock Exchange List.

	Week to Dec. 18	Dec. 16	Dec. 17	Dec. 18	Dec. 21	Dec. 22	Dec. 23
Govt. and Municipal	5,397	1,092	1,000	1,017	1,285	1,037	853
Transport, etc.	6,101	1,300	1,158	1,088	1,235	888	790
Comm. and Ind.	22,258	4,203	4,806	4,479	4,767	4,052	3,439
Banks and Ins.	3,165	620	849	642	692	515	544
Mines	9,014	1,996	1,621	1,451	1,654	1,367	1,511
Oils	1,546	340	318	282	233	233	236
Rubber and Tea	5,891	1,425	1,681	1,615	1,637	911	735
Total	53,372	10,976	11,233	10,574	11,503	9,003	8,108
Corres. day 1935	...	8,025	6,924	6,280	6,817	3,247	Closed

* Including Steels and Breweries

ADVICE ON AMERICAN STOCKS

Recognizing the demand of both private investors and financial institutions in Europe for first-hand advice regarding American securities and the cyclical trend of the American Stock Market, Major L. L. B. Angus of 301 Park Avenue, New York City, who is now established as Investment Counsel in America, is prepared to accept enquiries regarding this service.

Accounts managed; portfolios supervised

PUBLICATIONS: Coming Rise in Wall Street (Apr. 1933). Coming American Boom (Aug. 1934). The American Boom Begins (May 1935). Investment for Appreciation, etc.

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

Highest†	Lowest†	Dec. 16	Dec. 17	Dec. 18	Dec. 21	Dec. 22	Dec. 23
124.9	107.4	122.6	122.6	122.5	122.3	122.6	123.1
† November 18.							
† January 2.							

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

Highest†	Lowest†	Dec. 16	Dec. 17	Dec. 18	Dec. 21	Dec. 22	Dec. 23
138.8	136.2	136.7	136.7	136.6	136.5	136.5	136.6
† February 10.							
† September 23.							

NEW YORK STOCK EXCHANGE

THE decision, at the end of last week, of the Interstate Commerce Commission not to permit renewal of the emergency freight rate surcharges introduced early in 1935 produced a sharp fall in railroad issues. This spread over the market, which was inclined to be watchful for depressing influences. The Eastern coal-carrying lines were the hardest hit by the change, but they also serve areas where recovery is most pronounced. The Commission's opinion that the more encouraging than otherwise. Government issues on the bond market were also depressed at the end of last week on selling by banks, which anticipate an increase in gold reserve requirements at the beginning of next year. The weakness continued this week, but there was an improvement on Tuesday after the plan was announced to isolate gold imports from the Treasury Bills, on the precedent of the British Exchange Equalisation Account. Recovery in prices on Tuesday was fairly general. Copper issues were put higher on the rise in the commodity price; oil, steel and railroad issues recovered and motor issues were less affected by the fear of labour troubles.

CAPITAL ISSUES

THIS week's new issues are seasonably few. The 3½ per cent. sterling bonds of *The Mortgage Bank of the Kingdom of Denmark* are of chief investment interest, although the issue was not accorded a spectacular reception. The issue will provide for the repurchase of building loan bonds issued to the Danish Treasury, and appears under excellent auspices. It may attract long-term investors who seek a sizable redemption premium. *Kinemas Limited*, a leading concern in the South African entertainments industry, has issued 5½ per cent. debenture stock at par, a rate evidently higher than would normally apply to comparable British issues. Although the earnings cover is satisfactory and rising profits are disclosed, the stock must be accorded a rating which, although fair of its debentures in this country. *Vab Products*, whose £50,000 shares and £40,000 in 2s. ordinary shares, offers part of the £10,000 consists of patents and designs), and are acquired for facts, and an issue price showing an estimated earnings yield appears to have been arranged on a somewhat generous basis. Statements for information only have been published by *Zletovo Mines*, *Bremang Gold Dredging*, *Yukon Consolidated* and *Graham's Trading Company*.

ISSUES OF THE WEEK

January 1 to December 19, 1936, including conversions, Old Basis, £477,795,716.
January 1 to December 19, 1936, excluding conversions, Old Basis, £253,013,493.
January 1 to December 19, 1936, including conversions, New Basis, £837,824,364.
January 1 to December 19, 1936, excluding conversions, New Basis, £488,746,914.
Net Sales National Savings Certificates, week ended December 19, 1936.—Dr. £100,000

TOTALS OF CAPITAL ISSUES DURING WEEK

	Nominal Capital	Conversions	New Money
To the Public	£	£	£
To Shareholders only	2,005,000	...	1,956,250
By Stock Exchange Introduction	187,000	...	701,250
By Permission to Deal	807,840	...	1,449,215
	167,134	...	386,136

Total Capital Raised—			Total offered for Subscription—		
Including Conversions	Excluding Conversions		Including Conversions	Excluding Conversions	
January 1 to date—			Whole year (Old Basis)—		
1936 (New Basis)...	642,017,245	494,139,765	1935 ...	548,351,393	236,147,637
1936 (Old Basis)...	480,353,216	255,570,993	1934 ...	410,980,300	169,108,700
1935 (New Basis)...	698,313,125	357,525,440	1933 ...	467,921,500	244,780,500
1935 (Old Basis)...	548,351,395	236,147,637	1932 ...	2,699,684,265	188,909,963
January 1 to date (Old Basis)—	410,680,315	168,808,700	1928 ...	683,000,056	369,058,073
1934 ...	466,315,067	244,880,565			
1933 ...	538,293,908	363,882,923			

(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)...	184,255,833	41,580,731	268,303,201	494,139,765
1936 (Old Basis)...	160,521,116	24,423,647	70,626,230	255,570,993
1935 (New Basis)...	167,185,509	48,806,822	115,118,905	325,110,236
1935 (Old Basis)...	167,185,509	31,696,741	37,265,387	236,147,637
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 ...	102,768,300	21,461,000	44,878,400	169,108,700
1935 ...	167,185,509	31,696,741	37,265,387	236,147,637

PUBLIC OFFER

Kinemas, Ltd.—(Incorporated in South Africa.) Issue at par of £475,000 5½ per cent. first mortgage debenture stock. Redeemable at 102 in 1965 or from 1939 by drawings or at 104 on notice. Owners of cinema theatres (through subsidiaries) and investments in cinema theatres and film distribution. Owns 22 per cent. of capitals of African Consolidated Theatres and African Consolidated Films. Proceeds to be applied to repayment of mortgages. Assets £831,088 (shares in the consolidated companies £300,000). Profits of company and five subsidiaries, after depreciation, years to June 30: 1934, £58,882; 1935, £64,485; 1936, £78,397. Company's profits, years to June 30: 1934, £10,422; 1935, £27,058; 1936, £43,828. List closed 10 a.m., December 22nd.

BY OFFER FOR SALE

Mortgage Bank of the Kingdom of Denmark.—Offer for sale of £1,500,000 3½ per cent. sterling registered bonds 1936 Series XI at 95½. Redeemable at par by drawings from 1937, or in 1947, or thereafter on notice. Rank *pari passu* with other bonds. Central institution for financing issue of certain types of bonds. Limit of borrowing eight times guarantee fund, or Kr. 240,000,000; Kr. 175,977,445 outstanding. Liability of Government limited to amount of guarantee fund. Revenue, before exchange losses, years to March 31: 1934, Kr. 7,548,880; 1935, Kr. 7,314,487; 1936, Kr. 7,435,854. Reserve fund, Kr. 8,278,335. Proceeds of issue to take at par from State of Denmark Kr. 27,000,000 4½ per cent. building loan bonds issued to Treasury against temporary advances. Hambros Bank take issue at 93, expenses and commission.

Vab Products.—Offer for sale of 300,000 2s. ordinary shares at 3s. 3d. The 10,000 6 per cent. non-cumulative redeemable participating preference shares receive with ordinary shares a further 4 per cent. after payment of 6 per cent. on ordinary. Makes and sells patented metal curtain rail and other products; owns also electroplating plant. Profits, after depreciation: 1933, £6,828; 1934, £7,832; 1935, £7,811; nine months to September 30, 1936, £6,265. Net assets £20,150 (patents and designs £10,000), purchased for £41,000 (goodwill, £20,850) payable in 10,000 £1 preference and 310,000 2s. ordinary shares. Crews and Co. take issue from Barton and Sons (1935) at 2s. 9d., or 3s. with part of expenses. List closed 9.5 a.m., December 22nd.

BY STOCK EXCHANGE INTRODUCTION

Bremang Gold Dredging Company, Ltd.—Issue of 1,750,000 5s. shares at 6s. (of which preferential allotment of 1,500,000 shares to Gold Coast Selection Trust shareholders; Trust takes balance). Acquires properties and mining rights in West Africa with area 20 square miles, near Ariston gold mine. Working costs estimated not to exceed 4d. per cubic yard with two dredges, or maximum working costs 3.5d. per cubic yard with four dredges. Operating profit estimated at £2,953,363, or annual profit on a 12.2 years' life, treating 7,680,000 cubic yards annually, £242,079. Purchase prices: £432,500 in 1,730,000 5s. shares to Gold Coast Selection Trust (the promoter); £25,000 cash to Ariston Gold Mines; and £10,000 (£5,000 cash and 20,000 shares) to Tintin Exploration. Company pay expenses (say £10,000).

Grahams Trading Company, Ltd.—Particulars of issue of £176,357 ordinary stock and £145,000 5½ per cent. first debenture stock, redeemable at par by drawings from 1937, in 1965, or on notice. A holding company, owning capital of West European Industries, Ltd., manufacturers through subsidiaries of textiles and paper in Portugal. Net assets, £176,357. Guarantee up to £30,000 on trade bills to W.E.I., Ltd. (£14,000 used); auditors' certificate "subject to value placed on the investments" (£337,767 in subsidiaries). Profits, before interest, 20 months ended March 31, 1934, £13,772; year to March 31, 1935, £12,741; 14 months to May 31, 1936, £13,672. Debenture stock was issued against like amount of 5½ per cent. unsecured notes.

Herts and Essex Waterworks, Ltd.—Particulars of issue of £44,000 3½ per cent. redeemable mortgage debentures placed through James Capel and Company at 100½ for ¼ per cent. commission. Redeemable at par 1971, or from 1961 on notice.

Round Oak Steel Works, Ltd.—Issued capital: £500,000 ordinary stock, £100,000 6 per cent. cumulative preference stock, and £388,130 debenture stock, 1965. Robert Benson and Company and Messrs Cohen, Laming, Hoare take preference stock at par or at total 100½ with certain expenses. Company formerly "Earl of Dudley's Round Oak Works."

Yukon Consolidated Gold Corporation.—Issued share capital \$4,533,018. Loan capital issued \$1,500,000. Debentures redeemable by drawings from 1939 or in 1945 at par; they carry right to convert each \$500 debenture into 500 \$1 shares. Incorporated in Canada April 14, 1923. Owns 1,607 placer mining claims, 156 under option and six leases, all in Yukon territory. Gold reserves: 1933, \$857,984; 1934, \$959,464; 1935, \$912,566; 1936, \$1,435,000. Profits, years: 1934, \$171,933; 1935, Dr. \$104,283.

Zletovo Mines, Ltd.—Issued capital 1,430,560 5s. shares. Incorporated in England 1929. Owns mining concession and prospecting rights in Southern Yugoslavia. Work has been mainly confined to Dobrovo mine (lead-silver ore); steps being taken to prepare mine for production. Estimated revenue 29s. 6d. per ton (with lead at £16 and silver at 21d.), or 12s. 6d. surplus; on basis of 110,000 tons ore, surplus would be £68,500. Total assets £239,126. Total expenditure, year to September 30, 1936, £17,818.

ISSUES TO SHAREHOLDERS ONLY

Hepworth and Grandage.—Issue of 50,000 ordinary shares 10s. at 22s. 6d. per share to ordinary shareholders registered on November 26th in the proportion of one new ordinary share for every complete seven ordinary shares held.

Ismay Industries.—In order to finance the company's expanding interests, the directors have decided to issue a further 408,000 ordinary shares 5s. at 7s. 6d. per share to ordinary shareholders on the register on December 4th in the ratio of one new share for every five held.

O.K. Bazaars.—Issue of 240,000 new "B" ordinary shares 5s. to the ordinary, "A" ordinary and "B" ordinary shareholders registered on November 30th, in the proportion of one new "B" ordinary share for every complete five ordinary or five "A" ordinary or five "B" ordinary shares held at 41s.

OTHER RESULTS OF ISSUES

Atlantic and North-West Railway.—The offer made to holders of £1,300,000 5 per cent. guaranteed first mortgage bonds to convert into 4 per cent. first mortgage redeemable debenture stock was accepted by holders of something over 70 per cent. of the bonds. The balance will be taken up by an underwriting syndicate. List opened at noon December 21st, and closed one minute later.

George Ward (Barwell).—The lists for offer for sale of 200,000 ordinary shares of 10s. at 26s. per share were closed at 9.5 a.m., December 18th. Oversubscribed.

K. and L. Timbers.—Lists for offer for sale of 350,000 shares 5s. at 8s. 3d. per share were closed at 9.5 a.m., December 18th.

Pease and Partners.—Lists for issue of 1,250,000 5 per cent. cumulative preference shares of £1 at 21s. per share were closed at 9.5 a.m., December 18th. Heavily oversubscribed.

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COMPANY MEETINGS

STOLL THEATRES CORPORATION, LIMITED

EFFECT OF ENTERTAINMENTS DUTY

SALE OF ALHAMBRA THEATRE

SIR OSWALD STOLL'S ADDRESS

The eighth ordinary general meeting of the Stoll Theatres Corporation, Limited, was held, on December 22nd, at the London Coliseum, St. Martin's Lane, London, W.C.

Sir Oswald Stoll (chairman and managing director) presided. The Chairman apologised for the absence from the board of Mr J. Christie owing to illness.

The Secretary (Mr Rowland J. Bentley) having read the notice convening the meeting and the auditors' report,

The Chairman said:—Ladies and gentlemen, I rise to move the adoption of the report and accounts, which I assume may be taken as read.

I will compare the items of this balance sheet with those of the balance sheet of last year.

BALANCE-SHEET ITEMS—LIABILITIES

Taking the liabilities side first:—
The ordinary share capital is the same.
The management share capital is the same.
Loans secured by sub-mortgage of mortgages and interest thereon is down by £165,211.
Bank overdraft is up by £6,493.
Creditors are down by £1,915.
Subsidiary companies are up by £5,442.
Profit and loss account is up by £9,529.

ASSETS

I now come to the assets side:—
Investments in and advances to subsidiary companies are down by £188,139.
Lease of Tyne Theatre and interest in Liverpool site are up by £43,431.
Sound projector apparatus is down by £395.
Sundry stocks on hand are up by £16.
Debtors are down by £109.
Cash is down by £465.
Since the end of this company's financial year one of our subsidiaries, the Alhambra Company, Limited, has sold the Alhambra Theatre and the adjoining property, Charing Cross House. A substantial amount of cash will come into the coffers of this company on the liquidation of the Alhambra Company, Limited.

The Alhambra was a losing property in respect of stage productions. As a theatre it has been taxed out of existence by entertainments duty. Now it can become a cinema, because cinemas use celluloid instead of human artistes.

ALHAMBRA'S DIVIDEND RECORD

You might like to know my record there. Over the whole period during which I was chairman and managing director of the Alhambra, 151 per cent. in dividends was paid on its share capital. This represents an average of nearly 8 per cent. per annum during that whole period. These dividends were paid in spite of gaps; one of the gaps was for three years, when no dividend was paid—for instance—through the trade slump in 1921, '22 and '23.

The Alhambra capital will now be returned in full with a substantial premium. The intrinsic value of the Alhambra property is the reason why we have come well out of a fine theatre brought to ruin by entertainments duty.

As a first-class up-to-date cinema the Alhambra should, in my opinion, do remarkably well. I understand it will have an excellent supply of feature pictures and many thousands of people from all over Europe and America will come to see where the famous Alhambra was. Like the Empire, the place has a goodwill in retrospect which taxation can never close down.

So far as this company is concerned, it will be better off without the Alhambra. The Coliseum as a stage theatre will have a better chance of obtaining profitable attractions.

Incidentally, it is worthy of note that the Coliseum is capable of being converted into a superb cinema accommodating 5,000 people. If this should ever become necessary or desirable, the

work could be done at a moderate cost. Demolition would not be necessary and the great outlay always attendant upon demolition would not have to be incurred.

The Alhambra Company, Limited, will in due course go into voluntary liquidation because it has sold the property essential to its business. I should like to stress that in the course of such liquidation the whole of the share capital of the Alhambra Company will be repaid to its shareholders plus a substantial bonus.

ADVANTAGES OF A FILM REEL TAX

In conclusion, I may say that before the formation of the Stoll Theatres Corporation, Limited, I had foreseen trouble in the entertainment world. In regard to the picture industry, I opposed the Quota Act and proposed a selective Film Reel Tax instead. This would have made the picture industry not only sound, but also a friend of the stage industry. It would have made the cinema realise that so long as the principle of entertainments duty existed the cinemas and picture studios should for their own sakes join hands for the exemption of the stage.

On another point I might add that many balance sheets have treated films as assets when in fact the films were liabilities. Such a system must obviously be unsound because it can and does lead to the treatment of losses as profits.

ADHERENCE TO SOUND FINANCIAL PRINCIPLES

These unsound principles which were being followed by finance on a great scale warned me of the trouble that lay ahead in the entertainment world. I could have practised those principles myself, made a million or so and cleared out. I preferred instead to operate by means of this company which was formed entirely through my initiative.

Now that sound principles are being reverted to and that trade is improving, this is not the time to lose patience. Pictures, cinemas and the stage, given fair conditions, are bound to prosper. Entertainment must always be a playing industry. But losses must not be called profits, raw material must not be taxed out of existence, and products must fit natural markets. In that way the vast sums now sunk in the entertainments industry will be rendered safe and remunerative.

I now beg to move: "That the directors' report and balance sheet at September 30, 1936, and profit and loss account for year ending that date, be approved and adopted and that the balance of £109,344 17s. 2d. at credit of profit and loss account be carried forward to the current year's accounts."

Mr Douglas McCraith seconded the resolution, which was put to the meeting by the chairman, and carried by a large majority. The retiring directors were re-elected and the auditors were reappointed.

SOUTH WEST AFRICA COMPANY, LIMITED

SATISFACTORY RESULTS

The annual general meeting of this company was held, on the 21st instant, in London, Sir Edmund Davis, J.P. (chairman and managing director) presiding.

The Chairman, in the course of his speech, after dealing with the balance sheet and having explained their new German investments, said:—Turning to the profit and loss account, there remains a balance profit of £123,138, to which we have added "Reserve for income tax not required, £5,948," and deducted the percentage of profit due to members of the board, £5,556, which leaves a net balance of £123,530, which has been carried to the balance sheet.

At our last general meeting I referred to the reopening of the Abenab mine, and stated that I looked forward to a substantial increase in our profits; and it is a matter of great satisfaction to my colleagues and myself that this prediction has been fulfilled.

I am not able, at this meeting, to express such a strong opinion as to profits in our current financial year, as a large tonnage of the Abenab output disposed of during the period covered by the accounts we now present was due to development previous to the closing down of the mine on September 1, 1932.

Though development was resumed early in 1936, it was only in July that the ore-body was cut on the sixth level. Driving and crosscutting on this level is still proceeding and it is impossible at the moment to express any opinion as to its extent.

I now beg to move:—"That the report of the directors, together with the statement of the company's accounts at June 30, 1936, duly audited, be now received, approved and adopted, and that a dividend of 5 per cent. and a bonus of 10 per cent., together 3s. per share, be declared, such dividend and bonus to be payable, less income tax, on and after the 23rd instant."

The report and accounts were unanimously adopted.

MEXICAN RAILWAY COMPANY, LIMITED

UNSATISFACTORY WORKING CONDITIONS

MR VINCENT YORKE'S ADDRESS

The one hundred and forty-third ordinary general meeting of the Mexican Railway Company, Limited, was held, on the 23rd instant, at Winchester House, London, E.C.

Mr Vincent W. Yorke, the chairman, in the course of his speech, said: I regret to have to say that there has been little if any change for the better in our affairs during the last six months, and that there is very little of a reassuring or encouraging nature that I shall be able to say to you to-day.

There can be no doubt as to the period of prosperity which Mexico is enjoying. Every indication points in that direction. She has a favourable trade balance of approximately £20,000,000, to which can be added a considerable sum in invisible imports derived from a constantly expanding tourist traffic; her Budget has been more than balanced for the last three years, and the output of oil, a very important source of revenue, is increasing. Added to all this she has the advantage of a steady exchange, which for the last three years has been stabilised with the United States dollar. Complete political tranquillity appears to prevail, and the mining industry is being encouraged by the rising prices of all metals, while the cotton mills are working more than full time to keep pace with the increased spending powers of the people.

ATTITUDE OF THE GOVERNMENT

In fact the time would seem to have arrived when she could commence to put her affairs in order and show some consideration to her long-suffering creditors, who have received next to nothing for very nearly 25 years. The re-establishment of public credit would be to the immediate advantage of a country which is backward in many material respects and badly needs foreign capital for development in many directions. Similarly, a more conciliatory attitude towards public service companies, such as ourselves, who have had to struggle on for many years under appalling difficulties, and some consideration for our constituents who have shown exemplary patience throughout, would go some considerable distance towards the re-establishment, first of all of confidence and then of credit. Unfortunately, however, there is little evidence of the awakening of a public conscience in these matters in Mexico, and though words of encouragement are sometimes spoken to us, practical assistance is entirely withheld.

The problem is only one more of the many with which the world is faced to-day—on the one side a country like ourselves seeking in vain for outlets of money which is eating its head off at home, and on the other side a country by all standards of political economy worthy of credit and yet unwilling to show that disposition towards the would-be lender which he naturally requires. If a bridge can be found to span the gulf between the two so much the better, but I do not see at the moment any possibility of finding it, and I must content myself with throwing out the hints that I have already done.

GROWTH OF TRAFFICS

The prosperity of which I have spoken is very clearly reflected in our gross traffics during the half-year under review. The increase of \$520,000 is almost equally divided between passenger and goods traffic. Passenger traffic, however, shows the more remarkable increase of the two, namely, 14.84 per cent., as compared with only 5.9 for goods. This is accounted for by a satisfactory accession of tourist traffic from the United States and by a big movement of native second-class traffic. The general public seem to be becoming more travel-minded and more anxious to see their own country than ever before.

The tonnage of foreign goods carried shows an actual decrease of 9,300 tons, though the increase in revenue is nearly \$29,000. This is due to our having carried nearly 15,000 tons of cast-iron pipe in the first half of the year 1935, for which specially low rates had been quoted. The pipes were for the Mexico City Water Works. The increase of \$236,000 in national goods traffic is fairly well distributed over different classes of products; the only increases to which I need draw attention being in bananas, which have moved in larger quantities all rail to the United States, and in pineapples, which are being grown on a larger scale than previously in the country to the south of Cordoba.

A LAMENTABLE RESULT

Unfortunately, the increase in expenses shown in the accounts at \$1,051,000 is more than double the increase in receipts, though for purposes of strict comparison a deduction of \$308,000 should

be made from this figure. In the first half of 1935 an allocation of 6 per cent. on gross receipts was made to the credit of special renewals, which was increased in this half-year to 10 per cent. Still, even after this deduction has been made, it will be clear that it has cost us \$743,000 to earn an additional \$520,000, which can only be described as a most lamentable result. The same causes of which I spoke at length at our last two meetings have again been at work, and the payment for the seventh day and other privileges we have had to grant our employees, are almost entirely responsible for this very regrettable showing.

As regards the current half-year as shown in the report the gross receipts have again shown a satisfactory tendency and reach an increase of \$225,000 over the corresponding half-year, or rather more than 5 per cent. Expenses, however, which have been prepared on a strictly comparable basis, show an increase of \$407,000, or more than 9 per cent., and I fear that there is no doubt that we shall be faced with an actual operating loss at the end of this half-year.

The increase in receipts which has been the most notable feature of our reports for the last few half-years has necessarily involved more work and thrown an increasing strain on all branches of our equipment. Though not much fault can be found with our permanent way, our locomotives and both freight and passenger vehicles are not now equal to the demands that the increased traffic is making upon them. A minimum programme submitted to us by our officials calls for the expenditure in the near future of not less than £300,000.

SOME BRIGHT SPOTS

To relieve, to a slight extent at any rate, the blackness of the picture which I have hitherto painted for you to-day, there are, I am glad to say, a few bright spots to which I can draw your attention. At our last meeting I spoke with some alarm about a case brought against us in the Mexican Courts by some fruit companies for the refund of alleged excess charges for carriage of their produce. This case was decided in our favour in the Supreme Court last October, and we are now, I believe, finally relieved of a liability which might have amounted to some £50,000 or even £60,000.

Then we have been successful for the third time in cashing the annual coupons attached to the 40-year bonds and falling due on January 1st next at a very small discount, and the amount received, some £19,000, will be credited to net revenue in the accounts of the current half-year. Then, finally, we have at last agreed our claims for rolling stock and freight destroyed by fire in the accident in April last at Paso Grande with the insurance companies for the sum of U.S. \$40,000.

The report and accounts were unanimously adopted.

KWAHU MINING COMPANY (1925), LIMITED

IMPORTANT INTERESTS

The ordinary general meeting of the Kwahu Mining Company (1925), Limited, was held, on the 22nd instant, in London.

Lieutenant-Colonel Frank Johnson, D.S.O. (the Chairman), said that probably the most interesting and important item was "Shares in mining companies at cost, £37,387." At the date of the balance sheet these shareholdings had a market value of no less than £448,893, a figure which at to-day's market values would amount to £560,000. It was well to emphasise the fact that this very large sum had its sole genesis in mining concessions in West Africa, similar—so far as original appearance went—to those the company still held and to which he had just referred.

The directors proposed to follow an active policy, firstly as regarded the realisation—or at least examination—of the more or less dormant mining properties or mineral areas; and, secondly, by acquiring a participation in the development of any other properties recommended by the technical staff.

In this latter connection, within the last few days they had been able to acquire a 25 per cent. participation in an option to purchase a gold-mining proposition known as the Tokosea on which extensive development was carried out from 1911 to 1914, but was closed down on the outbreak of the War. The 100-ft. level, driven for 500 ft. in the oxidised ore, was reported to have exposed a lode, averaging for that distance 5 ft. in width for 16 dwt. In addition to this one mine, the area was said to contain at least two other occurrences of promise. It was hoped that work would be commenced on this property within the next few months.

Their principal shareholding consisted of their very large interest in the Marlu Gold Mining Areas, Limited. At the

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second annual meeting of that company held only ten days ago very full information of the progress made in bringing the mine to production was laid before the shareholders. He ventured to predict that the Marlu Gold Mining Areas was destined to be added to that very small list of the world's great mines.

Of equal importance was their holding in Gold Coast Main Reef, Limited. This company was at present developing its Bondaye mine in the Prestea district of the Gold Coast with distinctly encouraging results. The most recent information showed that development had already reached the third level, and was being continued to the fourth. The results obtained from the driving at the second level showed an average value of over 8 dwt. for a width of 5 ft. Should equally satisfactory results follow the completion of third and fourth levels development, steps would have to be taken to equip the mine for production.

The report was unanimously adopted.

SCOTTISH AUSTRALIAN COMPANY, LIMITED

SUCCESSFUL YEAR — GOOD PROSPECTS

The annual general meeting of the Scottish Australian Company, Limited, was held, on the 18th instant, at Winchester House, London.

Mr J. Campbell Inglis (chairman and managing director), who presided, said: When I addressed you just a year ago the statement of accounts which I then laid before you was not a very happy one, the company's operations during the year then under review having been adversely affected, not only by a fall in the price of wool, but also by a very serious drought. As the inevitable result of those adverse circumstances there was a loss for the year of £62,030 14s. 1d.

Of the year now under review quite a different picture can be presented, for the loss of £62,030 14s. 1d. has been transformed into a profit, after paying debenture interest and meeting all revenue charges, of £25,451 9s., an improvement of £87,482 3s. 1d.

For this pleasing turnover two factors are mainly responsible—first, that instead of a drought we had, on the whole, a favourable rainfall over practically every one of our stations, while the world price of wool showed a marked recovery.

As against this the clip of wool which we had to offer for sale was reduced by some 28 per cent.—a shortage which, however, was to a large extent offset by the prices realised.

To the net profit of £25,451 9s. there falls to be added the amount brought forward from the previous year, namely, £10,975 os. 4d., making a total of £36,426 9s. 4d. This amount we have been able to augment by a transfer from taxation reserves no longer required of £20,000, thus enabling us, without encroaching on the general reserve, to recommend the payment, in addition to the full dividends on the preference stocks, of a dividend of 4 per cent. on the consolidated ordinary stock, while leaving a balance of £4,426 9s. 4d. to be carried forward.

For the future, all I can tell you is that at the moment the world prices of wool remain firm, and that our wool clip for the current year is some 15 per cent. larger than that for the previous year.

If climatic conditions continue favourable and the present firmness of the wool market is maintained, the results for the current year should show a marked improvement.

The report and accounts were unanimously adopted.

CARRERAS, LIMITED

ANOTHER SUCCESSFUL YEAR

The thirty-third annual general meeting of Carreras, Limited, was held, on the 18th instant, in London, Mr Harry W. Danbury, chairman of the company, presiding.

The Chairman, in the course of his speech, said: The past year's trading has resulted in a net profit of £1,234,833. Your directors feel justified in making a larger cash distribution on all classes of ordinary shares.

For some years past the dividend has been at the rate of 35 per cent., and last year a cash bonus of 1s. per share on the ordinary and A ordinary, and 1½d. per share on the B ordinary shares was paid. This year it is proposed that in addition to the dividend of 35 per cent. a cash bonus of 2s. per share on the ordinary and A ordinary shares and 3d. per share on the B ordinary shares should be distributed. Your directors have also given very careful consideration to the capital structure of the company in the light of the policy indicated at earlier general meetings. They to-day feel that the time has arrived for a further step to be taken in adjusting the capital of the company so as to make it more commensurate with the profits earned.

There remains an amount of £1,517,472, and the directors propose that out of this amount a sum of £708,626 shall be capitalised and B ordinary shares distributed by way of bonus in the proportion of 16 B ordinary for every five ordinary and/or A ordinary shares and two B ordinary for every five B ordinary shares held by shareholders on January 4, 1937.

A notice calling an extraordinary general meeting for January 4th next and setting out the necessary resolutions for increasing the capital and authorising the bonus distribution has been sent to you.

You will agree, I think, that the balance sheet before you discloses a very sound position, and there is little which requires special comment.

I think we may claim that our reserves are adequate. Including this year's appropriation, the specific and general reserves will total £1,245,937, and after the proposed capitalisation of part of the undivided profits has been effected the carry-forward will be £808,846. This sum added to the reserves already mentioned makes a total of £2,054,783 available to meet contingencies and reflects the very strong position in which your company stands.

HIGH QUALITY OF PRODUCTIONS

The general consumption of cigarettes and tobacco, in common with that of many other commodities, has shown an increase during the past year, and we have obtained a fair share of the additional trade. It may not be out of place to remind you that such results as those submitted would not be possible without a very large volume of turnover, and your directors are quite alive to the fact that to ensure continuance of the prosperity which the company has enjoyed over a period of years they must use every means in their power to extend the popularity of our tobacco.

In this connection I may say that in our endeavours to make permanent the widespread appreciation of the company's brands we shall continue to rely on those factors which have had so much to do with the building up of this business—namely, the high quality of our productions, which is very jealously guarded, and the fullest possible value to the consumer.

Our machinery and factory equipment are maintained at a high standard of efficiency, and unremitting efforts are directed to the improvement of our manufacturing facilities and the application of every modern development to our machinery.

Our overseas business is being well maintained, and in some past year your directors turned their attention to Canada with a view to securing a larger share of the trade in that Dominion, and I am glad to tell you that we have obtained control of an established manufacturing business in Quebec with a very good organisation for marketing our products throughout the territory. We have every hope that the new arrangements will enable us steadily to improve our volume of trade in that part of the Empire.

I am pleased to inform you that in the short period of the current financial year which has elapsed our trade shows every sign of being maintained, and if the present favourable conditions company will be able to maintain the favourable position in which it finds itself to-day.

The report and accounts were unanimously adopted.

RAPHAEL TUCK AND SONS, LIMITED

POPULARITY OF PRODUCTS MAINTAINED

The thirty-fifth annual ordinary general meeting of Raphael Tuck and Sons, Limited, was held, on the 22nd instant, in London. Mr Gustave Tuck (the chairman), in the course of his speech, said: Ladies and gentlemen, as a firm of 70 years' standing, we enjoy a reputation built up in the course of time which we have more than maintained. You will agree that the name of Tuck stands as high as ever in the world of artistic production.

In dealing, as is my custom, with the various departments of your company, I would say that the Christmas and greeting card department, the largest section of our activities, continues to make progress, the popularity of these productions being unabated. Tuck's books continue to appeal to the imagination of the young generation, "Tuck's Annual" and "Father Tuck's Annual for Little People" holding their place in the affections of the young. Our calendars bring their full measure of joy for twelve months of the year, only to be replaced by new productions of equal and comparable beauty.

Tuck's postcards—the pioneers of picture postcards in this country—are being constantly added to with designs of an artistic and topical nature, the local view section being responsible for a large increase in the circulation of these world-famous missives.

The accession of H.M. King George VI to the throne evoked an immediate and natural desire for authentic portraits of their Majesties and of T.R.H. the Princess Elizabeth and the Princess Margaret Rose. Your company has been in the gratifying position of at once being able to meet this demand with reproductions, issued by gracious permission, of the charming paintings of their Majesties and H.R.H. the Princess Elizabeth by Philip de Laszlo, and of the Princess Margaret Rose by Edmond Brock.

I have, moreover, pleasure in announcing that we have just acquired the copyrights of two magnificent Royal paintings of the King and Queen by Mr Simon Elwes, from sittings graciously accorded the artist, exhibited at the Royal Academy. Reproductions of these two Royal pictures, for which we anticipate a heavy demand, not only at home but in our Dominions and Colonies overseas, will be ready next month.

I can only conclude with the hope that when next we meet for our annual meeting we shall have a happier and a brighter report to set before you.

The report and accounts were adopted.

UNITED MOLASSES COMPANY, LIMITED

CONTROL OF MACFIE AND SONS ACQUIRED

The eleventh annual general meeting of the United Molasses Company, Limited, was held, on the 18th instant, in London.

Mr F. K. Keilberg (chairman and managing director), in the course of his speech, said: Two years ago we acquired a substantial share interest in the Ely, Ipswich, and King's Lynn beet sugar factories, but under the Sugar Industry (Reorganisation) Act, passed this year, these three factories, together with all other British beet sugar factories, were amalgamated into the British Sugar Corporation, Limited. In exchange for the company's shareholding in the three companies referred to we received shares in the new corporation, of which I am a director. There was no special reason why your company should continue to hold so large an investment in what is virtually a Government-controlled corporation, permitted to earn only a small, although practically guaranteed, dividend. Your directors, therefore, disposed of a portion of this investment and utilised the proceeds towards the cost of acquiring the controlling interest in Macfie and Sons, Limited, sugar refiners, Liverpool. We have reason to believe that the return on the investment will prove more than satisfactory, but I should like to make it clear that, apart from this, there are substantial advantages connected with our owning the controlling interest in Macfie's.

The Sugar Industry (Reorganisation) Act, in conjunction with the industrial agreement which is being entered into between the sugar refiners and the British Sugar Corporation, Limited, should for some years to come ensure friendly and harmonious collaboration amongst the various sugar interests in the country. The agreement will run until the end of March, 1941, and we should at the very least be able to look forward to reasonably stabilised conditions until then.

Your company is essentially a storage and transportation company, and it follows as a matter of course that earnings must be larger when rates of freight are remunerative than in times of

depression in the tanker market. The c.i.f. selling price of molasses is largely influenced by prevailing freight rates, and high tanker freights, therefore, affect not only the earnings of those of the company's tankers employed in carrying oil but also those employed exclusively in the molasses trade.

During the past year the company had an unusually large percentage of its tankers employed in carrying oil, and this condition would most likely continue for the greater part of the current financial year. These exceptional conditions were brought about by last year's short supplies of molasses in the Far East and the consequent introduction of Cuban high-test molasses. Two of our tankers continuously employed would have been sufficient to carry the quantity of high-test molasses we imported from Cuba to the United Kingdom last year, as against eight vessels which would have been necessary to carry the equivalent quantity of blackstrap from the Far East.

Fortunately the advent of high test took place at a time when there was no difficulty in obtaining remunerative employment in the oil market, and tanker freights continue at satisfactory rates and present prospects are encouraging. By the end of the company's current financial year we hope once again to have large Eastern supplies available for shipment to Europe. Java will in 1937 produce approximately a quarter of a million tons more molasses than in each of the two previous years. In addition to this, there will next year be considerable quantities available for shipment from India. These two factors combined make it reasonable to assume that if the demand keeps up we shall from the autumn of 1937 onwards be able to employ the greater part of our fleet in the Far Eastern trade.

The report and accounts were unanimously adopted.

LOW TEMPERATURE CARBONISATION LIMITED

ANNUAL GENERAL MEETING, DECEMBER 21, 1936

POINTS FROM THE SPEECH OF THE CHAIRMAN,
COLONEL W. A. BRISTOW

1. The profit on trading with dividends from subsidiary companies total £97,686 as compared with £78,480 last year.

2. After providing for debenture interest, depreciation, etc., there remains £61,232, which, with the amount brought forward, produces £70,328.

3. Directors recommend dividend of 6 per cent., less tax, absorbing £58,331 and leaving £11,997.

4. Directors have no hesitation in recommending increased dividend as no revenue received yet from new Bolsover Works and only a few months' revenue from new chemical plant.

5. Cash in hand amounts to £126,945, and this, together with Government and other securities held by company, now totals £712,205.

6. Further "Coalite" plant has been erected during the year, drawing coal from the Bolsover Colliery Company, Limited. Negotiations are proceeding in connection with further works and erection will commence in January of a coal-oil distillation plant five times the capacity of the plant at Barugh.

7. Demand for "Coalite" continues to increase faster than company can build the plants.

8. Home defence squadrons of Royal Air Force for the fourth year in succession continue to ply on "Carless-Coalene," the company's coal petrol, refined and distributed by Carless, Capel and Leonard. This fuel can now be bought at a large number of pumps in London and Home Counties.

9. The company has already carbonised over two million tons of coal. The demand for the coal petrol and coal-oils continues to expand, and considerable tonnages are being exported to the Continent and America.

10. Great difficulties are being introduced into the coal trade by some of the committees of coalowners set up under Coal Mines Act, 1930. It is difficult to believe that the Government, the miners or the people will stand for this policy. Sooner or later the coalowners will have to realise that they hold their coal in trust for the nation, whose lifeblood it is, and if it is not made freely available on proper terms to those who need it then drastic changes must inevitably follow. The coalowners cannot expect to retain their powers if they are misused, and the company consider that the recent case in South Wales, and other steps which the owners are proposing to take in South Yorkshire and elsewhere, as a gross misuse of these powers. The company will continue to press for Government action to remedy the defects in the present system.

A print of the chairman's full speech will be sent on application to Low Temperature Carbonisation Limited, 28 Grosvenor Place, London, S.W.1.

THE INDUSTRIAL CREDIT COMPANY, LIMITED

SUCCESSFUL RESULTS

The third annual general meeting of this company was held, on the 15th instant, at 9 Leinster Street, Dublin, Mr J. P. Colbert (chairman and managing director) presiding.

The Chairman said: Taking first the balance sheet, you will note that there are considerable changes as compared with the balance sheet which we presented at last year's meeting. I mentioned last year that it was probable that we should have to raise fresh capital in order to enable the company to take up new commitments. In July last we issued a further 500,000 shares of £1 each at par. On these 12s. 6d. per share has been paid up, leaving a balance of 7s. 6d. per share subject to calls. This issue has raised our subscribed capital to £1,000,000 and our paid up capital to £812,500. The additional funds have found ready employment, our investments being £215,000 above last year's figure and our loans and advances £78,000 higher.

The books have now been cleared of the item of £11,250 preliminary expenses which appeared in the last statement.

Our profits show a moderate increase as compared with last year. The gross profit (£46,478) is £3,836 higher, and the net profit is £2,637 up, at £38,927.

Deducting provision for income tax and Corporation profits tax (£9,562), and adding in the balance of £2,213 brought forward from last year, we have to deal with a total of £31,330. Last year we made a beginning with a general reserve fund by an allocation of £10,000 for that purpose. This year we propose to make a similar allocation. We propose to transfer a like amount (£10,000) to investment reserve.

Since the date of our last report the company has carried through six capital issues, the net cash total involved being £1,150,000. This brings our total since the commencement of business to £3,968,400. Apart from the issues carried through by us there have been other issues by companies in the Dublin market since we were established, amounting to a net cash total of £2,308,642, which brings the total of capital issues by companies in the three years to £6,277,042. In the three years preceding the establishment of the Industrial Credit Company public issues by companies amounted to only £160,750.

The report and accounts were unanimously adopted.

AGAR CROSS AND COMPANY, LIMITED

IMPROVED OUTLOOK

The thirtieth ordinary general meeting of Agar Cross and Company, Limited, was held, on the 21st instant, at Dorland House, 14-16 Regent Street, S.W.1, when, in the absence of the chairman—Mr William A. Agar—who is at present in the Argentine, Mr Henry S. F. Alexander, managing director, presided.

He said that once again the directors had to present accounts showing a loss, although one substantially reduced in amount over what had been ruling of late years.

The year to June, 1936, had been, in many ways, particularly difficult and worrying. The action of the Argentine Government in fixing higher minimum prices at which they were prepared to buy wheat and linseed (December, 1935) and maize (March, 1936) gave new hope to the agriculturists, coupled with the fact that owing to the maize crop having been late, the latter increase went, very largely, direct to the producer.

Sales from January, 1936, onwards continued more or less to show, month by month, increases over the figures for the corresponding month of the preceding year. Unfortunately the agricultural machinery sales department of the company was one which gave the better percentage of profit, and the effect of the loss of harvest sales in this department was never made good.

With regard to the current year's prospects, sales to date showed a considerable expansion over those of the corresponding period of last year. If, by any chance, more favourable exchange rates than had been ruling were obtainable it would be an added advantageous factor, and the assumption was that the Argentine Government expected grain prices to keep up.

Mr Alexander concluded with a reference to the financial position; losses sustained over the past six years, as shown by the balance sheet, having left the company very short indeed of the necessary working capital; reasonable profits being obtainable only by an adequate turnover, which, in turn, necessitated carrying considerable stocks of merchandise. The directors were fully alive to the importance of having the whole financial position dealt with satisfactorily as soon as it was found possible, and they proposed to deal with the matter at the earliest date they found most favourable.

The report was unanimously adopted.

GOLD OPTIONS SYNDICATE, LIMITED

SUGGESTED DISTRIBUTION OF 2s. 6d. PER SHARE

The annual ordinary general meeting of this company was held, on the 22nd instant, in London.

Major W. A. Wills (chairman and managing director) who presided, said that the issued capital of the company stood at £73,522 10s. and the paid-up capital was almost identical—£73,094 1s. 3d. On December 7th last the liquid assets of the company totalled £76,590 10s. 7d., so that the break-up value of the shares was much over par. The balance of profit and loss account was £4,083 1s. 8d., in addition to the replacement of £8,000 transferred from general reserve and depreciation reserve accounts. That was sufficient to pay a 5 per cent. dividend, but they thought, in view of the position he would explain later it would be wiser to keep this money for a future dividend. The reserve fund now amounted to approximately 10 per cent. of the paid-up capital. In last year's accounts £8,000 was transferred from share premium account to reserve for depreciation on shares and general reserve accounts. This amount had now been put back into share premium account, and the amount necessary this year for depreciation and general reserves—£5,500—had been taken out of the profit and loss account.

With regard to the company's various assets, the Pluto Publishing Company, owning *The Gold Mining Record*, in which they held the whole of the ordinary shares, was doing exceedingly well. The Nigel van Ryn Reefs, which was reconstructed by their syndicate in 1934, was doing brilliantly. Last year they earned a realised profit of 30 per cent., but thought it wiser to declare 10 per cent. and carry forward 20 per cent. The present year would, he believed, be equally satisfactory.

They had failed in their endeavour some two years ago to find a sufficient amount of capital to become an investment company on a large scale. Their present capital was not sufficiently large to warrant their making an application for permission to deal on the Stock Exchange with any prospects of success, and as their business was now more or less confined to agency and secretarial administrations, they could do with less capital without reducing their earning capacity for dividend purposes. If fresh reconstructions or company formations came along, which had in the past proved most payable (they had paid since the company's formation 45 per cent. in dividends) they would not require excessive capital for doing that work. Their business was chiefly dependent not on their cash but on their credit, and the connections of the board and their knowledge of the gold mining finance business. They could, he was quite sure, do this business and pay out the same amount in dividend on a reduced capital.

In the meantime he was deluged every day with applications to take over shares at various prices, some as high as 10s. He had done so as far as possible, but as he was not a Rothschild this could not go on for ever. In these circumstances he thought they could safely return to the shareholders, if they approved, somewhere about 2s. 6d. per share from the capital. He was sure every shareholder would be glad to get back 2s. 6d. per share with a reasonable prospect of receiving an undiminished amount in dividends. This was equal to a 50 per cent. bonus in the shape of a reduction of capital. This, of course, would have to be approved by the court. He was glad to say that even while the present report was being drawn up they had successfully concluded a large and most important business. He could not, however, disclose the details until the transaction had been through the usual formal and initiatory stages.

During the year, he was sorry to say, Dr. Cullen had resigned. His place had been taken by Major P. R. Peters, who he understood was a remarkably good judge of the value of gold mining shares.

The chairman concluded by moving the adoption of the report and accounts, which was seconded by Lieut.-Colonel H. Marshall Hole, C.M.G.

A long discussion ensued, during which shareholders expressed their approval of the proposed distribution of 2s. 6d. per share. On the resolution being put to the meeting it was declared carried on a show of hands. A poll was demanded, which was subsequently taken and resulted as follows:—Against the resolution, 18,898 votes; in favour of the resolution, 119,225 votes. The chairman thereupon declared the resolution carried.

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.

ARISTON GOLD MINES (1929), LIMITED

INCREASE OF CAPITAL

The seventh ordinary general meeting of the Ariston Gold Mines (1929), Limited, was held, on the 21st instant, at River Plate House, London.

Mr Francis Allen (the chairman) said that the new capital issue would increase their share premium account by £140,000, so that in the future they could further reduce either their property account or their development account. They had spent a very large sum on reconditioning and increasing their plant with a view to bringing their production up to 12,000 tons per month, towards which figure their monthly crushings were steadily growing. The development account had been increased by over £116,000 and £102,500 had been spent on buildings, machinery and plant during the year.

He did not think they would be long before they were crushing 12,000 tons per month, but they were not likely to exceed that figure by much until the new shaft was finished.

Last year, speaking of Anfargah, he had said that development on that section was proceeding, but that no Anfargah reserves were included in their reserves, and that position still continued.

It was proposed to increase the capital by £100,000, making a total of £800,000, upon which sum they would have no difficulty in paying substantial dividends. It had taken them a long time to arrive at their present satisfactory position, but there was a far greater future ahead of them when the new shaft was finished, say in two years' time. Their underground work was being pushed on so that when once the shaft was down and equipped there would be no delay in crushing a large monthly tonnage, which would assure very large dividends to the shareholders if the price of gold remained anywhere near its present level.

At the recent meeting of the Gold Coast Selection Trust, Mr Agnew had stated that the position at the Ariston mine was improving rapidly, and there was no doubt that the new ore-body would add very materially to the reserve of ore. At September 30th last those reserves were 799,000 tons. If they took gold at £7 an ounce and an extraction of 88 per cent., that showed a realisable value of about 2½ million pounds.

The report was unanimously adopted and the increase of capital approved.

THISTLE-ETNA GOLD MINES, LIMITED

ENCOURAGING DEVELOPMENTS

The second ordinary general meeting of Thistle-Etna Gold Mines, Limited, was held, on the 21st instant, in London.

Sir Godfrey B. H. Fell, K.C.I.E., C.S.I. (the chairman), said that at the date of their last annual meeting the position was in some respects disappointing, but there were encouraging features, the most important of which was the fact that drilling operations had established beyond doubt the existence of the reef beyond the dyke both on the Etna and Thistle mines. The values disclosed on the Etna mine warranted the sinking of a vertical shaft, which shaft intersected the reef in June last at 373 feet. The values disclosed were exceptionally high. Steps were taken to drive on that reef both north and south. 393 feet had been driven on that level by the end of September, and 385 feet sampled averaged 12.4 dwts. over 29 inches. In addition, a rise on the north drive assayed, for 100 feet sampled, 8.5 dwts. over 29 inches, and a winz sunk on the south drive averaged, for 20 feet sampled, 17 dwts. over 40 inches.

It was decided to suspend work on the new Etna incline shaft and to concentrate on the reclamation and further sinking of the Hooper shaft. By the end of the year the latter had reached an incline depth of 919 feet. Since the close of the period under review that shaft had intersected at 1,020 feet what was undoubtedly a section of the reef which had been exposed at the bottom of the vertical shaft. Although the full width had not been disclosed the values were most gratifying, assaying 21.7 dwts. The new incline shaft on the Thistle mine had reached a depth of 423 feet by the end of the period and was connected at 356 feet by a short cross-cut to a ventilating shaft. On the incline shaft a cross-cut west at 400 feet advanced 70 feet, and drives north and south proved a strike of 96 feet, of which 66 feet were sampled and assayed 21.2 dwts. over 17 inches.

Good progress has been made in the equipment of the property with power plant, compressors, etc. The first mill unit was in erection and was expected to be in operation early in 1937.

A cable has just been received from the property which would be published in the Press, stating that recent developments were very satisfactory.

The report and accounts were unanimously adopted.

AKIM (1928); LIMITED

MUCH IMPROVED POSITION

The seventh ordinary general meeting of this company was held, on the 22nd instant, in London, E.C., Mr Francis Allen, J.P., the chairman of the company, presiding.

The Chairman said: We stated in our report that the year under review had not been a very favourable one for business, and we were quite right in making that statement; but this new year shows us to be in a very different position. Our main holding has always been the Ariston Gold Mines, in which we have always held over a quarter of a million shares. Ariston Gold Mines held their meeting yesterday, and, in addition to the dividend of 7½ per cent. which will come to this company, they are making an issue of capital at 6s. per share. The market value of their shares is now in the neighbourhood of 11s., and we shall receive quite a large number of the new shares as our right at 6s. a share.

So much has the position improved that our assets, which showed a market valuation on September 30th last of £235,845, stood on December 17th at £289,551. That is a very strong position to be in. We continue to hold a very large block of Aristons and intend to hold them as a permanent investment, while as regards the rest of our holdings, our share interests fluctuate very much. At times we think it wise to buy and at other times we consider it wise to sell. Our smaller interests, therefore, are fluctuating interests, and I think no good purpose could be served by going into details. If we hold our Ariston shares for another two or three years—which we shall certainly do—this company, from that source alone, should enjoy very large dividends. The Ariston Company are sinking a new deep shaft to the 3,000-foot level, through which they will be able to hoist large bodies of ore, and when that shaft is completed our dividends from Ariston will certainly mount up to a very large figure.

We have declared an interim dividend of 7½ per cent. on account of the current year, and I think you can take it for granted that that will not be the last of the dividends for this year, for our position is now such a good one that I think you will see it increased during the current year.

The report and accounts were unanimously adopted.

WILUNA GOLD CORPORATION, LIMITED

ENCOURAGING DEVELOPMENTS

Presiding at the ordinary general meeting of Wiluna Gold Corporation, Limited, held, on the 18th instant, in London, Mr John A. Agnew (the chairman), in moving the adoption of the report and accounts, said that the accounts of the Corporation showed a profit for the year of £159,511, to which was added the balance of £12,532 brought forward from the previous year, making an available total of £172,043. Out of this an interim dividend was declared, which was paid in June last, amounting to £155,901, leaving a balance of £16,142, which it was proposed to carry forward. Shareholders had been advised of the reasons for the falling off in monthly profits since the beginning of this year and of the steps which had been taken to counteract this as far as possible. The principal reason accounting for this fall had been the continued decrease in the grade of ore opened up on the East lode in the main workings.

The encouraging results obtained recently in developing the East lode on the 1,600 ft. level and in diamond drilling below that level seemed to indicate that the ore body might again be entering a zone of much better value.

Diamond drilling had been carried out in the last few months below the 1,600 ft. level, and they regarded the results as being extremely important and encouraging.

In the Bulletin section the ore reserves amounted to 286,400 tons of an average grade of 22s., all above the 625 ft. horizon. At the Happy Jack Leases the shaft had now reached the 275 ft. horizon, and a cross-cut from the shaft exposed 25 ft. width of ore averaging 48s. per ton. Ore reserves at March 31st last were estimated at 2,413,700 tons of an average grade of 23s. 2d. per ton.

Not for the first time in their history were they passing through a period of some anxiety, but the confidence they had in the mine itself and their knowledge that everyone connected with the business was doing everything possible to put matters on a more satisfactory footing encouraged them in the belief that before very long they would have emerged from the troubles that they had recently been experiencing and would be able to look forward to a real improvement in developments on the property and a satisfactory result from the smelter.

The report and accounts were unanimously adopted.

GOVERNMENT RETURNS, &c.

NATIONAL ACCOUNTS

The total ordinary revenue for the week ended December 19, 1936, amounted to £11,539,000, against ordinary expenditure of £15,800,000. After allowing for a decrease in Exchequer Balances of £368,271, the operations for the week, as shown below, decreased the gross National Debt by £1,077,000 to approximately £8,041 millions.†

(000's omitted)	
Public Department Advances ...	+ 1,470
2½% Funding Loan, 1932-7 ...	+ 500
Treasury Bills ...	- 2,847
Road Fund ...	- 100
National Savings Certificates ...	- 100
	+ 1,970
	- 3,047

† 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 September 30, 1936, appeared in *The Economist* of October 3, 1936.

REVENUE	Total Receipts into the Exchequer				
	Estimate for the year 1936-37	April 1, 1935, to Dec. 21, 1935	April 1, 1936, to Dec. 19, 1936	Week ended Dec. 19, 1935	Week ended Dec. 19, 1936
ORDINARY REVENUE					
Inland Revenue—					
Income Tax	258,000,000	75,618,000	72,529,000	598,000	467,000
Sur-tax	56,500,000	8,600,000	8,230,000	480,000	390,000
Stamp Duty	80,000,000	14,800,000	14,800,000	2,420,000	1,970,000
Stamp	27,000,000	14,800,000	17,710,000	290,000	500,000
Excise Profits Duty and Corporation Profits Tax	750,000	...	...	...	...
Land Tax and Mineral Rights Duty	750,000	150,000	140,000	...	...
Total Inland Revenue	433,000,000	162,758,000	159,229,000	3,788,000	3,327,000
Customs and Excise—					
Customs	207,525,000	145,155,000	153,146,000	3,777,000	3,611,000
Excise	110,000,000	82,200,000	82,900,000	5,700,000	5,900,000
Total Customs and Excise	317,525,000	227,355,000	236,046,000	9,477,000	9,511,000
Motor Vehicle Duties (Exchequer Share)	5,000,000	1,504,000	1,701,000	Dr. 89,000	...
Post Office (Net Receipt)	11,250,000	10,700,000	11,900,000	Dr. 135,000	600,000
Crown Lands	1,350,000	1,000,000	1,020,000	...	...
Receipts from Sundry Loans	5,000,000	3,641,441	3,614,255	290,625	...
Miscellaneous Receipts	25,280,000	16,717,029	14,583,283	100,155	38,045
Total Ordinary Revenue	708,881,000	423,675,470	428,093,538	12,214,780	13,478,045
SELF-BALANCING REVENUE					
Post Office	69,844,000	45,700,000	47,400,000	2,850,000	1,100,000
Motor Vehicle Duties apportioned to Road Fund	26,500,000	9,043,000	9,531,000	89,000	...
Total Self-balancing Revenue	95,844,000	54,743,000	56,931,000	2,939,000	1,100,000
Total	804,725,000	478,418,470	485,024,538	15,153,780	14,578,045

EXPENDITURE	Total Issues out of the Exchequer to meet Payments				
	Estimate for the year 1936-37	April 1, 1935, to Dec. 21, 1935	April 1, 1936, to Dec. 19, 1936	Week ended Dec. 19, 1935	Week ended Dec. 19, 1936
ORDINARY EXPENDITURE					
Interest and Management of National Debt	224,000,000	177,382,015	177,123,296	796,027	892,316
Payments to Northern Ireland Exchequer	7,500,000	3,686,285	4,423,781	...	...
Other Consolidated Fund Services	5,200,000	2,108,185	1,477,737	53,750	...
Post Office Fund	600,000	1,126,817	420,529	...	...
Total	237,300,000	184,303,302	183,045,343	849,777	892,316
SELF-BALANCING EXPENDITURE					
Post Office	69,844,000	45,700,000	47,400,000	2,850,000	1,100,000
Road Fund	26,500,000	9,043,000	9,531,000	89,000	...
Total Self-balancing Expenditure	95,844,000	54,743,000	56,931,000	2,939,000	1,100,000
Total	333,144,000	239,046,302	239,976,343	1,100,000	1,100,000

† 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
806,269,000

The aggregate revenue from April 1 to December 19, 1936, is shown below:—

(000's omitted)	
Expenditure	562,983
Revenue	428,093
Decrease in balances	395
Gross borrowing	140,729
Less—	
New Sinking Fund*	6,234
Net borrowing	134,495
	562,983
	562,983

* 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	Dec. 21, '35	Mar. 31, '36	Dec. 19, '36	Dec. 19, '36
Advances by Bank of England	£	£	£	£
Advances by Public Departments	38,730,000	19,055,000	29,370,000	1,470
Treasury Bills outstanding	898,260,000	763,115,000	819,285,000	-2,850,000
Total Floating Debt	936,990,000	782,170,000	848,655,000	-1,380,000

* Includes £4,000, 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 December 18, 1936. The amount applied for was £80,365,000. Tenders were accepted for Treasury bills at three months dated Monday at 99 15s. 7d., and above in full; Tuesday to Thursday at 99 15s. 6d., about 48 per cent. and above in full. The average rate per cent. was 18s. 1.36d. 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	30,000,000	0 18 11.5
January 4, 1935	30,000,000	49,580,000	27,500,000	0 18 11.5
July 5, 1935	40,000,000	60,905,000	27,500,000	0 18 11.5
January 3, 1936	35,000,000	88,075,000	35,000,000	0 10 12.43
April 3, 1936	40,000,000	78,280,000	40,000,000	0 10 12.43
July 8, 1936	50,000,000	72,750,000	50,000,000	0 10 12.43
October 2, 1936	50,000,000	77,980,000	50,000,000	0 10 12.43
December 11, 1936	50,000,000	80,365,000	50,000,000	0 10 12.43
December 18, 1936	45,000,000	80,365,000	45,000,000	0 18 1.36

NATIONAL SAVINGS CERTIFICATES

Total Sales of Savings Certificates	No. of Certificates	Value
Week ended November 28, 1936	608,263	458,947
Week ended December 5, 1936	692,168	519,128
February, 1916, to December 5, 1936	1,278,514,274	1,005,923,544

At the end of October, 1936, the amount remaining to the credit of investors in Savings Certificates, excluding interest, was £390,178,581.

THE BANKERS' GAZETTE

PROVINCIAL (000's omitted)

No. of working days:	Week ended December 19		Month of November		Aggregate Totals January 1 to December 19	
	1935	1936	1935	1936	1935	1936
BIRMINGHAM	3,024	2,469	10,405	15,757	119,285	135,793
BRADFORD	732	303	4,282	4,646	45,475	49,381
BRISTOL	1,310	1,329	5,232	5,736	60,301	64,896
DUBLIN	5,613	5,702	19,405	20,102	228,898	240,914
HULL	909	901	3,687	3,500	37,925	41,854
LEDS	904	914	4,196	3,970	45,571	46,681
LIVERPOOL	727	730	3,012	3,322	33,883	36,921
MANCHESTER	9,469	9,339	25,320	30,877	288,898	308,914
NEWCASTLE	1,410	1,387	5,028	4,738	51,842	51,842
NOTTINGHAM	472	528	2,181	2,198	24,032	26,801
SHEFFIELD	945	1,112	3,765	4,392	43,282	50,771
	31,818	33,369	108,736	125,932	1,526,744	1,629,339

* 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, 1935. Spain in August 1935. Egypt in November 28, 1935. Estonia, International Settlements and Sweden, in December 12, 1935. Denmark, Greece, Japan, Java, Netherlands, Portugal, Federal Reserve Reporting Member Banks, U.S. New York Federal Reserve Banks, Austria, Czechoslovakia and Poland in December 19.

ASSETS		LIABILITIES	
Dec. 16, 1935	Nov. 23, 1935	Dec. 16, 1935	Nov. 23, 1935
Gold and English sterling	15,994	16,002	16,002
Other coin, bullion and cash	5,179	5,827	5,827
Money at short call—London	15,927	22,368	22,057
Short-term loans	4,834	8,898	8,413
Securities	72,450	74,545	74,545
Discounts and advances	7,327	8,285	8,285
LIABILITIES			
Notes issued	48,795	47,038	47,038
Reserve premium on gold	3,896	7,753	7,753
Deposits	65,221	73,012	73,012

RESERVE BANK OF NEW ZEALAND.—In £'s (000's omitted)

ASSETS		LIABILITIES	
Dec. 16, 1935	Nov. 23, 1935	Dec. 16, 1935	Nov. 23, 1935
Gold	2,801	2,801	2,801
Sterling exchange	21,464	16,503	16,503
Subsidiary coin	199	128	118
Advances to the State	—	5,103	5,094
Investments	1,547	2,337	2,350
LIABILITIES			
Bank notes	10,391	11,797	11,838
Demand liabilities—			
Government	5,055	3,547	3,878
Other	8,441	10,008	9,786
Ratio of reserves to sight liabilities	99.3%	76.1%	76.1%

BANK OF CANADA.—In \$'s (000's omitted)

ASSETS	Dec. 11, 1935	Nov. 25, 1935	Dec. 2, 1936	Dec. 9, 1936
	1935	1936	1936	1936
Reserve, of which	194,219	196,598	199,142	200,630
Gold coin and bullion	181,354	179,133	179,369	179,369
Dominion Government securities	118,425	168,706	164,670	160,054
LIABILITIES				
Note circulation	92,538	126,961	126,165	125,316
Deposits:—				
Dominion Government	31,290	18,257	23,985	29,408
Chartered banks	186,587	208,421	201,604	193,773
Ratio of reserves to notes and deposit liabilities	62.3%	55.4%	56.3%	57.3%

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

ASSETS	Dec. 13, 1935	Nov. 13, 1935	Nov. 27, 1935	Dec. 4, 1936	Dec. 11, 1936
	1935	1936	1936	1936	1936
Gold coin and bullion	25,729	22,931	23,038	23,146	23,252
Bills discounted: Foreign	11,096	7,862	8,667	9,653	9,802
Investments	1,728	1,745	1,745	1,745	1,745
Other assets	13,690	11,229	10,816	11,429	11,599
LIABILITIES					
Notes in circulation	13,139	14,339	13,907	15,291	15,484
Government deposits	1,941	1,711	2,295	2,647	1,221
Bankers' deposits	30,353	22,210	21,442	21,171	22,387
Ratio of cash reserves to liabilities to public	52.0%	55.0%	55.3%	53.8%	53.1%

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

ASSETS	Dec. 13, 1935	Nov. 27, 1935	Dec. 4, 1936	Dec. 11, 1936
	1935	1936	1936	1936
Gold coin and bullion	44,42,17	44,42,17	44,42,17	44,42,17
Rupee coin	58,23,04	67,19,90	66,52,34	65,97,12
Balances abroad	18,13,49	11,12,80	11,60,19	12,81,26
Sterling securities	66,18,83	67,31,71	67,31,71	67,31,71
Indian Government rupee securities	25,53,38	23,41,28	23,41,02	23,40,93
Investments	5,23,67	5,76,31	6,23,20	6,07,29
LIABILITIES				
Note circulation	1,64,65,05	1,74,83,41	1,79,39,44	1,81,40,28
Deposits:—				
Government	13,93,34	9,15,31	7,55,67	7,65,63
Other	27,50,78	24,93,02	25,35,90	23,67,11
Ratio of gold and sterling to liabilities	56.9%	55.2%	55.4%	55.6%

* Held against notes.

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

	Dec. 14, 1935	Nov. 30, 1936	Dec. 7, 1936	Dec. 15, 1936
ASSETS				
Gold	82,368	66,097	66,409	66,409
Of which deposited abroad	20,203	28,272	28,272	28,191
Reserve in foreign currencies	5,355	5,409	5,516	5,161
Bills of exchange and cheques	3,944,877	4,908,339	4,704,575	4,645,983
Silver and other coin	166,066	135,040	127,710	160,678
Advances	47,487	67,458	57,271	57,271
Investments	682,013	421,941	521,899	522,887
Other assets	780,111	634,626	661,614	702,211
LIABILITIES				
Reserves	471,184	473,581	473,581	473,561
Notes in circulation	4,067,209	4,674,152	4,562,666	4,567,851
Other daily maturing obligations	720,467	730,300	687,671	687,671
Other liabilities	290,829	287,894	287,411	300,711
Costs of note circulation	2,159	1,539	1,589	1,579

BANK OF DANTZIG.—In Danzig gulder (000's omitted)

Assets	Dec. 14, 1935	Sept. 30, 1935	Oct. 15, 1935	Oct. 31, 1935	Nov. 14, 1935	Nov. 30, 1935	Dec. 15, 1935
Gold coin and bullion	20,739	29,013	29,300	29,393	29,398	29,409	29,409
Danzig subsidiary coin	3,844	4,092	4,666	4,151	4,473	4,039	4,327
Balances abroad and foreign bills	7,366	4,951	3,682	3,538	3,443	5,182	3,151
Advances	471	498	498	483	483	483	377
Discounts	16,022	14,372	14,087	14,212	14,608	14,799	15,757
LIABILITIES							
Notes in circulation	28,395	31,470	29,034	31,557	28,988	30,646	29,634
Deposits on demand	1,908	11,830	14,088	11,215	11,970	10,964	10,058

MONEY AND EXCHANGE RATES

LONDON MONEY RATES

	Dec. 16, 1936	Dec. 17, 1936	Dec. 18, 1936	Dec. 19, 1936	Dec. 21, 1936	Dec. 22, 1936	Dec. 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.....	1	1	1	1	1	1	1
3 months' do.	1	1	1	1	1	1	1
4 months' do.	1	1	1	1	1	1	1
6 months' do.	1	1	1	1	1	1	1
Discount Treasury Bills—							
2 months' 1	1	1	1	1	1	1	1
3 months' 1	1	1	1	1	1	1	1
Loans—Day-to-day.....	1	1	1	1	1	1	1
Short.....	1	1	1	1	1	1	1
Deposit allowances: Bank							
Discount houses at call.....	1	1	1	1	1	1	1
At notice.....	1	1	1	1	1	1	1

Comparison with previous weeks—

1936	Short Loans	Bank Bills			Trade Bills		
		3 Months	4 Months	6 Months	3 Months	4 Months	6 Months
Nov. 26	1-1	1-1	1-1	1-1	1-1	1-1	1-1
Dec. 8	1-1	1-1	1-1	1-1	1-1	1-1	1-1
" 10	1-1	1-1	1-1	1-1	1-1	1-1	1-1
" 17	1-1	1-1	1-1	1-1	1-1	1-1	1-1
" 23	1-1	1-1	1-1	1-1	1-1	1-1	1-1

LONDON RATES OF EXCHANGE

I.—Spot Rates (Range of the day's business)

London on	Par of Exch. per £	Dec. 17, 1936	Dec. 18, 1936	Dec. 19, 1936	Dec. 21, 1936	Dec. 22, 1936	Dec. 23, 1936
New York, \$	14-8 1/2	4-9 1/2	4-9 1/2	4-9 1/2	4-9 1/2	4-9 1/2	4-9 1/2
Montreal, \$	4-8 1/2	4-9 1/2	4-9 1/2	4-9 1/2	4-9 1/2	4-9 1/2	4-9 1/2
Paris, Fr.	124-21	105-1/2	105-1/2	105-1/2	105-1/2	105-1/2	105-1/2
Brussels, Bel.	35-00/0	28-1/2	28-1/2	28-1/2	28-1/2	28-1/2	28-1/2
Milan, L.	92-46	93-1/2	93-1/2	93-1/2	93-1/2	93-1/2	93-1/2
Zurich, Fr.	25-22 1/2	21-36-39	21-35-39	21-35-37	21-35-38	21-36-38	21-36-38
Athens, Dr.	375	540-555	540-555	540-555	540-555	540-555	540-555
Helsinki, Mk.	198-23	226-1/2	226-1/2	226-1/2	226-1/2	226-1/2	226-1/2
Madrid, Pt.	25-22 1/2	Nominal	Nominal	Nominal	Nominal	Nominal	Nominal
Lisbon, Esc.	110	54-50	54-50	54-50	54-50	54-50	54-50
Amst'dam, Fl.	12-107	8-96-9-02	8-97-9-00	8-96-9-74	8-96-9-74	8-96-9-74	8-96-9-74
Berlin, Mk.	20-43	12-18-23	12-19-22	12-19-22	12-19-22	12-19-22	12-19-22
Registered Marks—							
Vienna, Sch.	34-58 1/2	25-1/2	25-1/2	25-1/2	25-1/2	25-1/2	25-1/2
Buenos Aires, P.	27-82	26-28	26-28	26-28	26-28	26-28	26-28
Prague, Kc.	116-44	139-1/2	139-1/2	139-1/2	139-1/2	139-1/2	139-1/2
Danish, Gul.	25-00	25-26 1/2	25-26 1/2	25-26 1/2	25-26 1/2	25-26 1/2	25-26 1/2
Warsaw, Zl.	48-98	25-26 1/2	25-26 1/2	25-26 1/2	25-26 1/2	25-26 1/2	25-26 1/2
Riga, Lat.	25-22 1/2	24-25 1/2	24-25 1/2	24-25 1/2	24-25 1/2	24-25 1/2	24-25 1/2
Bucharest, Lei	813-8	660-680	660-680	660-680	660-680	660-680	660-680
Constantinople, Lira	110	612	612	612	612	612	612
Belgrade, Din.	276-92	208-218	208-218	208-218	208-218	208-218	208-218
Kobe, Yen.	48-66	28-1/2	28-1/2	28-1/2	28-1/2	28-1/2	28-1/2
Sofia, Lev.	673-66	390-420	390-420	390-420	390-420	390-420	390-420
Tallinn, E. Kr.	18-159	17-18 1/2	17-18 1/2	17-18 1/2	17-18 1/2	17-18 1/2	17-18 1/2
Oso, Kr.	18-159	19-85-95	19-85-95	19-85-95	19-85-95	19-85-95	19-85-95
Stockholm, Kr.	18-159	19-85-95	19-85-95	19-85-95	19-85-95	19-85-95	19-85-95
Cop'g'ra, Kr.	18-159	22-35-45	22-35-45	22-35-45	22-35-45	22-35-45	22-35-45
Alex'ria, Pst.	97 1/2	18-1/2	18-1/2	18-1/2	18-1/2	18-1/2	18-1/2
Br. India Rup.	18d.	18-1/2	18-1/2	18-1/2	18-1/2	18-1/2	18-1/2
Hong Kong, \$	14-1/2	14-1/2	14-1/2	14-1/2	14-1/2	14-1/2	14-1/2
Kobe, Yen.	24-58d.	13-1/2	13-1/2	13-1/2	13-1/2	13-1/2	13-1/2
Shanghai, \$	28d.	14-1/2	14-1/2	14-1/2	14-1/2	14-1/2	14-1/2
Batavia, F.	12-11	8-94-99	8-91-95	8-90-92 1/2	8-90-92 1/2	8-91-96	8-91-96
Rio, Mil.	15-890d.	16-00-10g	16-00-10g	16-00-10g	16-00-10g	16-00-10g	16-00-10g
B. Aires, \$	11-45	16-12 1/2	16-12 1/2	16-12 1/2	16-12 1/2	16-12 1/2	16-12 1/2
Valparaiso, \$	40	13 1/2 (d)	13 1/2 (d)	13 1/2 (d)	13 1/2 (d)	13 1/2 (d)	13 1/2 (d)
M'video, \$	11-45	26-1/2	26-1/2	26-1/2	26-1/2	26-1/2	26-1/2
Lima, Sol.	17-88	19-20	19-20 1/2	19-20 1/2	19-20 1/2	19-20 1/2	19-20 1/2
Mexico, Pes.	9-76	17-18 1/2	17-18 1/2	17-18 1/2	17-18 1/2	17-18 1/2	17-18 1/2
Manila, Pes.	24-66d.	24-1/2	24-1/2	24-1/2	24-1/2	24-1/2	24-1/2
Moscow, Rbl.	24 1/2m	24 1/2m	24 1/2m	24 1/2m	24 1/2m	24 1/2m	24 1/2m
B'ngkok, Baht	21-82d	22-22 1/2	22-22 1/2	22-22 1/2	22-22 1/2	22-22 1/2	22-22 1/2

Usance: T.T., except Alexandria (Sight); Rio de Janeiro, Lima, Valparaiso (90 days).
 * Pence per unit of local currency. † Par 8-28 1/2 since dollar devaluation on February 1, 1934. ‡ Par 197-10 1/2 since koruna devaluation on February 17, 1934.
 (a) Prior to devaluation on April 2, 1935. (b) Official Rate. (c) Per cent. discount.
 (d) Latest "export" rate. (e) Official rate is 4 1/2d. sellers. (f) Official rate is 15s. sellers. (g) Average remittance rate for importers. (h) Official rate to the Bank of England. (i) For account Controller of Anglo-Italian debts; (j) Under Anglo-Spanish Agreement; (k) Under Anglo-Turkish Agreement. (l) Under Anglo-Spanish Agreement; (m) Under Anglo-Turkish Agreement. (n) Approximate. Dealings in Roubles at 4 1/2 French francs to 1 Rouble.

II.—Forward Rates (Closing quotations)

London on	Dec. 17, 1936	Dec. 18, 1936	Dec. 19, 1936	Dec. 21, 1936	Dec. 22, 1936	Dec. 23, 1936
New York, cent.	(a) 1 Month 1 1/2-1 3/4	(a) 1 Month 1 1/2-1 3/4	(a) 1 Month 1 1/2-1 3/4	(a) 1 Month 1 1/2-1 3/4	(a) 1 Month 1 1/2-1 3/4	(a) 1 Month 1 1/2-1 3/4
Paris, fra.	(b) 1 Month 1 1/2-1 3/4	(b) 1 Month 1 1/2-1 3/4	(b) 1 Month 1 1/2-1 3/4	(b) 1 Month 1 1/2-1 3/4	(b) 1 Month 1 1/2-1 3/4	(b) 1 Month 1 1/2-1 3/4
Amsterdam, c'nt	(b) 1 Month 1 1/2-1 3/4	(b) 1 Month 1 1/2-1 3/4	(b) 1 Month 1 1/2-1 3/4	(b) 1 Month 1 1/2-1 3/4	(b) 1 Month 1 1/2-1 3/4	(b) 1 Month 1 1/2-1 3/4
Brussels, cent.	(b) 1 Month 1 1/2-1 3/4	(b) 1 Month 1 1/2-1 3/4	(b) 1 Month 1 1/2-1 3/4	(b) 1 Month 1 1/2-1 3/4	(b) 1 Month 1 1/2-1 3/4	(b) 1 Month 1 1/2-1 3/4
Geneva, cent.	(b) 1 Month 1 1/2-1 3/4	(b) 1 Month 1 1/2-1 3/4	(b) 1 Month 1 1/2-1 3/4	(b) 1 Month 1 1/2-1 3/4	(b) 1 Month 1 1/2-1 3/4	(b) 1 Month 1 1/2-1 3/4
Milan, lire	(b) 1 Month 1 1/2-1 3/4	(b) 1 Month 1 1/2-1 3/4	(b) 1 Month 1 1/2-1 3/4	(b) 1 Month 1 1/2-1 3/4	(b) 1 Month 1 1/2-1 3/4	(b) 1 Month 1 1/2-1 3/4

(a) Premium, i.e. "unders pot."

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

THE BANK OF LONDON AND SOUTH AMERICA, LTD., has received telegraphic advice from the Valencia Branch that the gold surcharge for payment of Spanish customs duties has been fixed for the period from December 21st to 31st at 143-07 per cent. The previous rate was fixed as from December 11th at 143-25 per cent.

Central and South American Exchange Rates appeared in the issues of December 5th and 12th. South African and Australasian Exchange Rates were given in the issue of December 5th.

The Norwegian Bank Rate is now 4 per cent. For other Overseas Bank Rates see page 497 of December 5th issue.

COMPANY NEWS

NEW CAPITAL IN 1936

(See Leading Article on page 625)

DESTINATION OF NEW CAPITAL

(£'000)

	United Kingdom		British Empire (excluding United Kingdom)		Foreign Countries	
	Government	Other	Government	Other	Government	Other
FOURTH QUARTER Old Basis:—						
1934	1,450	36,201	Nil	5,940	Nil	82
1935	86,200	14,677	1,237	4,532	Nil	112
1936	61,004	50,852	Nil	10,408	Nil	112
New Basis:—						
1935	86,200	35,615	1,237	8,563	519	192
1936	61,004	165,483	885	11,914	31	6,618
YEAR Old Basis:—						
1934	44,100	93,590	8,461	21,462	Nil	1,495
1935	88,000	132,551	2,907	12,333	Nil	256
1936	60,254	170,091	375	24,423	Nil	698
New Basis:—						
1935	88,000	238,800	3,171	26,152	Nil	1,196
1936	60,254	388,180	885	32,996	3,460	8,180

TOTAL COMPANY ISSUES (By PROSPECTUS) (OLD BASIS)

(Million £)

	1929	1930	1931	1932	1933	1934	1935	1936
Debentures	29-8	49-7	23-9	14-8	17-3	14-1	25-2	18-9
Preference	31-5	15-8	6-9	12-8	12-7	21-5	31-7	24-4
Ordinary	116-0	22-1	20-3	6-0	10-0	44-9	37-3	70-8
Total	177-3	87-6	51-1	33-6	40-0	80-5	94-2	113-6

TOTAL "COMPANY" ISSUES (NEW BASIS)

(Million £)

	1935	1936
Debentures	46-7	35-6
Preference	46-7	41-6
Ordinary	115-6	268-0
Total	210-7	345-2

ANALYSIS OF NEW CAPITAL APPLICATIONS (EXCLUDING CONVERSIONS)

	Old Basis		New Basis	
	Year 1935	Year 1936	Year 1935	Year 1936
British Government Loans	88,000,000	60,253,900	88,000,000	60,253,900
Colonial Government Loans	2,907,500	375,000	3,171,500	384,500
Foreign Corporations, Counties and Public Boards	Nil	Nil	519,400	3,460,100
Colonial Corporation Loans	51,088,900	79,462,200	54,909,400	82,090,500
British Railways	Nil	Nil	690,500	27,300
Foreign Railways	Nil	Nil	270,100	512,000
Australasian Mines	4,532,500	1,172,500	8,351,400	1,408,200
South African Mines	2,821,100	11,068,000	8,418,500	15,231,600
Other Mines	1,762,400	2,659,800	4,566,400	9,758,100
Exploration, Financial and Investment Trust	17,270,000	12,989,400	27,762,100	27,340,800
Breweries and Distilleries	1,081,900	3,549,800	3,887,900	15,800,900
Merchants, Importers, etc.	50,000	644,700	50,000	893,100
Stores and Trading	3,928,300	2,169,400	10,205,500	78,505,800*
3,482,600	1,302,600	4,588,000	1,660,000	
Estate and Land	252,300	401,200	1,261,700	1,980,200
Rubber	30,300	1,870,600	1,363,600	2,243,000
Oil	5,505,200	21,758,500	15,230,900	36,695,200
Iron, Coal, Steel and Engineering	9,052,200	5,892,200	12,181,900	10,727,100
Electric Light, Power, Telegraphs and Telephones	455,000	363,400	5,014,700	7,611,700
Tramway and Omnibus	3,230,600	2,106,400	4,636,200	15,096,400
Motor Traction and Manufacturing	4,074,900	2,659,200	10,577,700	10,870,800
Gas and Water	1,807,800	2,657,100	2,139,800	5,114

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
					Prefce.	Ordinary	Rate			
					Amount	Amount	Rate			Dividend
Banks										
Bank of New South Wales...	Sept. 30	119,996	470,454	590,450	...	460,950	5½	...	129,500	442,661
Breweries										
Leney (Frederick) and Sons	Sept. 30	37,512	52,683	90,195	3,938	25,000	33½	20,000	41,257	47,286
Electric Lighting, etc.										
Adelaide Electric	Aug. 31	109,602	351,193	460,795	172,500	62,500	10	112,404	113,391	347,739
Financial, Land, etc.										
London and Westcliff Properties	Sept. 30	10,901	21,552	32,453	9,200	8,235	6	3,500	11,518	20,751
Peel River Land, etc.	June 30	13,365	23,544	36,909	...	16,200	4½	7,000	13,709	11,985
Hotels, Restaurants, etc.										
Jones (R. E.)	Oct. 31	1,561	45,444	47,005	...	29,470	5	10,000	7,535	41,596
Iron, Coal and Steel										
Cannon Iron Foundries	Sept. 30	8,865	53,109	61,974	8,422	28,593	15	14,000	10,959	36,412
Motor Cycle and Aviation										
Matchless Motor Cycles	Aug. 31	4,530	7,259	11,789	...	7,663	5	...	4,126	2,763
Triumph Company	Oct. 31	Dr 238,757	Dr 115,236	Dr 353,993	...	...	...	...	Dr 353,993	Dr 89,785
Rubber										
Rembia	Sept. 30	1,089	3,066	4,155	...	2,100	2½	999	1,056	133
Shops and Stores										
Abbot (W.) and Sons	Aug. 31	693	Dr 94,969	Dr 94,276	...	...	...	Dr 13,000	Dr 81,276	Dr 2,897
Tramways and Omnibuses										
United Electric Trams of Caracas	June 30	35,191	Dr 11,860	23,331	...	...	...	...	23,331	Dr 11,402
Trusts										
Army and Navy Investment	Nov. 30	27,645	39,394	67,039	13,800	18,400	12	6,000	28,839	41,757
Second British Steamship	Dec. 1	16,342	24,718	41,060	9,636	11,604	6	...	19,820	23,584
Other Companies										
Associated Brick and Tile	Sept. 30	Dr 1,341	Dr 8,733	Dr 10,074	...	...	...	...	Dr 10,074	1,049
British American Tobacco	Sept. 30	2,357,878	5,541,755	7,899,633	585,000	4,736,352	20½	150,000	2,428,281	5,469,171
Chappell and Company	June 30	1,087	24,794	25,881	...	...	...	23,352	2,529	Nil
Ford Paper Mills	Sept. 30	35	4,071	4,106	...	...	...	...	4,106	Dr 2,107
Leeds Fireclay	June 30	...	35,644	35,644	25,000	...	...	...	10,644	Dr 11,987
Marcus Clark and Company	Aug. 1	18,269	43,681	61,950	16,940	...	...	...	45,010	44,371
United Match Industries	Oct. 31	8,077	13,018	21,095	4,411	...	...	3,675	13,009	7,876

* After placing to reserve £30,893 profits earned before Purchase Agreement.

(b) 15 months.

† Free of Income Tax.

REPORTS AND NOTICES

Sir Abe Bailey, Bart., K.C.M.G., Mr John A. Agnew, M.Inst.M.M., and Mr Carl R. Davis, M.Inst.M.M., have been elected to the board of Amalgamated Bank Areas, Ltd.

The directors of Peter Walker (Warrington) and Robert Cain & Sons, Ltd., announce that their General Manager, Mr Thomas Walker, has been elected a director of the company and its subsidiary and associated companies.

Mr. Algernon Denham, J.P., a director of the Halifax Building Society, has been appointed a director of the Yorkshire Board of the Union Bank of Manchester, Ltd.

BANKS

THE CANADIAN BANK OF COMMERCIAL.—The Bank's seventieth annual statement to November 30, 1936, shows: total assets \$637,737,903, of which quick assets are \$394,791,367. Cash, including deposits with Bank of Canada, \$87,671,968. Cash items, including cheques of and balances with other banks, \$51,357,883. Total security holdings \$222,295,127. Total call loans \$52,141,387. Of liabilities, note circulation \$24,559,751; total deposits and bank balances \$542,808,271; non-interest deposits increased \$39,585,000; but decrease in Government balances of \$18,000,000, interest-bearing deposits of public of \$15,234,000, and balances due to other banks of \$2,897,000. Net profit, after appropriation to contingent fund and after deductions for taxes, \$2,909,124; from which dividends \$2,400,000, transfer to pension fund \$259,003, and written off bank premises \$200,000. Balance forward \$715,516. Net profits shown this year after deducting Government taxes of \$823,919. For comparative purposes with last year's statement, taxes \$800,000 should be deducted from amount shown as net profit.

THE UNION BANK OF MANCHESTER, LTD.—Mr Allan Heywood Bright has resigned his seat on the board of the bank. He has been a director over 32 years, and for over 11 years he was deputy chairman.

MISCELLANEOUS

VACTRIC, LTD.—Report for year to September 30, 1936, shows profit of £44,009, compared with £44,368 for previous year. The ordinary dividend is 25 per cent., compared with 22½ per cent. Transferred to reserve accounts £7,868, against £10,028. Carry-forward increased from £3,221 to £3,512. Total assets increased from £249,684 to £262,184. Cash stands at £21,738, against £54,521. Debtors, £48,245, against £37,758. Stocks at £58,508, against £25,004. The number of Vactric Vacuum Cleaners sold during the year constituted a further record. A new model will be introduced early in the New Year.

FORD PAPER MILLS, LTD. (Offer for Control by Wiggins, Teape).—The directors of Ford Paper Mills, Ltd., in a circular to shareholders, state that a conditional offer has been received from Wiggins, Teape and Company (1919), Ltd., the paper makers, to acquire a controlling interest in the company. The terms of the offer are 13s. 4d. in cash in

respect of each £1 share held, or, at the shareholder's option, one £1 ordinary share in Wiggins, Teape (to be allotted at a premium of £1) credited as fully paid both as to nominal value and premium in respect of every three £1 shares held, odd shares to be paid for in cash on the basis of 13s. 4d. per share.

LOW TEMPERATURE CARBONISATION, LTD.—The profit on trading 1936, as compared with £78,480 last year. After providing for debenture interest, depreciation and other charges there remains the sum of £61,232 dividend 6 per cent. less tax, absorbing £58,331, leaving £11,997 to be carried forward. No revenue has been received in the year under review from the months' trading in connection with the new oil and chemical plant at Barugh. and other securities and investments held by the company now amounts November 12th and 14th returns are already in operation. The new coal oil has been most successful.

CAMBUHY COFFEE AND COTTON ESTATES, LTD. (Scheme of Arrangement).—The scheme provides for: (1) The reduction of capital by £430,000, capital of £420,000. (2) The cancellation of all arrears of preference dividend. (3) The conversion of all shares into one class of ordinary shares of £1 each. (4) The surrender of 28,000 ordinary shares to the preference shareholders all the ordinary capital, which will permit of the distribution among the shareholders of eight ordinary shares for every 100 preference shares now held.

COW AND GATE, LTD.—For year to September 30, 1936, profits were £90,785, an increase of £26,994. Present figure is after reserving £19,500 for losses of subsidiary and associated companies not covered by previous year. For year to June 30, 1936, £69,305 for additional provision has been made on balance sheet for difference in exchange arising from the losses on realisation of investments, making total loss £51,864, against total loss last year £90,936.

AGAR, CROSS AND COMPANY, LTD.—Profit for year to June 30, 1936, amounted to £21,590, compared with a loss of £95,407 for preceding year. For year to June 30, 1936, £69,305 for additional provision has been made on balance sheet for difference in exchange arising from the losses on realisation of investments, making total loss £51,864, against total loss last year £90,936.

THE LIVERPOOL AND LONDON AND GLOBE INSURANCE COMPANY, LTD. (INTERIM BONUS DECLARATION).—The directors declare the become claims by death or maturity in the year 1937—45s. per annum for whole life and limited payment policies; 40s. per annum for endowment assurances.

TRANSVAAL GOLD OUTPUT

STATISTICS FOR NOVEMBER 1936

(Revenue calculated on basis of £7 2s. 0d. per fine ounce)

Name of Mine and Group	Tons Milled	Output Fine ozs.	Net Estimated Value	Working Costs	Profit	Working Costs Per Ton
Anglo-American Corporation						s. d.
Brakpan Mines	135,500	...	251,289	138,994	112,295	...
Daggafontein Mines	133,500	...	278,178	140,139	138,039	...
Springs Mines	147,000	...	311,866	140,382	171,504	...
West Springs	98,000	...	111,972	74,087	37,885	...
Central Mining—Rand Mines						
City Deep	106,000	20,127	142,880	...	22,634	22 8-3
Cons. Main Reef	160,000	29,982	212,641	...	51,390	20 1-9
Crown Mines	354,000	85,805	610,114	...	276,040	18 10-5
Durban Roodpot. Deep	86,000	17,743	128,082	...	24,046	23 8-7
East Rand Prop.	208,000	45,918	326,542	...	100,152	21 9-2
Goldenhuis Deep	63,000	10,604	75,385	...	15,965	18 10-4
Modderfontein B	87,000	14,886	106,170	...	45,296	13 11-9
Modderfontein East	104,000	20,853	148,130	...	52,058	18 7-9
New Modderfontein	192,000	39,369	280,049	...	140,036	14 7-0
Nourse Mines	83,000	16,550	117,622	...	24,252	22 6-0
Rose Deep	71,000	12,580	89,437	...	15,136	20 11-1
General Mining						
Van Ryn Gold	61,000	...	55,639	...	7,030	16 7
West Rand Cons.	165,000	...	230,917	...	94,601	17 0
Goldfields						
Simmer and Jack	108,000	22,362	158,773	...	53,224	19 7
Robinson Deep	114,000	27,132	192,637	...	84,453	19 0
Sub Nigel	55,000	40,985	284,911	...	192,321	33 8
Luipards Vlei	46,300	9,847	69,911	...	20,735	21 7-1
Johnnies Group						
East Champ D'Or	11,500	...	15,329	...	3,017	21 5
Government Areas	207,000	...	450,723	...	270,099	17 8
Langlaate Estate	89,000	...	101,547	...	26,039	17 2
New State Areas	118,000	...	255,323	...	148,086	18 5
Randfontein Estates	386,000	...	462,156	...	151,293	16 3
Van Ryn Deep	103,000	...	135,602	...	46,242	17 6
Witwatersrand	87,000	...	92,466	...	13,115	18 7
Johnnies Group Total	1,001,500	...	1,513,146	...	657,891	17 3
Union Corporation						
East Geduld	118,000	34,230	243,006	102,749	140,257	...
Geduld Prop.	107,500	27,039	192,628	75,541	117,087	...
Modder Deep	46,000	7,377	52,701	37,562	15,139	...
Other Mines						
Glyn's Lydenburg	8,400	2,620	18,614	...	5,132	32 1-2
New Kleinfontein	67,000	12,467	89,631	65,601	24,030	19 7
Transvaal Gold	22,800	4,294	31,244	...	7,013	21 3-1
Witwatersrand Deep	46,000	7,878	55,765	33,206	2,559	...

WITWATERSRAND DEEP.—Results adversely affected by accident in shaft; operations are now proceeding normally.

TRANSVAAL OUTPUT, EMPLOYMENT AND WORKING PROFIT.—Gold output, November, 1936, Witwatersrand, 922,490 fine ounces; outside districts, 22,293 fine ounces; total, 944,783 fine ounces. Value for purposes of declaration, £7 2s. Total output, October, 1936, 977,425 fine ounces. The number of natives employed at end of November was: Gold mines, 295,402; coal mines, 15,039; total, 310,461. Total estimated working profit for November, 1936: Witwatersrand, £2,693,854; outside districts, £12,145; total, £2,705,999. Comparable figures for October, 1936: Witwatersrand, £2,782,029; outside districts, £12,131; total, £2,794,160.

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CABLE AND WIRELESS, LTD.—Traffic index for November, 1936, is 80.5 compared with 75.9 for October, 1936; November, 1935, 72.7. For particulars of index since 1930 and method of construction, see *The Economist*, July 25, 1936, page 203.

R. E. JONES, LTD.—R. E. Jones' accounts show a profit of £47,638, against £44,823 for the year to October 31, 1936. Adding £1,560 brought in from the last accounts, there is a total of £49,198, from which £2,193 is deducted for tax and £10,000 transferred to property reserve. The dividend for the year is again 5 per cent. on ordinary shares, less tax, the balance of £29,470 being carried forward.

JOHN CROSSLEY AND SONS.—A preliminary statement shows profits (subject to audit) of £86,615, compared with £56,587, for the year to December 5, 1936. The balance brought in was £3,389, making a total of £90,004, and the usual amounts have been allowed for depreciation. The directors recommend a final dividend of 5 per cent., making, with the interim, 7½ per cent., less tax, for the year, against 6½ per cent. It is also proposed to raise the allocation to reserve by £20,000, to £30,000.

BRITISH OXYGEN DEAL (Purchase of Turner and Newall Subsidiary).—The whole of the shares in the Quasi-Arc Company, Ltd., previously held by Turner and Newall, have been acquired by British Oxygen, in exchange for shares in that company issued to Turner and Newall.

OIL OUTPUTS

ANGLO-IRANIAN OIL COMPANY, LTD.—Production in Iran for the month of October amounted to 672,000 tons, making a total of 6,829,000 tons for the first ten months of 1936.

THE MEXICAN EAGLE OIL COMPANY, LTD.—Production for the week ended December 12, 1936, was 615,000 barrels.

BRITISH CONTROLLED OILFIELDS, LTD.—Production for week ended December 19th: Venezuela, 6,710 barrels; Trinidad, 27,813 barrels. *Office Note.*—Decrease in production due to general strike of oilfield workers in Venezuela from Monday last, December 14th.

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
TEA AND RUBBER					
Deamouille Tea	2½%	Jan. 8	5%	...	...
Ipoh Rubber	...	...	...	7	3
Krubong Rubber	...	...	...	2½	Nil
Kuala Pertang Syndicate	4½%	Jan. 15	Nil*	6	5
Langen Rubber	...	...	...	2½	Nil
Rembia Rubber	...	...	...	...	...
Rupai Tea	2½%	Jan. 8	5%	...	...
Sarawak Estates	3%	Jan. 30	Nil*	...	...
Sundayan Rubber	...	Jan. 15	...	7½	5
Tara Tea	2½%	Jan. 6	5%	...	...
United Serdang Rubber	...	...	...	10	6
MINING					
Apex Mines	10%†	Jan. 28	2%†	15	10
London Nigerian Tin	5%†	Jan. 28	Same	...	...
Ditto	5%†	...	Same	...	...
New Vaid River Diamond	2½%	...	Same	...	...
Rooiberg Minerals	2½%	...	Nil*	...	...
OTHER COMPANIES					
Apex (Trinidad) Oilfields	25%†	Jan. 9	17½%†	35	27½
Associated British Picture	5%†	...	5%†	...	...
Bassett (Geo.) and Company	5%†	Jan. 21	Same	10	10
Berry Wiggins and Co. A. Ord.	8d p.s.†	Jan. 18	Same	20½	20½
British American Tobacco	10d p.s.†	Jan. 18	Same	...	...
Ditto 1936-1937	2½%	...	Same	...	...
Bullcroft Main Collieries	2½%	...	...	7½	6½
Crosley (John) and Sons	2½ p.s.†	...	First	10	10

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THE ECONOMIST

THE NEW DEAL

AN ANALYSIS AND APPRAISAL

SATURDAY, OCTOBER 3, 1936

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INTRODUCTION

ON November 3rd President Franklin Roosevelt faces the electors of the United States. It will then be four years since he defeated President Hoover by the largest majority ever accorded to any President. It will be three years and eight months since, in the middle of a banking panic, he took over the government of the largest and richest democracy in the world. In the interim period there has been one opportunity for the electorate to pronounce a provisional verdict at the election of 1934, when the House of Representatives and a third of the Senate were chosen. That verdict was overwhelmingly favourable. But this time it is the President himself who submits himself for judgment; this time it is the future of the whole New Deal that is at stake.

The campaign has been vigorous and the contest is expected to be close. All sorts of issues have played their part in the speeches of candidates and partisans, but the dominant ones are economic and social. Has the policy pursued by the President succeeded in its dual aim of restoring the activity of the economic system and of correcting some of its abuses? Has there been enough Recovery? Has there been enough (or perhaps too much) Reform? Beneath the glossy surface of the slogans and platitudes, these are the questions that electors will have to answer next month.

No one can anticipate the answer they will give. But it may be of assistance, especially to observers who have

watched the New Deal from afar, to summarise what has been done and to point the morals which appear to emerge from the record. This is what has been attempted in the following pages. In each chapter an attempt is made to sketch the situation at the pit of the depression; to outline the remedy adopted; to record the results, in so far as they emerge in a form susceptible of record; and to suggest a conclusion on the merits of the experiment.

This attempt has been subject to two difficulties in particular. The first is space. An encyclopædia is needed for an adequate description of the gigantic experiment that has been proceeding in America under President Roosevelt, and many endeavours which have occupied the minds and employed the bodies of many thousands of men have had to be dismissed here in a line or two, or left entirely unmentioned. The second difficulty is subjective. Only to a very limited extent is it possible to judge the actions of a whole nation by any absolute criterion. For the rest, he who expresses a judgment merely exposes his own preconceptions. This risk has been recognised and faced. Judgments will be found in the succeeding pages, and in a leading article in the accompanying issue of the *Economist*, which should be read as a synthesis of the whole survey. An effort has been made to make these judgments consistent with each other. Beyond that they claim no absolute authority.

UNEMPLOYMENT AND RELIEF

UNTIL the onset of the Great Depression, America prided itself on giving no thought to unemployment. Even in periods of abnormal activity there was always a body of unemployed workers who may well have been numbered in millions. Indeed, unemployment is an inevitable concomitant of any dynamic community, and in a country where conditions change so rapidly and so ruthlessly, and where "labour turnover," voluntary and involuntary, is so high, the normal minimum of unemployment must necessarily be considerable. But it was contrary to the established social philosophy of the country to admit that any able-bodied and efficient workman could remain out of work for more than a temporary transitional period, or that he should be assisted by the community if in want. The older and more settled States on the Atlantic seaboard had

inherited from England a rudimentary Poor Law of an Elizabethan character, but these institutions were not intended for the able-bodied poor and made little contribution to the relief of destitution arising out of unemployment. Broadly speaking, the only recourse of the indigent working man was to charity, and previous visitations of depression had always been surmounted, not without great suffering, by special efforts on the part of private and semi-official charitable institutions.

The emergency of the present depression was at first tackled on the same lines. But its dimensions soon overwhelmed the private organisations. Figures which are available for 70 of the largest cities show that the number of families receiving charitable assistance, which had been no more than 40,000 in the winter of 1928-29, had risen to

70,000 by the winter of 1929-30, to 185,000 by the winter of 1930-31, and to nearly half a million by the next winter. The agencies dispensing charity, accustomed to finding less than \$1,000,000 a month in the normal winter, were called upon to find more than \$10 millions a month by the time the depression was two years old. Private funds obviously would not bear a strain such as this, and one by one the Treasuries of the 48 States had to shoulder some of the burden. Even so, only four States made specific appropriations for relief before 1932, so hard did the tradition of "rugged individualism" die. When the full measure of the need came to be taken, however, it was found that the finances of the States were also inadequate to meet it. Their basis of taxation is narrow, and their borrowing powers, in most cases, are strictly limited both by law and by circumstances. Pressure was therefore inevitably directed on to the Federal Treasury. But Mr Hoover did not yield. In 1932, he went so far as to approve the loan to the States of \$300 millions (enough for less than two months at the rate of spending reached three years later). Until Mr Roosevelt's inauguration this was the sum total of the Federal Government's relief measures.

The Federal Emergency Relief Act was one of the first enactments of the new Congress. It became law on May 12, 1933, and authorised the immediate expenditure of Federal funds for relief purposes. The burden was not entirely lifted from the States or from subsidiary local authorities, which have continued to spend heavily for relief. But since May, 1933, the main cost has fallen on the Federal Treasury. These expenditures have been outright grants, not loans, and the liability of the States for the \$300 millions lent in 1932 has been cancelled. Relief has been accepted as a Federal obligation.

THE VOLUME OF UNEMPLOYMENT

One of the most puzzling features of the American relief problem is to determine its size. No trustworthy statistics of unemployment exist and, strangely enough, little effort is being made to collect them. In the absence of accurate figures, conjecture has a wide range. The American Federation of Labour regularly publishes a figure which has ranged as high as 13,689,000 in March, 1933, and was still 11,259,000 in May last. To represent the other extreme, estimates made by *The Sun*, a New York newspaper, may be cited. These resulted in a figure of almost 4,000,000 unemployed in 1935, omitting agriculture, domestic service or the professions. An approach to the true figure may be secured by means of a comparison with the United Kingdom. According to the Census of 1930, the occupied population of the United States, omitting agriculture and domestic service (i.e. the two great manual occupations exempted at that time from British Unemployment Insurance) was almost exactly double the corresponding figure for the United Kingdom, as shown by the Census of 1931. British unemployment (as defined by the various Unemployment Acts) has been as high as 2,800,000, and is now about 1,650,000. It is probable that American "normal" unemployment is higher than British (owing to the greater mobility of labour) and that the depression has been more severe in the United States, both at its worst point and later, than in this country. This would lead to the expectation that American unemployment (still on the British definition) would be somewhat more than twice that of Great Britain. This gives a range between, say, 4½ and 7 millions. It is unlikely, until further information is available, that any closer approach to accuracy can be made.

The measure of unemployment, however, is not the measure of the need for relief. The following table shows, by quarters since the beginning of 1933, how many relief "cases" have been assisted either by the Federal Government or by States or by local authorities. The total has been divided to show the numbers assisted by "direct" relief (i.e. cash or payments in kind) and those relieved by the provision of work of any variety†:—

RELIEF CASES, 1933-36
(Figures are monthly averages, in thousands)

	Direct relief	Work relief and special schemes (b)	Total
1933—First Quarter (a) ...	2,736	1,824	4,560
Second Quarter.....	2,724	1,952	4,676
Third Quarter.....	2,097	1,815	3,912
Fourth Quarter.....	2,385	2,469	4,854
1934—First Quarter	3,031	3,961	6,992
Second Quarter	2,885	1,778	4,663
Third Quarter.....	2,373	2,366	4,739
Fourth Quarter	2,530	2,794	5,324
1935—First Quarter	2,617	3,147	5,764
Second Quarter	2,438	2,942	5,380
Third Quarter.....	2,508	2,537	5,045
Fourth Quarter	2,789	3,254	6,053

(a) Estimated. (b) Includes Civil Works Administration November, 1933–July, 1934; Works Progress Administration from July, 1935; Civilian Conservation Corps, Work Relief, Rural Resettlement, Education and Transient programmes from the inception of each.

These figures are both more and less than figures of unemployment, as understood in England. They underestimate unemployment, in so far as each family is counted only once, however many unemployed persons there may be in it. But they overestimate the degree of industrial unemployment by the inclusion of a number, varying between one and two millions, of agricultural workers. The problem of rural destitution, so far from being ignored, as is tacitly done in Europe, is actually worse than that of industrial unemployment. Taking January, 1935, as a typical month of heavy relief expenditures, the eight States with the highest ratio of relief "cases" to total population were all of them farming States west of the Mississippi. The eight States with the lowest ratio were all States east of the river, many of them manufacturing communities. The need for relief has clearly been caused by the vagaries of climate as much as by those of economics.

ADMINISTRATIVE POLICIES

In dealing with this vast and inchoate problem, the approach of the Government has been both experimental and elastic. Both qualities deserve brief exposition.

The experimental character of the programme can best be illustrated by the many changes of policy and of nomenclature. The first agency to be set up was the Federal Emergency Relief Administration (F.E.R.A.), which lasted from May, 1933, until December, 1935. The F.E.R.A. worked entirely through the States, although its control of the limitless Federal funds gave it a very definite influence over the policies of the Relief Administrations that were set up in every State. A large proportion of F.E.R.A.'s disbursements went for direct relief, and in the early months considerable effort was devoted to increasing the average rate of relief, which rose from \$15.15 per family per month in May, 1933, to a peak of \$30.45 in January, 1935. From the first, however, the Federal authorities showed a strong predilection for giving relief by way of work. This side of the programme has been organised under no less than three successive agencies and known by four different titles, but its development can be traced fairly consistently throughout these vicissitudes.

At the beginning the "work relief" was little more than leaf-raking and similar forms of "made work." The usual difficulties of providing work for the unemployed were encountered. For example, nothing could be undertaken that would either, on the one hand, enhance the value of private property or, on the other hand, compete with private industry. Moreover, jobs had to be fitted to the men available, rather than men to the jobs.

These difficulties have not, however, deflected the Administration from its preference for work as compared with the dole, but have served to change the basis of relief. During 1935 a gradual change was made to an entirely different organisation. Since December 15, 1935, the F.E.R.A. has ceased to exist and the Federal Government has ceased to make any payments to the States for relief purposes. It has, however, taken over full and direct responsibility for finding work for the 3½ million destitute

persons deemed to be "employable." The remainder are now the sole responsibility of the States.

The organisation in charge of these work projects has been re-christened the Works Progress Administration (W.P.A.), and its policy may be regarded as a halfway house between pure "made work" and a public works programme as usually understood. Men are employed at standard rates of wages, which vary from locality to locality and according to skill (the lowest rate is \$19 per month for unskilled workers in villages in the South-Eastern States; the highest is \$94 per month for professional and technical workers in the North-East and Far West). Ninety per cent. of all persons employed must be taken from the relief rolls, but no attempt is now made to vary payments between different workers according to any assessment of need. On the other hand, the total expenditure per man employed has been kept to such a low figure that "remunerative public works" can only rarely be undertaken. The bulk of the work done is undoubtedly useful, but it will return dividends in social benefit and æsthetic pleasure rather than in cash or even in taxable capacity. The compromise nature of the programme can be illustrated by figures of cost. Direct relief costs \$33.66 per family per month. The Public Works programme (discussed in the next section of this survey) has cost \$206 per month per man directly employed. The work being done by the W.P.A. costs about \$80 per man per month.

Some of the details mentioned above—such, for example, as the considerable variation in rates of wages paid—illustrate the elasticity with which relief has been administered, contrasting strongly with the rigid uniformity of the British system. But this elasticity is most strikingly exemplified by the various special programmes which have been devised to meet the needs, and to exploit the skills, of particular varieties of unemployed persons.

Two of these special schemes may be singled out for specific mention. The first is the well-known Civilian Conservation Corps, which has taken half a million youths from the cities and put them to work in the forests and National Parks. This is the one section of the whole relief programme of which there has been virtually no criticism; it has done incomparable good to the health and morale of the young men enrolled, as well as accomplishing much valuable conservation work on the natural resources of the country. The second special scheme selected for mention is the work done by the Federal Surplus Relief Corporation, which has made a direct assault upon the paradox of "starvation amid plenty." In two years the Corporation bought \$270 millions of agricultural products from the distressed farming regions, processed them and distributed them to the needy of the cities.

Relief on this scale is necessarily expensive. During the three years 1933-34-35, the total spent on relief (omitting some of the special schemes) by the United States, the separate States and by local authorities, was \$4,353 millions, or about £871 millions. This gives a monthly average rate of expenditure of about \$121 millions. Of this total sum, the Federal Government found 70.9 per cent., the States 12.8 per cent., and local authorities 16.3 per cent. The Federal Government's contribution was much less than the aggregate Federal deficit during these years, so that it can all be considered as having been borrowed. Of the State's contributions, 61 per cent., and of the local authorities' contribution 35 per cent., was raised by borrowing. Of the total expenditure, therefore, only some 16 per cent. has been financed by taxation. Even for this comparatively small amount the existing taxes have frequently proved insufficient and many States have imposed special Sales Taxes (i.e., excise taxes on retail sales) to raise funds for relief. Neither Federally nor in the States have the funds been raised to any significant extent by progressive taxation.

CRITICISMS

The relief programme has been subjected to a very great deal of criticism. Any summary account of a great charitable venture must necessarily read favourably, and it must

be admitted that behind the admirable elasticity, the praiseworthy willingness to experiment and the worthy humanitarian impulse which has inspired the programme, there has been a great deal of sheer waste and inefficiency. Most of this, and most of the criticism, arise out of the decision to concentrate on work relief rather than direct relief. The very desire to accommodate the nature of the work provided to the capabilities of those available for work, unexceptionable in principle, has led to a great deal of purely unnecessary endeavour—projects such as the cataloguing of foraminifera fossils, the construction of arboreta, the measurement of the cubic content of buildings and others for which the term "boondoggles" has been invented. It can be urged in defence, however, that in most of these cases the provision of work has cost no more than cash relief. Greater objection could, indeed, be taken to the more usual run of work projects, which are costing much more than cash doles, but producing little to enrich the country in any financial sense. It is only a rich country that can afford to deal with its unemployment in this expensive, unremunerative way.

A parallel criticism which is very frequently heard is that the Federal Government has made it far too easy to get on to relief and that the attractive rates which the authorities are prepared to pay have conjured up unemployed where there never were any. This may be true in some agricultural States, where employment on the land for those not owners has always been sporadic and poorly paid. But it is difficult to disentangle this form of economic malingering from the genuine distress left behind by the drought. In any case, it is an inevitable defect of any hastily improvised system of relief that the appearance of distress must be taken at its face value. The critics of the Administration usually clinch their argument on this point by emphasising that when direct relief was handed over to the States and local authorities in December, 1935, the relief rolls rapidly shrank in many areas. But there is reason to believe that this was due to the local authorities' severity as much as to the Federal Government's generosity. Indeed, one of the chief objections that can be lodged to the new scheme of relief is that those unemployed who do not succeed in finding employment under the W.P.A. have been deserted by the Government. In at least one Eastern State the local relief administration was "closed for the summer" in 1936, and many other States have failed to make adequate financial provision.

Another criticism which has some justice (though, possibly, not nearly as much as its originators believe) is the accusation that relief funds are being used to buy votes for the Democratic Party. Over the country as a whole there is no reason to doubt the protestations of the Administrator that "politics" have been banned from the dispensation of relief, except, of course, to the extent that the Democratic Party anticipates a certain sense of gratitude from the beneficiaries of relief. But in some areas, especially where the local Democratic "machine" has been weak, more dubious methods have been used to ensure that relief dollars were transmuted into Democratic votes.

These are the criticisms. Against them must be set admiration for the amazing rapidity with which a vast organisation was improvised and for the imaginative humanity with which it has been administered. It is natural for the critics to compare the actuality of relief in a nation which had not admitted the possibility of such a thing five years ago with some theoretical ideal. It is, perhaps, more pertinent to make the comparison with the chaotic misery of Mr Hoover's last two years. And the argument can fairly be turned against the critics. Those who most strongly inveigh against waste and extravagance to-day, are, by and large, those who proclaimed most loudly that the "dole" was "un-American." Moreover, it is noticeable that though no department of the New Deal is more frequently criticised in detail, none is more rarely attacked in principle. The Republican "platform," for example, though it would return the "responsibility" for relief to "non-political local agencies," would lay no more than a "fair proportion" of the cost on the States. This is a very considerable advance on the Hoover policy.

* A "case" is a family or an individual if he has no family.

† It is possible that there is a small degree of duplication in the figures, but it does not, in any case, exceed 200,000.

PUBLIC WORKS

PUBLIC works were executed on a considerable scale in the United States in the 1920's. So much can be stated on the evidence of the traveller's eyes, for there is hardly a town in the country which has not had at least one new city hall, courthouse, high school or post office since the end of the war, and large sums have been spent on improving the network of motor roads. The following table gives estimates of the amounts spent in public construction of all kinds in the years before the depression, together with the proportion of public construction to total construction*:

	1923	1924	1925	1926	1927	1928	1929
Public construction (\$ millions)	2,123	2,652	2,812	2,974	3,706	3,631	3,555
Percentage of total ...	22.1	24.6	22.9	23.6	28.7	27.9	29.0

The average expenditure during these years was \$3,065 millions, or £613 millions—a substantial sum even for a country with nearly three times the population of the United Kingdom. On the average of these seven years, about 47 per cent. of the total went for roads, streets and bridges.

This considerable volume of public works, however, was "unplanned" in two separate ways. In the first place, it was undertaken by the Federal Government, 48 separate State Governments and a very large number of cities, all on their own separate initiative. Secondly, there was no attempt to adapt the volume of public works to any form of plan for economic stabilisation. A partial exception to both statements must be made in the case of roads. Since 1921 the Federal Government has been making grants to the States for the construction and maintenance of the trunk road system of the country, and some degree of forward planning has been necessary for the purpose. But these grants never exceeded \$95 millions per annum until after 1929, and the planning involved was more technical than economic.

Efforts to expand the volume of public construction were made by President Hoover early in the depression. The Federal Government's own works were increased in volume and the appropriation for grants-in-aid for road construction was considerably enlarged. These measures resulted in an increase in Federal public works in each of the years 1930, 1931 and 1932. But State and city administrations, without either the national responsibility or the elastic fiscal resources of Washington, severely reduced their expenditures after 1930. In an effort to remedy this state of affairs the Emergency Relief and Construction Act was passed in July, 1932, authorising the Reconstruction Finance Corporation to lend up to \$1,500 millions to States and cities for public works. But the Act also provided that all projects to be undertaken should be self-liquidating without the imposition of special taxes or assessments, and the rates of interest demanded by the R.F.C. were high. As a result, by December, 1933, only \$60 millions had actually been spent. The figures for these years are as follows:

	1930	1931	1932	1933
Construction by				
Federal Govt.	390	510	580	500
States	706	786	551	300
Counties	709	329	137	100
Cities	1,495	1,302	797	400
Total public construction	3,300	2,927	2,065	1,300
Percentage of total construction ...	35.6	40.4	49.3	45.4

It will be seen that, in spite of the rapid decline in total public construction, its proportion of total construction increased very substantially.

The Roosevelt Administration, coming into office in March, 1933, put in the forefront of its programme a large programme of public works expenditure. The National Industrial Recovery Act, passed in May, which was the parent of the N.R.A., also authorised an appropriation of \$3,300 millions for public works and set up the Federal Emergency Administration of Public Works, better known as P.W.A. Not all of this sum, however, was spent on public works, and still less was available to P.W.A. The Act provided that \$621 millions was to go to various specific

agencies. At later dates the President transferred various sums for purposes, such as the Civil Works Administration, which were more relief than public works. Moreover, the enlarged construction programmes of Departments of the Federal Government, though they were financed out of the \$3,300 millions fund, were under the control of the Departments concerned. In short, only \$711 millions was actually available to P.W.A. out of this first appropriation. Later appropriations increased the total of Federal money available to P.W.A. to \$1,291 millions.

The Act of 1933 laid down that these funds were to be distributed by P.W.A. to States and smaller local authorities to finance public works. Thirty per cent. of the cost of labour and materials (amounting in practice to about 25 per cent. of total cost) could be given as an outright grant. The remaining 70 per cent. could be loaned; the rate of interest was later established at 4 per cent. In addition loans, but not grants, could be made to private corporations. In 1935 these arrangements were modified, and from the additional appropriations then made available to P.W.A. it could make grants of as much as 45 per cent. The loans to States and municipalities were made by purchasing their bonds. P.W.A. was empowered to sell these bonds on the open market and to use the funds thus obtained for making further loans. By means of this "revolving fund" a further sum of \$395 millions had been obtained by April 30, 1936.

The change of policy in 1935 approximated the character of public works much more to that of relief. At the same time, direct cash relief was abandoned in favour of work relief. This compromise of work which is neither remunerative nor wholly "created" is now the established policy of the Federal Government. Public works, in the proper sense of the term, have been almost abandoned. There are several reasons for this. Ever since 1933 there has been some disappointment at the slowness with which public works expenditures were developed. In addition, public works are deemed to be an unduly "expensive" form of increasing employment. This view is based upon the fact that the cost per man directly employed has worked out at \$2,470 per annum. Indirect employment and the value of the works themselves tend to be ignored. Finally, in the interplay of personalities in Washington, Mr. Ickes, the Public Works Administrator, has lost in influence at the White House as Mr. Hopkins, the Relief Administrator, has gained. The Appropriation Act of 1936, as originally proposed, contained no provision at all for P.W.A., which would have lapsed. Amendments in Congress gave it a reprieve, by authorising it to make grants as well as loans out of its revolving fund. But this revolving fund is now its sole source of funds, and public works will be on the decline in the remainder of 1936 and in 1937.

The total amount spent in the public works programme from July 1, 1933, to April 30, 1936, was \$3,977 millions. Of this total, \$1,291 millions, as stated above, was appropriated to P.W.A., \$1,567 millions was spent on construction projects of the Federal Departments, \$395 millions came from the revolving fund, and \$723 millions was put up by the States and municipalities. The total was spent on the following forms of construction:

	Amount (\$ millions)	Per cent. of Total
Public buildings	929	23.8
Roads	620	15.9
Dams, etc.	387	9.9
Sewage systems	336	8.6
Bridges, etc.	314	7.8
Ships (including naval vessels)	265	6.8
Aids to navigation	257	6.6
Railroads	201	5.1
Waterworks	194	5.0
Housing	133	3.4
Power (other than water power)	42	1.1
Aviation	30	0.8
Miscellaneous	192	5.0
	3,900*	100.0

* The discrepancy between this figure and that given in the text is explained partly by the omission of administrative expenses, partly by a difference of two months between the dates to which the figures refer.

Figures are not available for the construction expenditures of States and municipalities, other than those included in P.W.A., since the end of 1933. But they have almost certainly been very small, both because the financial position of most local authorities has been difficult and also because the attraction of a Federal grant has tended to bring most projects into the P.W.A. programme. In view of this, the expenditure of a little less than \$4,000 millions in 32 months does not look large. Even if allowance is made for the fact that the programme did not get under way until the beginning of 1934, the monthly rate of expenditure is only \$150 millions. A figure for the United Kingdom in roughly the same proportion to national income would be £7½ millions to £10 millions per month, or £90 millions to £120 millions per annum. Though considerable, these figures are by no means gigantic.

The size of the public works programme, as such, has

been exaggerated. Its net result has been to restore the average expenditure on public construction to about 60 per cent. of its pre-depression level. In these circumstances, it would be idle to look for the effects which have been theoretically predicted for a policy of increasing public works expenditures in times of depression. The plain truth is that in the United States public works have not been increased; they have merely been prevented from fading altogether away. Public works, as such, in fact, have played only a relatively small part in the experiment of "deficit financing" by which it was hoped to "prime the pump" of recovery. Discussion of this theory must therefore be deferred to our article on the Budget, in which it will be possible to bring together the figures not only for public works but for the various other activities which have been financed by borrowing.

HOUSING

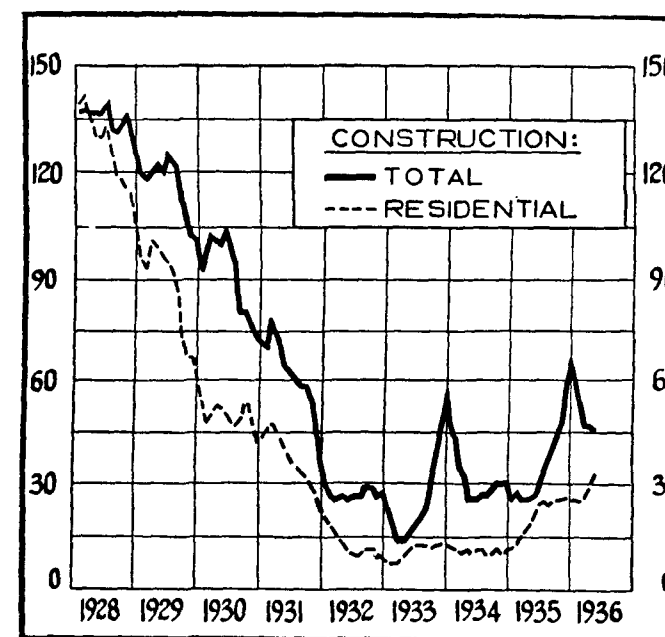
THE provision of houses in the United States has always been an erratic and speculative business. The period of the '20's in house-building was certainly no less erratic and considerably more speculative than earlier periods. The advent of the automobile opened up whole new areas for development round the cities, which were growing fast both in area and in population. There was a boom in urban apartment buildings, and although this particular form of activity receded considerably before the Stock Exchange crashed, every large American city in 1929 was over-supplied with apartments, especially of the newer and more expensive varieties. The unsoundness of the real estate position in 1929 did not rest solely on the over-supply of apartments. For many years the financial practices of speculative builders and individual home-owners had been getting progressively more foolhardy. Buildings were constructed with the slenderest of equities, the service of first and second mortgages requiring a proportion of the prospective income which could only be justified on the most optimistic view of the future. Mortgage debt increased very rapidly. It has been estimated* that while the total value of urban real estate increased from \$64,600 millions in 1921 to \$73,700 millions in 1929 (a 14 per cent. increase) the volume of long-term urban mortgage debt increased from \$8,968 millions to \$27,616 millions, or by 208 per cent. The ratio of total value to debt fell from 7.2 : 1 to 3.7 : 1. Moreover, it was not only the mortgagors who were imprudent. Banks invested in real estate loans with more faith than wisdom, and in many cities it was their real estate holdings rather than their industrial and commercial loans which ultimately compelled the banks to close. In the later years of the boom there was an almost incredible degree of recklessness among some of the financial institutions specialising in mortgage business.

Amid all this activity, however, one problem was untouched. There was very little building in the Golden Decade for the benefit of the really poor. The housing standards of the middle and upper classes in America are considerably higher (except as regards the amount of cubic space deemed necessary) than in Europe. But the slums of America are among the worst in the world. They are bad in the large cities where the recent immigrants are herded together. They are, if anything, worse in the small towns, and they reach their nadir in the coloured quarters of every town, large or small.

The position of the real estate market when the depression appeared was thus one of peculiar difficulty. A fall in incomes, coming on top of an already existing over-supply of dwellings, led to a rapid fall in both rents and values. Average rents, according to the National Industrial Conference Board, fell by 14 per cent. between January, 1929, and December, 1931, while the total value of urban property declined by 17 per cent. in two years. Foreclosures in the first two years of depression were not unduly

numerous. The estimated total debt declined only by 0.5 per cent., in spite of the rapid fall in values. But the activity of the building industry vanished very rapidly, as the following chart of contracts awarded shows:—

INDEX OF CONSTRUCTION CONTRACTS AWARDED
(1923-25=100)



Beginning in 1931, the deflation of debt was intense. The total of urban mortgages declined between 1931 and 1933 by \$8,245 millions, or 22 per cent.† But foreclosure was of little use to mortgagees, for houses could not be sold or let, except at ruinous loss. The financial institutions involved, especially those that had demand liabilities to the public, were accordingly affected. Their depositors grew anxious, and the pressure on the debtor was increased. Liquidation was the order of the day in all sections of American economic life in the years 1930 to 1933, but nowhere was the pressure more severe or the havoc caused more painful than in the field of urban real estate. The collapse of values was, perhaps, rather greater in commercial than in residential buildings, but the individual hardship caused was infinitely greater in the latter category.

There were thus four separate problems in connection with housing which forced themselves on the attention of the Administration long before the advent of President Roosevelt. The first was to prevent the eviction of many thousands of home owners. The second was to rescue the financial institutions involved in the real estate market from complete collapse. The third was to make possible some

* Evans Clark. "The Internal Debts of the United States," page 66.

† These are the estimates of the Federal Home Loan Bank Board and cover a rather wider field than those cited above.

* Figures taken from A. D. Gayer "Public Works in Prosperity and Depression," pages 51 and 62. Published by the National Bureau of Economic Research.

revival in the building trades. And the fourth was to clear the slums.

Characteristically, President Hoover selected the financial problem for prior treatment. His solution was the Federal Home Loan Bank Bill, which was passed in the Congressional session of 1932. Legislation on the lines of this Act had long been advocated by the building and loan societies (the nearest American equivalent to the English building societies). Broadly speaking, the Act set up for these societies, and for any other financial institutions engaged in similar business, a mechanism very similar to that provided for commercial banks by the Federal Reserve system. Twelve regional Home Loan Banks were created, with capital provided partly by the Treasury, partly by the member institutions. These banks can extend to their members either short-term accommodation or long-term loans on the security of the mortgages pledged as collateral by the member institutions. The twelve Home Loan Banks are co-ordinated and, in part, directed by a Federal Home Loan Bank Board at Washington. The system is rounded out by a Federal Savings and Loan Insurance Corporation, which insures all deposits up to \$5,000 in member institutions in return for an annual premium of $\frac{1}{8}$ of 1 per cent. of aggregate deposits.

This structure, though possibly a little top-heavy for the purposes it was intended to serve, is undoubtedly necessary and beneficial. Loans and advances to member institutions amounted to \$119 millions on June 30, 1936, and there is no doubt that this additional source of credit has enabled the mortgage institutions of the country to maintain greater liquidity and to extend more ample and easier credit to individual mortgagors. But it is clear that a system whose guiding principle is the extension of credit against sound assets only could do very little to solve the pressing emergency of 1932-33. Its undoubted merits are of the permanent rather than the emergency variety, and it is surprising only that it was ever thought to be a solution for the more urgent problem.

RESCUING THE HOMEOWNER

The first action of the Roosevelt Administration was as characteristic of its philosophy as the Home Loan Bank system was of Mr Hoover's. Instead of pumping in credit at the top against sound assets, the new method was the provision of immediate relief at the bottom, to individual home-owners, against assets whose soundness was frequently dubious. This policy was accomplished by the Home Owners' Loan Corporation, which was administered by the F.H.L.B. Board. The H.O.L.C. was quite definitely an emergency institution, and one of the conditions under which it operated was that the beneficiary must be in distress and unable to obtain accommodation from any other source. These conditions satisfied, the Corporation would take over the mortgage, giving a three-year moratorium on repayment instalments and reducing the rate of interest to 5 per cent. The term of these new mortgages was not more than 15 years. The mortgagee was to be paid off not in cash (except in a minority of cases) but by H.O.L.C. Bonds. These bonds were at first guaranteed by the Government in respect of interest only, but in order to make them acceptable, it was found necessary to guarantee principal also. Lending ceased on June 13, 1936, and on June 30th, the H.O.L.C. had made over a million loans amounting in all to \$3,093 millions. Its existence will terminate on June 13, 1951.

The H.O.L.C. has carried out, with expedition and efficiency, a very large and necessary rescue job. In theory, the task has been carried out at no cost, since there are assets against all the Corporation's liabilities. These assets, however, consist of many of the most doubtful mortgages in the country, and it remains to be seen what success the Corporation will have in collecting the interest and repayment instalments due to it. It may be argued with some force, however, that an ultimate loss to the public Treasury, provided it is kept within moderate limits, will have been worth while if it has prevented a million evictions.

Simultaneously with these successful attempts to prevent further liquidation in the real estate market, an assault was made on the problem of providing homes for the very

poorest sections of the community. Some rehousing activities have been carried on by the Resettlement Administration, mainly in connection with self-subsistence projects of one kind or another. But the major part of the "low-cost" housing campaign has been carried out by the Housing Division of the Public Works Administration. This division was originally set up to make loans to "Limited Dividend Corporations." These corporations were envisaged as something analogous to the Public Utility Housing Societies in Great Britain. But they were very slow in putting in an appearance. In most projects submitted, the dividend was virtually unlimited, and in the event only seven projects were approved, housing only 11,000 persons. As a result of the failure of this scheme, the Housing Division decided to construct its own buildings and operate them as Federal property. This second programme has achieved rather more success. Forty-nine projects are built or building, housing nearly 30,000 people. These houses are being built with P.W.A. money, and accordingly 45 per cent. of the cost is counted as a free grant. Rents are calculated to pay interest only on the remaining 55 per cent., but even so the average rental will work out at about \$7 per room per month, including services. A rough equivalent in Great Britain would be 28s. a week for a four-room dwelling, inclusive of light, heat and hot water. Even allowing for the difference in wage-levels, it can be seen that this is very far from being "low-cost" housing. The Housing Division, together with the rest of P.W.A., has lately fallen into disfavour, and its activities are to be wound up.

To have provided accommodation for 40,000 people at rents which the really poor cannot pay is no sort of solution of the slum problem. Indeed, it may be said that the chief purpose served by the Housing Division has been to demonstrate that housing cannot be provided for the slum dwellers except with a very large subsidy from public funds. This is partly due to the coincidence in America of very ambitious housing standards with a cost of construction which is very high even in relation to American wage standards. So long as these conditions remain, America will be even further from a solution of the slum problem than European countries.

MOBILISING CREDIT

The Home Loan Bank system started operations in October, 1932. The H.O.L.C. made its first loans in September, 1933. The first expenditures of the Housing Division were made early in 1934. But still there was no substantial recovery in the activity of the building trades. A fourth agency was accordingly called into existence by the National Housing Act of July, 1934. This was the Federal Housing Administration. The theory which gave birth to the F.H.A. emanated from Federal Reserve Board circles, and it ascribed the continued stagnation of building to a lack of credit. It was easy to show that there was a very large potential need for houses. The number of families had been increasing since 1930 by 500,000 per annum (a very moderate rate for a country with the housing habits of the United States), would require a further 320,000 houses per annum. The total annual "requirement," allowing nothing for slum clearance, etc., was therefore in excess of 800,000, or 4,000,000 for the five years 1930-34. In those five years about 500,000 houses had been built and 200,000 demolished. Thus there was, and is, an undoubted "accumulated deficiency" greatly exceeding the estimated surplus of 650,000 dwellings existing in 1930, and this will sooner or later stimulate a very active period of construction.

The theory responsible for the F.H.A. assumed that since there was a clearly demonstrable need, but no building to meet it, the absence of building must be due to the unavailability of credit. On the other hand, in the commercial banks of the nation a great over-supply of credit was accumulating owing to the cheap money policy. Investments in, and loans on, real estate had proved very dangerous for commercial banks, and they could not be expected to go back into this market on the old terms. But the danger of real estate assets, from the banking point of

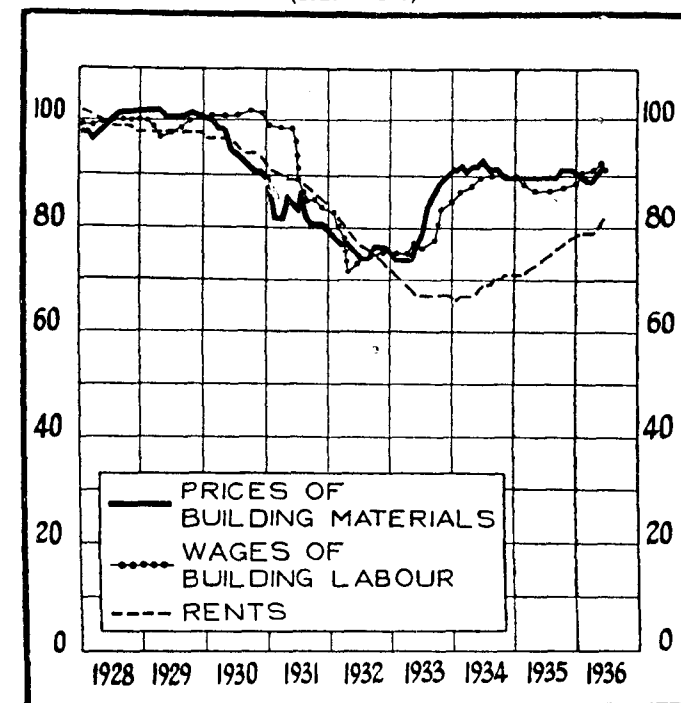
view, is that they are illiquid. Accordingly, the F.H.A. is authorised to set up a system of mutual insurance of approved mortgages, and duly insured mortgages are made eligible as collateral for loans from the Federal Reserve Banks. The F.H.A. is, however, more than a mere insuring institution. It is charged with the duty of standardising both methods of construction and methods of financing. It is empowered to guarantee mortgages of up to 80 per cent. of the appraised value of a house at rates of interest not above $5\frac{1}{2}$ per cent., of which $\frac{1}{2}$ per cent. is the insurance premium payable to F.H.A. itself. In addition to these permanent powers, the F.H.A. was also temporarily authorised to insure loans made for the modernisation of existing houses.

Since the establishment of the F.H.A., the volume of building has increased very rapidly, as can be seen from the chart on page 5. But it does not necessarily follow that the increase in activity can fairly be ascribed to F.H.A. In the seventeen months January, 1935, to May, 1936, inclusive, the F.H.A. insured \$296 millions of mortgages for new construction. The total of residential contracts awarded in these 17 months in 43 States was \$740 millions. In view of these facts it appears that the F.H.A. has played a limited part in bringing about the present building recovery.

Moreover, the same chart (page 5) shows how far the activity of building is still behind the pre-depression level. The facts are such as to suggest that the provision of ample credit on easy terms is at best a very partial solution of the problem. What, then, is still holding up American building? To some extent the explanation may be found in the current emphasis on building small houses for sale to the occupier. The F.H.A. will insure mortgages up to 80 per cent. of the appraised value, and this is the extreme upper limit of prudence in a volatile market such as the American real estate market always has been and still is. But even as little as 20 per cent. is a substantial sum to expect hundreds of thousands of families to find in cash. Yet of building to let, either of single-family houses or of larger apartment blocks, there is very little.

The major explanation is undoubtedly to be found in the fact that it is not yet profitable to build houses in the United States. Rents fell at least as much as building costs, even in the years of severest deflation. Since 1933, both building wages and the costs of materials have been raised by N.R.A. One effect of this has already been mentioned in connection with "low-cost" housing—namely, the surprising fact that with a 45 per cent. free grant and interest on the remainder at only 4 per cent., P.W.A. cannot reduce its rents below \$7 per room per month. The movement of rents, hourly wages and material costs, in the shape of indices based on 1929, is represented in the following chart:—

(1929 = 100)



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Until the rent curve crosses, or more nearly approaches, the other two curves, it is most unlikely that the building industry will find a normal volume of activity. It should be remembered, however, that building is an essentially local activity and that rents and costs are much closer to equilibrium in some communities than in others. This is conspicuously true of Washington, whose major industry, the Civil Service, is booming as never before.

Attention should therefore be concentrated, it may be suggested, on the relation between costs and rents rather than on the provision of credit, which is now available for all who seek it. Unless the Government is prepared to subsidise on a very large scale, there is little to do but wait until the revival of individual incomes and the growing shortage of house room pushes rents up to the point

where building once again becomes profitable. When that point is reached the accumulated deficiency is sufficient to guarantee a building boom.

In the meantime, the Government has solved, or at least made substantial contributions to the solution of, two of its problems. The widespread misery of wholesale foreclosures has been averted. The collapse of the financial institutions engaged in the mortgage market has been prevented. In addition, a valuable permanent service has been done by improving the terms on which mortgage money has been generally available in the past. But the problem of the slums remains and the building industry is still very depressed. Moreover, there is every indication that its course in the future, as in the past, is to be an erratic progress from boom to slump.

INDUSTRY AND LABOUR

THERE are few aspects of the New Deal which do not have a direct bearing on industry and labour. The whole programme was designed to increase the profitability of industry, the amount of employment it provided and the well-being of its employees. Even the agricultural programme, which at first sight might seem to be distinct from, if not actually antithetical to, the industrial measures, was advocated as providing an enhanced demand from the rural areas for the products of industry. Wherever a separate line of approach to the general problem appeared, it is discussed in other chapters. The present chapter is concerned with the direct approach to industry and labour as such. This is mainly contained in that extraordinary catch-all, the National Industrial Recovery Act.

The N.I.R.A., passed in May, 1933, probably collects more divergent economic and social theories under the roof of a single enactment than any other piece of legislation ever known. If an attempt be made to reduce its chaos of principles to order, it may be said to have had two main purposes. One was industrial recovery; the other was justice to the worker. When it came to methods, however, these two objectives were almost inextricably intertwined, and several methods were propounded for achieving each objective. Perhaps the dominant theory in the genesis of the Act was the belief that industrial depression could be reduced by getting rid of "wasteful, cut-throat competition." In each industry there were those who argued that if only the industry could be relieved of the pains and penalties of the anti-trust laws, if only it could set up its own by-laws and regulate its own production, if only it could "co-ordinate" (*anglice* raise) prices, all would be well. This was the germ of the idea of "codes of fair competition," or basic charters for each industry. The pressure for this part of the Act came from trade associations. Its purpose, quite plainly, was purely recovery, but recovery envisaged more as a rise in profits than as an increase in the volume of employment.

There are contrasting elements of the Act intended to serve social justice without much reference to recovery. The ban on child labour is an excellent example, although even here it was thought that the removal of children from the labour market would increase the demand for adult labour. The most important provision of the Act without direct bearing on recovery, however, was the encouragement it gave to collective bargaining and to trade union organisation. This part of the Act—to be discussed below—was due to pressure in Congress from organised Labour.

These provisions can, without distortion, be allotted either to recovery or to social justice. The central part of the N.I.R.A. programme, however, its provisions for shorter hours and higher wages, were an amalgam of the two aspirations. It was hoped to benefit the worker by giving him more leisure, or more income, or even both. At the same time it was believed that the reduction of hours would increase the total number of men in employment, while higher wages would increase purchasing power. The magic formula had been devised for advancing both recovery and reform at one and the same time.

The N.I.R.A. was an enabling Act. Everything, there-

fore, turned on the policies adopted by the administrative body, the N.R.A.* There is reason to believe that when the Act was passed it was not expected to be of universal application, but was to be confined to a handful of the largest industries. Within a few weeks, however, the programme grew more ambitious. Every industry was to have its code, and have it as soon as possible. In the interim period a "blanket code," known as the President's Re-employment Agreement (the famous Blue Eagle), was to be forced on industry by the pressure of public opinion.

The N.R.A. lasted less than two years, but in that time no less than 546 codes and 185 supplemental codes were approved. Most of these were forced through at a break-neck pace, without opportunity for proper investigation of the specific problems of the industry, or for correlation of codes with one another. In the process of code-making, the employers predominated. Where there were strong labour organisations already in existence in the industry, labour exercised a considerable influence, but not elsewhere. The interest of the consumer, or the public interest in general, received very little attention. The mass of supplementary law which was thus created in a few months was, accordingly, in the main, written by the industrialists themselves. Moreover, the Code Authorities, the administrative bodies set up under each code, were also almost exclusively composed of employers drawn from the industry in question. The N.R.A. thus resolved itself into a gigantic, if somewhat incoherent, experiment in the self-government of industry. Its motto might have been "Cartels for All, and no questions asked." This, at least, was the theory, but practice lagged far behind. Many of the codes merely remained on paper, and even in the minority that were well administered, enforcement was never universal. This was due partly to the fact that the business men were expected to police themselves, partly to a well-founded reluctance of the Administration to carry enforcement into the Courts.

N.R.A. AS A RECOVERY MEASURE

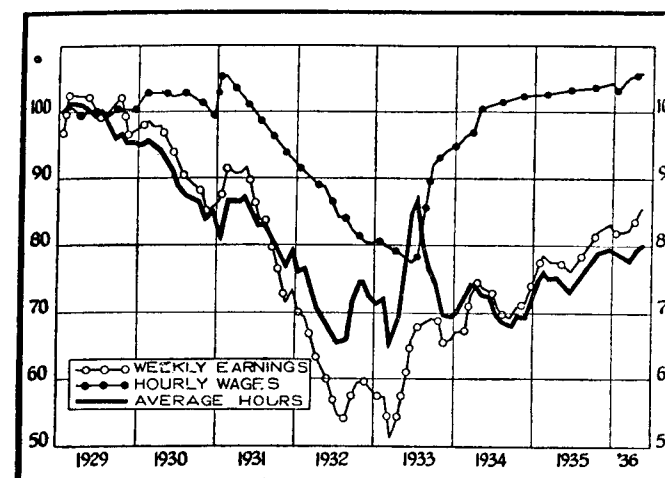
It is difficult to assess the effects of this universal cartelisation on the progress of recovery. Where "co-ordination" was successful, the inevitable effect was to raise prices and *pro tanto* discourage demand. This can be observed at its most extreme in the case of the construction trades, where a steep rise of prices effectively delayed the recovery of the building industry for many months (see the chart on page 7). But throughout industry in general the cartelisation was hardly effective. Had every trade become a virtual monopoly, industrial production must inevitably have been still further restricted. In the event, there was little effect of this sort. Under this heading, then, the N.R.A. can be acquitted of any widespread and serious hampering effect on recovery; but it secures its acquittal only by virtue of its ineffectiveness.

The effect of the wages and hours provisions is harder to assess. The immediate results of the codes can be seen

* N.I.R.A. stands for National Industrial Recovery Act, N.R.A. for National Recovery Administration.

from the following chart, which gives numbers of average hours worked in industry, average hourly wages and average weekly earnings:—

HOURS AND WAGES IN INDUSTRY (1929=100)



It will be noticed that average weekly earnings had been increasing rapidly for some months before N.R.A. was born in June, 1933, but this increase was due entirely to an increase in average hours worked. The effect of N.R.A. was to reduce hours of work again to the lowest level previously reached, but to increase hourly wages, so that weekly earnings remained constant. The subsequent effect has been to increase hourly wages to above the 1929 level, but to leave average hours at 80 and weekly earnings at 85 per cent. of that level. It is unfortunately impossible to say with any precision what the effect was on the numbers employed. The Federal Reserve index number of employment in manufacturing industries, however, rose from about 57 per cent. of the 1929 level in March, 1933, to about 77 in the last quarter, and remained close to that level throughout most of 1934 and 1935. Not all of this increase, of course (and perhaps not any of it), is to be ascribed to N.R.A.

Since 1933 the total purchasing power of American wage-earners has undoubtedly increased; the increase has been at once the cause and the symptom of recovery. But it is impossible to isolate the effect of N.R.A. on this recovery from the effects of all the other causes operative—cheap money, credit expansion, currency depreciation, agricultural reconstruction, Government spending, etc., etc. There is, however, one element in the situation, clearly visible from the chart above, which is directly traceable to N.R.A. This is the fact that whereas labour cost (as measured by hourly wages) is now higher than the 1929 level, the money income of the wage-earner is only 85 per cent. of the 1929 amount. It is hard to resist the conclusion that this discrepancy has been a drag on recovery. The American worker has gained in leisure; but it may be that he has paid a heavy price for his leisure either in unemployment or in lower real income. As a recovery measure it is very doubtful whether N.R.A. was more help than hindrance.

N.R.A. AS A LABOUR CHARTER

The chief concession to Labour in the N.I.R.A., other than the wages and hours provisions, was the famous Section 7 (a). This provided that every code must include the following conditions:—

- (1) That employees shall have the right to organise and bargain collectively through representatives of their own choosing, and shall be free from the interference, restraint, or coercion of employers of labour, or their agents, in the designation of such representatives or in self-organisation or in other concerted activities for the purpose of collective bargaining or other mutual aid or protection; (2) that no employee and no one seeking employment shall be required as a condition of employment to join any company union or to refrain from joining, organising or assisting a labour organisation of his own choosing; and (3) that employers shall comply with the maximum hours of labour, minimum rates of pay, and other conditions of employment, approved or prescribed by the President.

Over the precise meaning of these words a battle has raged ever since. It seems probable that the Administration originally intended to make a legislative declaration of the right of collective bargaining and then to preserve neutrality between employers and unions. But events forced it into a more positive attitude. In the first place, it had not been foreseen that the employers, after the passage of N.R.A., would have more success in enrolling workers in company unions than the American Federation of Labour would have in organising "genuine" unions. And secondly, the political pressure of organised Labour was relentless. Accordingly, two modifications have been added to the original doctrine of Section 7 (a). The first of these is the prohibition of employers from giving any financial aid to company unions. The second is the doctrine that the representatives selected by the majority of workers shall be entitled to represent all the workers in collective bargaining. These two modifications (which, after the outlawry of N.R.A., were embodied in the National Labour Relations Act) were interpreted as substantial concessions to organised Labour, and they definitely ranged the Administration on Labour's side of the fence.

European observers, in approaching this controversy, should beware of identifying the principle of collective bargaining in the abstract with its practice in the United States. The American trade union movement is not similar to trade unions in other countries. The total membership of the American Federation of Labour was only 2,127,000 in 1933. Moreover, even this small membership was split into a large number of "horizontal" or "craft" unions—that is, organisations of skilled artisans plying their craft in a score or more of industries, and concerned to defend themselves against the unskilled workers as much as against the employers. Only the minority of "industrial" unions (now expelled from the A.F.L.) deliberately cater for the unskilled worker. Moreover, the methods of unionism in America are not always such as to appeal to democrats. Unions which control only a minority of workers in an industry and are effectively debarred from peaceful recruitment, can advance their objects only by violence, and American strikes are notorious for the violence and bloodshed they cause.

Conclusions on the matter will almost inevitably vary with the political preconceptions of the observer. With this qualification in mind, it may be suggested that the original purpose of the Administration—to remove the legal and practical disabilities of the unions—was fully justified. Furthermore, it may be that, in the circumstances of American industry, trade unionism could not find full freedom for growth without some positive discouragement of company unions.

THE AFTERMATH OF N.R.A.

The N.I.R.A. was judged to be unconstitutional in its entirety by a unanimous decision of the Supreme Court in May, 1935. All codes thereupon lost their validity and the administrative machinery of N.R.A. vanished. The disappearance of N.R.A. made surprisingly little difference. Such of the new regulations as were approved by public opinion or the opinion of the trades concerned were continued by tacit agreement. The unpopular or impracticable proposals had never been enforced.

A few remnants were salvaged from the wreck. The National Labour Relations Act has already been mentioned. This Act is before the Courts now, and, in view of previous pronouncements of the Supreme Court, it is very doubtful whether it will survive. Two industries which had indubitably been benefited by N.R.A. were coal and oil. In coal, the Guffey Act was passed setting up a cartel structure very similar to the N.R.A. but using the taxing power rather than direct compulsion as the sanction. But this, too, was forbidden by the Supreme Court. In oil the Federal Government could do no more than prohibit the movement in inter-State commerce of oil produced in defiance of the "proration" laws of the separate States.

These crumbs are all that is left of the N.R.A. What conclusion are we to come to about the N.R.A. as a whole—if, indeed, any one conclusion is possible about such a heterogeneous enactment? In retrospect, it seems to have

been more of a muddle than a policy. Its theory was, to say the least, dubious. Few economists would advocate the cure of industrial depression by further restriction of production, the remedying of the disparity of price between raw materials and finished goods by increasing the cost of production, the stimulation of the demand for labour by an artificial increase in its supply price. But in practical administration the N.R.A. was even more muddled, incoherent, unprincipled than in its basic theory. It may perhaps be concluded that the N.R.A. brought some benefit (chiefly in the shape of shorter hours) to the worker in employment, but this benefit would be cancelled out if it could be shown that N.R.A. hindered the reduction of

unemployment. It brought benefits without doubt to labour organisations; but in the present state of affairs it is doubtful how far this is synonymous with benefits to the working man. To the movement of recovery as a whole, N.R.A. was almost certainly a definite hindrance. The argument from time coincidences is not always convincing, but it is significant that the imposition of N.R.A. was accompanied by a recession in industrial production, and that its two years of life coincided with the long stagnation which separated the two periods of rapid recovery at the beginning and end of Mr Roosevelt's term of office.

AGRICULTURE

AMERICAN agriculture has considered itself to be a depressed industry ever since the war. The four war years, with their rising prices and their insatiable demand from Europe, were the Golden Age of the American farmer. His income and the value of his land shot up, and the area under the plough was rapidly extended. The reaction in 1920-21 was all the more severe. Gross farm income, which had been nearly \$17,000 millions in 1919, fell to less than \$9,000 millions in 1921. But this acute depression was short-lived and income soon started mounting again. Agriculture did not, however, share the swelling prosperity of the 'twenties. Gross farm income was over \$11,000 millions in 1923 and it never exceeded \$12,000 millions in the next six years. Agriculture's share in the total national income slowly declined from 11 per cent. to 9 per cent. There was a constant disparity between the prices received by farmers and those paid by them. The average income *per capita* on farms was consistently less than half the average *per capita* income of the whole nation.

Whatever may have been its absolute condition, agriculture was thus relatively depressed throughout this period. The chorus of complaint was so loud that Mr Hoover, in his campaign for the Presidency as early as 1928, was constrained to promise that he would summon a special session of Congress to consider measures of relief. Unfortunately, the special session, after passing an agricultural measure which proved wholly ineffective, proceeded to perpetrate the Hawley-Smoot Tariff, which was calculated severely to injure the farmer. Mr Hoover's remedy for the farmer's troubles was the Federal Farm Board, equipped with a revolving fund of \$500 millions and given the mandate to stabilise prices. No worse time could possibly have been picked for the venture than 1929. The Farm Board spent its money in acquiring vast stocks of agricultural products which had later to be dumped at enormous losses. Its net effect on the course of prices was nil.

The farmer's relative depression in the 'twenties did not save him from severe deflation in the crisis years. On the contrary, he suffered more than anybody else. Gross farm income, which had been steady between \$11,000 and \$12,000 millions for seven years, fell to \$9,454 millions in 1930, \$6,968 millions in 1931 and \$5,331 millions in 1932. Moreover, the farmer's cash expenses did not fall in equal proportion. Interest was fixed; taxes actually increased. Other cash expenses were relatively inelastic. In consequence the net income of farmers, after paying their outgoings, declined from an average of \$6,828 millions in 1923-29 to \$2,573 millions in 1932. Agricultural prices fell far more rapidly than other prices, and the purchasing power, in terms of non-agricultural products, of the things farmers sell, which already stood at as little as 79 per cent. of the pre-war relationship in 1929, had declined to 41 per cent. in 1932. Such was the appalling effect upon American agriculture of the coincidence of a fall in the purchasing power of the American urban population with a catastrophic decline in the value of exports.

This calamitous state of affairs inevitably took first rank among the incoming Administration's problems. The farmers are a very large proportion of the total population of the United States. Owing to the equal representation

of the States in the Senate, they have a political power greater than their proportion of the population. And finally the agricultural States were, and are, the backbone of Mr Roosevelt's support. Moreover, the problem was more than a purely agricultural one. For the typical American farmer relies very largely on one crop. If he cannot sell that one crop he cannot even feed his family. Agricultural depression in the United States, unlike other countries, can easily become actual starvation on the farms.

The major instrument of the New Deal's agricultural programme is the Agricultural Adjustment Act. The main objective of that Act was to restore agricultural prices, separately and collectively, to "parity," which was defined as the relationship they bore to non-agricultural prices in 1909-14. Several methods were laid down for attaining this objective. "Processing taxes" were to be levied equal to the difference between the actual prices and the "parity prices." The funds thus raised were to be employed in financing the restriction of production, either by renting land and keeping it out of cultivation or by paying benefits to farmers in return for the contractual obligation to reduce production. In two branches of agriculture—cotton and tobacco—this voluntary scheme was reinforced by a compulsory quota scheme. In still other branches, such as milk, the increase in prices was secured by marketing agreements similar to those which have been set up in Great Britain under the Agricultural Marketing Acts.

This ingenious scheme has been subject to a number of objections in principle. It has been urged, for example, that the "parity" arrived at is an impracticable ideal. The years 1909-14 were the most prosperous period the American farmer has ever known, save only the war years, while there is evidence that the index numbers used to calculate the "parity" (which are given official sanction in the Act) tend to understate the level of agricultural prices and to overstate the prices of the things the farmer buys. Apart from this technical question, there are many people who condemn the restriction of food production on economic, social and even religious grounds. Finally, the method of financing the scheme, by a tax which is inevitably passed on to the consumer, is objectionable to many. All these are serious criticisms, but it may be urged that the problem of restoring the income of an industry of 30 million heterogeneous and uncontrollable units is so difficult that considerations of ideal justice cannot be decisive. Restriction of production was only to be imposed in so far as it was necessary to counteract the decline in the export markets, and if foreign countries are so insane as to reject the proffered supplies of cheap food, the exporting countries can be excused if they too depart from strict logic. Moreover, both restriction of production and the taxation of food were permitted by the Act only so long as agricultural prices were below "parity."

Much satire has naturally been directed at the philosophy of granting subsidies "for not raising hogs." But on balance it may be concluded that the theoretical absurdities of the plan could be excused if it could be shown to have worked. Its practical effects, consequently, become the central question. There is no room for doubt that the position of the American farmer has improved

very greatly, and much more rapidly than the position of the country as a whole, since 1932. The average of farm prices was 66 per cent. higher in 1935 than in 1932. Total cash income of the farmers (a conception somewhat different from the gross farm income discussed above), which had been \$10,417 millions in 1929 and had fallen to \$4,377 millions in 1932, had recovered to \$6,900 millions in 1932. Of this latter sum, \$480 millions represents direct benefit and rental payments from A.A.A. Even without these, however, the recovery in income in three years was 47 per cent. of the total 1932 income and nearly 20 per cent. of the peak income of 1929. Net cash income after paying the cash expenses of production shows an even more striking recovery, from \$1,473 millions in 1932 to \$3,575 millions in 1935. Agriculture's share in the national income, which had fallen to 7½ per cent. in 1932, has risen to about 10½ per cent. If agricultural incomes be compared with non-agricultural incomes, or prices with prices, agriculture has got back to the same relative position as it occupied in the 'twenties. This increased income does not seem to have been very equally distributed among the different classes of people dependent upon it. Thus, while the net cash income of the industry increased between 1933 and 1935 by about 40 per cent., the total amount paid in wages to agricultural labourers increased only by about 14 per cent. Tenant farmers, especially the share-croppers of the Cotton Belt, also do not seem to have received their fair share.

To demonstrate the degree of improvement, however, does not prove that all of it was due to the A.A.A. The \$480 millions of increased income that comes from benefit and rental payments is obviously due to the A.A.A. But this is less than one-fifth of the increase in gross income. For how much of the remaining four-fifths can the A.A.A. take credit?

To answer this question precisely would involve an estimate of the indistinguishable parts played in recovery by a large number of factors. A decline in the volume of agricultural production has undoubtedly played a large part,

perhaps the dominant part, in raising prices and incomes. But drought has been a very much more potent restrictor of production than the A.A.A. The voluntary schemes never enrolled all the producers, and there is evidence that farmers who did not sign restriction contracts increased their production to offset the reductions by the contract-signers. In cotton and tobacco, restriction was compulsory. Moreover, the drought of 1934 did not affect these crops nearly as severely as it affected the cereals. The judgment may therefore be hazarded that a larger proportion of the increased income from cotton and tobacco should be ascribed to A.A.A. than in the case of grain crops. In the case of wheat an independent expert estimate* is inclined to assess the effect of A.A.A. as being very much less than that of the drought. In the nature of the case, it is a matter of extreme difficulty to place quantitative estimates upon the various factors at work. But if it be borne in mind that A.A.A. affected the prices of some products more than others, and that on still others it had no effect at all, since no restriction schemes were promulgated for these commodities, it may be guessed that about a quarter of the rise in prices can fairly be ascribed to A.A.A. Add on the direct gain from cash benefit and rental payments, and a final approximation of 40 per cent. is reached, as the proportion of the increase in farmers' incomes directly or indirectly attributable to the A.A.A. If this estimate is badly wrong, it probably errs on the side of flattering the A.A.A. The experiment can thus be said to have been at least a partial success. But Nature has done far more for the farmer than Mr Wallace.

The processing taxes were declared by the Supreme Court to be unconstitutional in January, 1936. With that decision the financial basis of the A.A.A. was disrupted. When a similar sentence was pronounced upon the N.R.A., that experiment was brought to an immediate end. But the A.A.A. was both more successful and more popular

* "Wheat and the A.A.A." By Joseph Stancliffe Davis. Published by the Brookings Institution.

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than the N.R.A. and methods have been devised for continuing its essential parts. The primary purpose of the new legislation is declared to be the conservation of the soil of the country. To attain this end, farmers are to be financially encouraged to take their land out of arable cultivation and to put it down to pasture and soil-conserving grasses. There is undoubted need for soil conservation in most parts of the country and it is a lucky accident that the crops which should be discouraged for the sake of soil conservation are also those which should be restricted in the interests of the farmers' income. Moreover, it is declared in the Act that proper husbandry demands that the farmer shall receive an adequate income, defined as being one bearing the same relation to the average urban income as existed in 1909-14. The framers of the new Act need not be accused of insincerity, or of anything save a certain conscious distortion of motives. But the net effect is to side-step the judicial decision, and it remains to be seen whether the new façade will satisfy the Supreme Court. From the constitutional point of view, the new scheme is improved by the provision that, from 1938 onwards, it shall be administered by the States, the Federal Government providing the funds. These funds are to be raised by general taxation, which does away with the objection to the regressive nature of the processing taxes. It is also an improvement to have an "income parity" substituted for a "price parity" as the objective of the scheme.

The Government's agricultural policy has not been confined to the A.A.A. The provision of cheap and abundant credit has also played a large part. A great deal had already been done in this direction before 1933, and the present Administration's contribution has been largely one

of extension and co-ordination. All Government agencies making loans to farmers have now been grouped under the Farm Credit Administration. In each of the twelve regions into which the country is divided, the F.C.A. supervises (1) a Land Bank, making and refinancing long-term mortgage loans; (2) an Intermediate Credit Bank, which extends credit for medium-term purposes; (3) a Production Credit Corporation which, through local associations, makes seasonal loans on crops or livestock; and (4) a Bank for Co-operatives, which finances farmers' co-operative associations. This remarkably comprehensive system had total loans outstanding on June 30th last of \$3,981 millions, a substantial sum in comparison with the gross cash income of the industry last year of less than \$7,000 millions.

Two other financial measures deserve mention. One is the creation of the Federal Farm Mortgage Corporation (also included in the F.C.A.), with the object of re-financing farm mortgages. The debtor is given a new mortgage at favourable rates, the creditor being paid off with Treasury-guaranteed bonds. This institution is the counterpart in the rural field of the Home Owners' Loan Corporation (see page 6). The other measure worthy of mention is the Farmers' Bankruptcy Act, which entitles a bankrupt farmer to retain possession of his land and to pay off his creditors by paying them, in easy instalments, the appraised "fair and reasonable value" of his assets. These two measures between them have given the farmer a very substantial degree of protection against eviction. Indeed, it is questionable whether there is not some need for a Farm Creditors' Relief Act. But the United States, in its political aspect, is almost an agrarian state, and such states have never been solicitous of the money lender.

BANKS AND BANKERS

BANK failures were no depression novelty in the United States. All through the prosperous decade of the '20's there was a continuous epidemic of bank failures. Starting with 1921, there was no year in which less than 354 banks failed, or less than \$110 millions in deposits were impounded. The average annual rate throughout the nine years to 1929 was 627 bank failures, involving \$169 millions of deposits. The figures reveal, however, what manner of banks they were that failed in such numbers. The average total of deposits per failed bank was only \$270,000, or £54,000. They were, in short, the smallest variety of rural bank and the cause was, in the main, the collapse of land values in and after 1921 and the slow deflation of agricultural pipe-dreams which occupied the whole of the '20's. The total number of banks in the country, which had been 30,812 in June, 1921, had fallen to 23,696 by June, 1930, but the banking facilities of the country had not been reduced in anything like the proportion that a bare comparison of these figures would suggest.

The fact that failures were largely confined to small banks in outlying districts does not, however, mean that all was well with the American banking system. On the contrary, there were many grievous defects which the depression successively uncovered. This is not the place for discussion of the weaknesses left in the American banking system by the period of prosperity. It must suffice to say that the real run on the American banks can be dated from the failure of the Bank of United States in New York in December, 1930. This was the first time a large bank in a large city had closed its doors. From that time the tide of public suspicion mounted. Failures continued at an increasing rate and the size of bank affected was growing. Public uneasiness was reflected in the hoarding of currency; money in circulation increased from an average of \$4,546 millions in 1930 to \$4,957 millions in 1931 and to \$5,699 millions by the end of 1932. President Hoover attempted to stem the flow. In October, 1931, he persuaded the banks to organise themselves for mutual defence in the National Credit Corporation, which was to derive funds by assessment on the sound banks and lend them, against sound security, to banks in difficulty. This failing, the Reconstruction Finance Corporation was set up in January, 1932, to lend Government funds, though still with the require-

ment of adequate security, to hard-pressed banks. The R.F.C. succeeded in slackening the pace of failures, though they continued throughout 1932 at the average rate of 40 banks and \$2 millions of deposits every day. Towards the end of the year the final collapse began. The first State moratorium was declared on October 31st; the Detroit banks closed on February 14, 1933, and within three weeks the bank "holiday" had spread to every State in the Union.

It is impossible to exaggerate the effect of this banking trouble in intensifying the depression. If reasons be sought for the greater severity of the depression in the United States than in Great Britain, this is undoubtedly the chief. A run by the public on the banks not merely reduces directly the circulating medium of the country, it also compels the banks to put every conceivable pressure on their debtors for repayment of loans and to dump securities on the Stock Exchanges. While such a deflation of credit is proceeding, the Government is powerless to reverse the downward sweep of all the economic indices. In the fiscal year 1931-32, the Federal deficit amounted to \$2,473 millions and to that extent fresh funds were pumped into the system. But in the same period the total loans and investments of the banks of the country declined by \$8,951 millions. Deflation of this nature imposes a creeping paralysis on the whole economic structure of a nation. Some idea of the baleful effects of banking instability can be gained from the fact that the total value of cheques drawn (excluding New York City) was in 1933 only 44 per cent. of the 1929 level. The total of the British Metropolitan, County and Provincial clearings, in 1931, the worst year, was 95 per cent. of the 1929 total.

REOPENING THE BANKS

The utter collapse of the whole banking system of the country forced itself on President Roosevelt as his first and most urgent problem. His handling of this emergency, in his first days in office, has won universal praise. It is no detraction from this praise to say that his approach was purely psychological. He contrived to convince the public that only "sound" banks would be allowed to re-open, although, had the panic continued, there would not have been a sound bank in the country. Moreover, he induced

the man in the street to believe that the Government was now behind the banks, although in fact no sort of guarantee was given. It is probably the case that a collapse so complete would in any case have been followed by a return of confidence. The obvious lunacy of attempting to convert all deposits into cash is apparent if once the public is given time to see it, and in economic fevers, as in physiological distempers, improvement follows on the crisis. Be that as it may, when the banks re-opened, deposits returned and the strain was lifted.

The Roosevelt Administration has taken measures to buttress the banking system other than the reversal of psychology which the President achieved at the time of the crisis. One of these was the creation, in June, 1933, of the Federal Deposit Insurance Corporation. Apart from a preliminary investment of capital by the Treasury, the F.D.I.C. is a purely mutual institution. Membership is obligatory for all members of the Federal Reserve system and optional for other banks. Funds are raised by assessment from all member banks, and are available to insure deposits—small deposits in full, larger deposits in part. Another buttressing measure has been the purchase by the Reconstruction Finance Corporation of preferred stock in a number of banks. The amount of money placed at the disposal of banks in this way amounted at the peak to \$1,265 millions. This device had the virtue that it did not compel the banks to mortgage their soundest assets in order to get Federal help. Whether as a result of these measures, or for other reasons, bank failures have been very much reduced. From March 16, 1933 (the end of the "holiday") until the end of the year, there were 179 suspensions, involving \$146 millions in deposits (approximately the monthly average in 1931); in 1934, the figures are 57 and \$37 millions respectively; in 1935, 34 and \$10 millions respectively.

It would be an exaggeration to ascribe this improvement entirely to the measures which have been mentioned. It was undoubtedly due in the main to the change in trend from deflation to inflation in 1933, and, in particular, to the policy of cheap money discussed below. But in politics *post hoc* is always *propter hoc*, and one of the chief arguments of the President's supporters is the claim that he has put an end to banking trouble. The policy has, indeed, been amazingly successful. It may be that the future will show it to have been too successful, as the very liquidity of the banks and ease of the money market are an invitation to a repetition of just such unsound expansion as occurred in the '20s. There are serious doubts, moreover, about the wisdom of a permanent system of mutual deposit insurance. It amounts to a penalisation of sound banks for the benefit of unsound banks, and an endowment of imprudent banking. On the other hand, this history of the past six years would tend to show that it is in the interest of the sound banks to keep their less wary brethren afloat, however unsound their practices may have been.

The Government's attentions were not, however, solely directed towards the underpinning of the banking structure. The long period of deflation had revealed a number of abuses, real or imagined, in American banking practice. A whole folk-lore of anecdote had grown up around the unpopularity of the banker, and the President himself, in his Inaugural Address, spoke of money-changers fleeing from the Temple. In the circumstances, reform was inevitable, and it was no less inevitable that the reform programme should take little account of the wishes of bankers themselves. Much of it, in fact, amounted to penal legislation. Thus, the Banking Act of 1933 enforced an immediate and complete divorce between banking functions and any form of security trading, whether the issue of new securities or dealing in existing issues. Plural bank directorships were prohibited, and many of the activities of banks were made subject to the control of the Federal Reserve (e.g. rate of interest payable on time deposits, volume of collateral loans).

Nobody would deny the need for a reform of some American banking practices. The actual measures adopted, however, have been disappointingly negative. They amount almost entirely to prohibitions of practices deemed unsound, and even then there has been a strong tendency to penalise the whole race of bankers for the sins of a few. Of encouragements to sound banking, there have been few indeed. This applies more especially, in foreign

eyes, to the failure to provide even the legal framework for a system of branch banking. The Act of 1933 went no further than to permit national banks to open branches in States where the State law permits. Conditions in 1933 were such that the President could have carried any measure he proposed for banking reform, and it must be one of the severest indictments of his financial policy that he allowed prejudice against bankers, especially big bankers, to blind him to the needs of American banking.

FEDERAL RESERVE POLICY

In the years before 1929, high claims were made for the Federal Reserve system. It was generally believed that the secret of credit stability had been discovered; and, indeed, the long period of comparatively stable prices, combined with steadily mounting production, appeared to offer strong testimony to the success of the system. This complacency was not seriously shaken by the events of the autumn of 1929, for though it was apparent that the period of steady prices and constant expansion of industry was over, a Stock Exchange panic had been overcome without the banking crisis which in pre-Federal Reserve days would have been almost inevitable. Accordingly, the policy pursued by the Reserve authorities throughout 1930 was a negative one. They had eased credit late in 1929, and were content to leave the volume of credit provided for the market at the level then attained. Member bank borrowings from the Reserve had fallen to a low level by March, 1930.

This Fabian policy was continued in the first half of 1931, although assistance was given to the market temporarily in the Bank of United States crisis in December, 1930. But in the second half of 1931 more drastic measures became necessary. The rising tide of bank failures was inducing a steady flow of currency into hoards. Moreover, after September, 1931, the flow of gold, which had been steadily inwards, was sharply reversed, and the imports of thirty-two months departed in nine months. These influences greatly increased member bank borrowings and restricted the money market. Between July and October, the Reserve bought some \$650 millions of securities to ease the market, but in the last two months of the year the Reserve system itself began to feel the pressure of gold exports. As the law then stood, Federal Reserve notes could be backed by gold or "eligible collateral." But since the supply of eligible paper meeting the requirements of the law was limited, most of the backing was, perforce, composed of gold, and the minimum gold reserve percentage was, in practice, far above the 40 per cent. specified by the law. Consequently, from November onwards, the Federal Reserve, far from being able to expand the credit structure still further, was compelled to sell the securities it had bought since July. These four months, from November, 1931, to February, 1932, were the period of severest deflation during the whole depression.

The restrictions on the Federal Reserve were removed by the Glass-Steagall Amendment to the Federal Reserve Act, approved on February 27, 1932, which, for a period of three years (since made permanent), permitted United States Government bonds to serve as collateral for notes. The Reserve immediately started buying securities. About \$1,000 millions were bought between February and June, when the total was stabilised until the end of the year. There was plenty of banking trouble still to come, but (with the temporary exception of the final crisis of February and March, 1933) the basis of the credit structure was steadily expanded from this time onward.

The Roosevelt Administration has considerably altered the structure of the Federal Reserve system without changing the fundamental policy adopted by President Hoover in February, 1932. The chief changes in structure are contained within the Banking Act of 1935, although several other enactments have contributed. Two tendencies are clearly visible. In the first place, the Reserve system as a whole has been given greatly enhanced powers over the member banks and over the credit market generally. It can substantially regulate the interest rates paid by banks; it can restrict credit to banks which it believes to be financing speculation; it has increased powers over brokers' loans, both by regulating their source and by specifying

the minimum cash margin to be demanded; finally, it can vary the minimum legal reserves required of members. But the second tendency is to concentrate these new powers in the Federal Reserve Board at Washington rather than in the twelve regional Federal Reserve banks. The officers of the regional Reserve Banks are now virtually appointed by the Board, while the open market operations of the whole system are regulated by an Open Market Committee on which the Board has a majority. Rediscount rates have always been more the concern of the Board than of the banks. The Board itself has been reconstructed. The two former political ex-officio members, the Secretary of the Treasury and the Comptroller of the Currency, have gone. The Board, now rechristened the Board of Governors, consists entirely of whole-time specialists appointed for fourteen-year terms. President Roosevelt has appointed the whole Board, which can therefore be taken as reflecting his views. But future Presidents will only be able to fill vacancies as they occur and to nominate one of the Governors as chairman.

Within the Federal Reserve system there has thus been a distinct centralisation of authority. But it should not be assumed that the Board of Governors is now the supreme authority in American banking. It has at least three rivals. First there is the Federal Deposit Insurance Corporation, with its own powers of inspecting and coercing banks. Second, there is the Reconstruction Finance Corporation, with its large advances to, and investments in the preferred stock of, banks. These two bodies, if they chose to exert their influence in a sense contrary to Federal Reserve policy, might nullify all the efforts of the Board of Governors. Last, and perhaps most potent of all, there is the Treasury, at once the largest debtor and the largest creditor of the banks, which controls a whole string of Government institutions granting credit to mortgage institutions, house owners, farmers, etc. It is impossible to say exactly where the balance of power in American banking now lies. The only certainty is that it does not lie with the individual member bank.

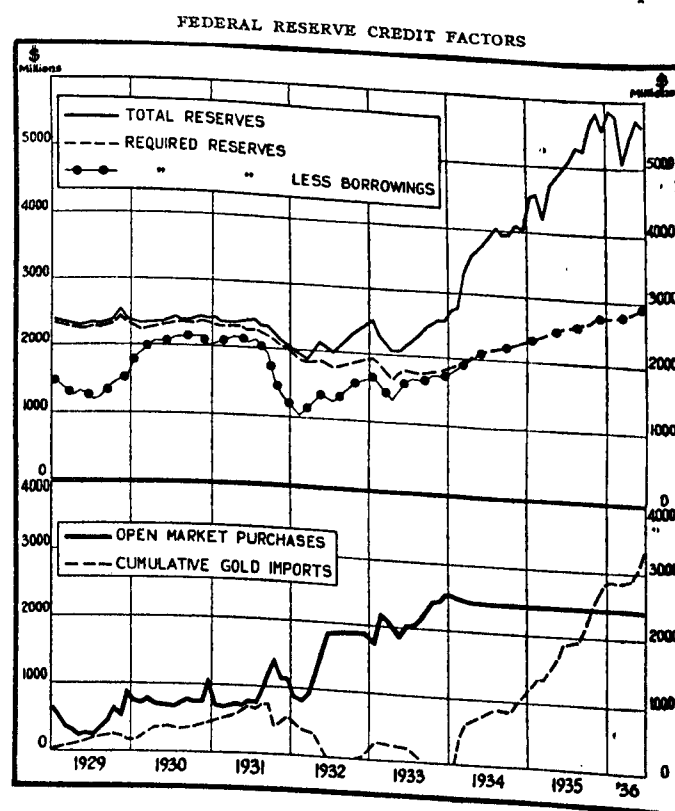
The Federal Reserve system, thus reconstructed, has consistently pursued a cheap money policy. For most of the time, however, its policy has been negative and acquiescent rather than positive and initiating. In the second half of 1933, when gold was flowing out, the Reserve made further purchases of Government securities, with the result that member banks' reserves were swollen, borrowings vanished and the phenomenon of "excess reserves" (i.e. reserves of member banks held at the Federal Reserve banks in excess of the legally-required proportions) began to appear. But from the beginning of 1934 Reserve holdings of securities have been stabilised. It can be seen from the accompanying diagram that the rise in member bank reserves (and hence in excess reserves) was due to Reserve purchases in the open market in 1932 and 1933, but that for the last two-and-a-half years it has been almost entirely due to the inflow of gold.*

These excess reserves have lately increased to such an unprecedented extent that the question has been raised whether the credit structure is not entirely beyond the control of the Reserve authorities. The increase in minimum reserve requirements for member banks, which took effect on August 15, 1936, has left a very considerable volume of excess reserves remaining. The authorities have a formidable armoury of weapons at their disposal. The Reserve Board could increase reserve requirements by a further 50 per cent. (33½ per cent. of the present reserves); it could sell its holdings of securities; it could raise the margin requirement for Stock Exchange dealings; if it forced the member banks to borrow, it could raise the re-discount rate. The Reconstruction Finance Corporation could call or sell its \$452 millions of advances to and investments in banks and other financial institutions; it could

* The two factors shown on the diagram, Federal Reserve open-market purchases and gold imports, are the most important, but not the only influences on the level of member bank reserves. The flow of currency into or out of circulation, the size of Government balances and their movement between the member banks and the Reserve banks are other influences. The increase in excess reserves in July and August, 1936, has been due to a reduction in Treasury balances which in its turn is to be ascribed to the disbursement of the "veterans' bonus."

sell part at least of its \$930 millions of other negotiable securities, and the payments made for these assets by their purchasers would, of course, *pari passu* lower member bank reserves. If on top of all this the Treasury started to build up its cash balance and to transfer it from member banks to Reserve banks, the combined deflationary effect would undoubtedly be sufficient to reduce even the present abnormally swollen mass of bank cash to manageable proportions.

The credit structure undoubtedly *can* be controlled; whether it *will* be controlled is, however, an entirely different matter. There seem to be two main reasons for believing that the weapons of deflation will not be drawn out of the armoury. The first is the state of the Budget and of the National Debt, both of which will be discussed in a later chapter of this survey. But so long as the Treasury is under the necessity of making frequent issues to finance the deficit or to fund the Debt, it will not look kindly on credit deflation, which, if it were at all effective, would very seriously affect the bond market. The second reason is to be found partly in the historical reflection that deflation at the proper time has always in the past been politically impossible, and partly in the philosophy of those in control of the Federal Reserve system, which is pro-



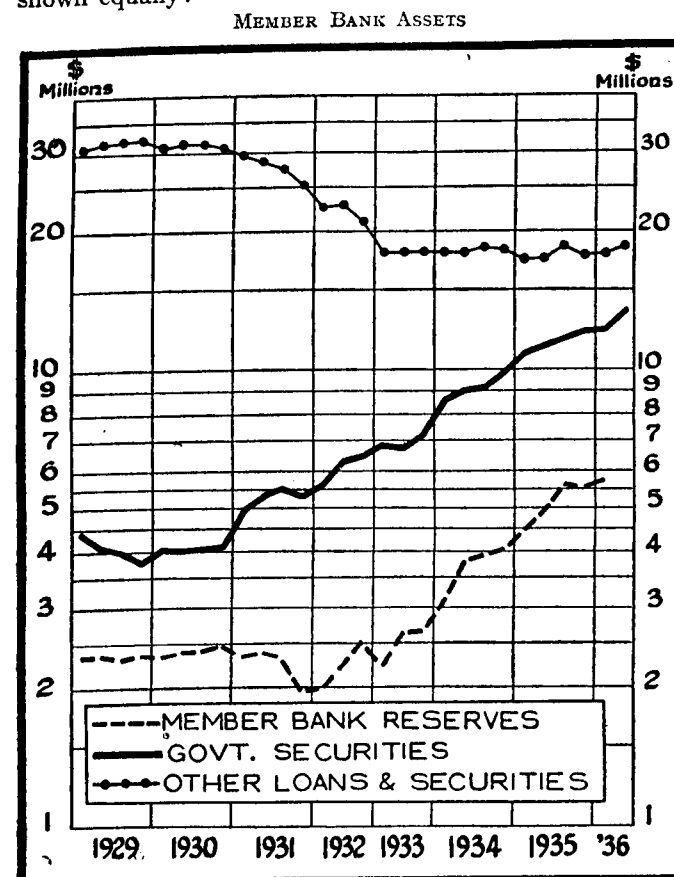
nouncedly expansionary. The conclusion may be hazarded that these factors will be sufficient to delay restrictive action, if it should become necessary, until long after the psychological moment. If, when that time comes, the Federal Budget is still in deficit, it is hard to see how a really effective restriction could be imposed even if the Board so desired.

THE EFFECTS OF CHEAP MONEY

We must now return to the member banks. Until March, 1933, they were on the defensive, fighting a desperate rearguard action against deflation and panic. Since 1933, their fear of insolvency has been largely removed, and they have had an ever-increasing volume of cash reserves placed at their disposal. It is safe to say that the theory of recovery by credit creation has nowhere else during the last three years. In that period, member bank reserves have been increased from \$2,160 millions (end of June, 1933) to \$5,633 millions (end of June, 1936). If the base of the credit pyramid has been expanded, what has happened to the upper layers and to the stream of money coming on to the market?

The effects of the policy of credit creation are shown, in broad outline, in the next diagram, which is drawn on a

logarithmic scale, so that equal proportionate changes are shown equally:—



The total amount of deposits in member banks has increased quite substantially, though by no means in the same proportion as reserves. The policy has thus undoubtedly succeeded in increasing the available volume of purchasing power. The method by which this additional purchasing power has been brought into existence, however,

has not been in accordance with theoretical expectation. The availability of greatly increased cash reserves has stimulated hardly any noticeable increase in loans to, or investments in, industry and commerce (shown on the diagram by the line "Other Loans and Securities"). The increase in deposits, in so far as it is not the direct reflection of the increased reserves themselves, is almost entirely due to the increased holdings of Government securities. This can be shown by the following figures of changes in the chief balance-sheet items of the member banks during the three years June, 1933, to March, 1936:—

	(\$ millions)
Deposits	+ 9,053
Government securities	+ 5,557
All other loans and securities	— 55
Reserves	+ 3,549

It is possible that the member banks would have increased their holdings of Government securities even if there had been no Budget deficit, just as the English banks have done. But the analogy between Great Britain and America is not just. American banks do not adhere so rigidly as the English banks to a reserve proportion which is both minimum and maximum. The minimum is specified by law, but they are content to allow large amounts of excess reserves to accumulate. Secondly, the available supply of Government securities, before the deficits of recent years, was very much smaller, relatively to the size of the banking system, than in Great Britain. Without a constant flow of new issues to finance the deficit, it is doubtful whether the banks could have purchased nearly as many securities as they in fact did buy. In the event, as is notorious, the financing of the deficit has been largely arranged to meet the convenience of the banks, as regards both the timing of the issues and the nature of the securities issued. We are justified in concluding that without the deficit there would have been no substantial increase in the banks' investment portfolio and, consequently, no considerable increase in the total of deposits.

The theory of credit creation has still a third link.

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Increased reserves having led to increased deposits, the final stage is that increased deposits lead to increased spending. Here the actual results have been more in accordance with theoretical expectation. The flow of expenditure has increased in, roughly, the same proportions as the total of deposits. It is a little disappointing, nevertheless, that it has not risen any faster than deposits. Recovery from a depression would normally be accompanied by some revival in the activity of bank deposits, especially when, as in the United States, the fall in the volume of expenditure had been proportionately much greater than the fall in the total of deposits. The proportionate movements of bank reserves, bank deposits and cheque payments are shown in the following table, which gives quarterly index numbers (second quarter of 1933 = 100) of the reserves and deposits of member banks and of the total of bank debits. The reserve and deposit figures refer to member banks all over the country and the debit figures to 140 cities (excluding New York), but in spite of this discrepancy the proportionate changes can be regarded as comparable:—

	Reserves	Deposits	Debits
1933—2nd quarter.....	100	100	100
3rd "	118	102	114
4th "	120	104	106
1934—1st "	141	107	116
2nd "	171	116	125
3rd "	178	122	119
4th "	183	124	117
1935—1st "	203	126	128
2nd "	221	136	136
3rd "	254	142	142
4th "	249	143	145
1936—1st "	259	146	148
2nd "	251	154	150

In view of these facts, what are we to conclude about the efficacy of credit creation as a means of attaining recovery? All conclusions must necessarily be tentative, but it seems to be clear that the effects have been smaller and slower in appearing than was claimed by the advocates of the theory. It seems to require a very great expansion of the base of the structure, continued for a considerable time, before the appearance of an adequate rise in the stream of money, which alone can affect the size of individual incomes.

Secondly, we have found reason for believing that, in the United States at least, it was the deficit rather than the creation of excess reserves which expanded the total of bank

deposits. Additional reserves would be needed, it is true, before deposits could be expanded at all, but the additional reserves required for this purpose would be vastly smaller than those actually created. In so far as deficit financing expanded the stream of purchasing power, the palm must go to a rival theory, that of public expenditure (which is discussed below in the section on "Public Finance"), rather than to the theory of credit creation.

It may, however, be pleaded in defence that the cheap money policy succeeded in lowering interest rates. It is undoubtedly true that interest rates have fallen substantially. The yield on U.S. Government bonds, for example, which was 3.65 per cent. in the second quarter of 1929, and 3.30 per cent. in the first quarter of 1933, had fallen to 2.50 per cent. in the second quarter of 1936. The yield of highest-grade industrial bonds was 4.72 per cent., 4.53 per cent., and 3.55 per cent. respectively at these three dates. Even the rates charged by banks to their customers in twenty-seven Southern and Western cities have fallen from 6.11 per cent. and 5.61 per cent. to 4.39 per cent. The effect of lower interest rates cannot be overlooked; it has undoubtedly been one of the most potent causes of recovery. But there would have been some fall in any case—as is shown by the reductions between 1929 and 1933, a period of growing stringency of credit—and it may be doubted whether more than a relatively moderate expansion of credit (as, for example, in Great Britain) was needed to bring about the full benefits of lower interest rates.

It may also be urged that the United States in 1933 presented the worst possible case for an experiment in credit creation. Banks which have only escaped insolvency by the proclamation of a "holiday" are not likely to prove particularly susceptible to expansionary stimuli. But if the American banking system was a poor subject for the experiment, it is also true that the experiment was carried to quite unprecedented lengths. If it has succeeded, it may have done so only at the cost of storing up financial dynamite for the future.

It is perhaps permissible to conclude that, in the peculiar circumstances of the United States, the theory of credit creation and cheap money has hardly performed all that was expected of it by its advocates. It has undoubtedly stimulated some expansion, but it would seem doubtful whether more than a portion of the recovery of the last few years can be ascribed to it.

THE BUDGET

A BUDGET, in American parlance, is something rather different from its British counterpart. There is no person or body in the United States charged both with a comprehensive oversight of the whole of the national finances and also with the power to formulate and execute any plan for dealing with them. In these circumstances the result of a year's working is completely at the mercy of the whims both of Congress and the trade cycle. Balancing the Budget, in the precise sense in which it is understood in Great Britain, is quite unknown. The surplus or deficit on the Budget has been less than \$100 millions in only one year since 1916.

These considerations should be borne in mind in studying the following summary figures for the last seven completed financial years (which end on June 30th):—

UNITED STATES BUDGET, 1929-36
(\$ Millions)

	Receipts	Expenditure				Deficit (less Debt Retirement)
		Ordinary	Recovery and Relief	Debt Retire- ment	Total	
1929-1930.....	4,178	3,440	---	554	3,994	738*
1930-1931.....	3,317	3,780	---	440	4,220	462
1931-1932.....	2,121	3,826	768	413	5,007	2,473
1932-1933.....	2,080	3,405	1,277	461	5,143	2,602
1933-1934.....	3,116	2,741	4,044	360	7,105	3,630
1934-1935.....	3,800	3,145	3,657	574	7,376	3,002
1935-1936.....	4,116	5,186	3,291	403	8,880	4,361

* Surplus

The most striking fact to be derived from this table is the extraordinary variability in revenue. This is very largely

due to the provision of the income tax law which taxes capital profits and allows capital losses to be deducted from income. But it must also be remembered that the estimated national income fell to half its peak figure, which would naturally affect the yield of taxation, irrespective of the method of assessment. The largest fall, as might be expected, was in the income tax, which yielded \$2,411 millions in 1929-30 and only \$746 millions in 1932-33. The second fact that emerges is the comparative stability of the ordinary expenses of the Government. The large increase in the last year is due to the payment of the "veterans' bonus." When this is allowed for, the only substantial variation is in 1933-34, which shows the temporary effect of the Economy Act. The deficits have therefore been entirely due to shortfall of revenue and to expenditures for relief and recovery.

It should be noticed that the deficits are not entirely a creation of the Roosevelt Administration. On the contrary, Mr Hoover's last two years showed a combined deficit of \$5,075 millions. The unbalanced Budget was hardly welcome to Mr Hoover. Indeed, in his last year he attempted, vainly, to reduce it by economies and salary reductions. But his dislike of unbalanced Budgets did not go so far as to lead him to advocate an increase of taxation. He may therefore be said to have had a negative belief in the virtues of unbalanced Budgets in time of depression.

During his election campaign, Mr Roosevelt criticised severely the unbalanced Budget which Mr Hoover permitted, and one of his first moves in office was to cut down expenditures by further economies. For some time there

was an attempt to maintain that there was economic merit both in curtailing ordinary and in expanding extraordinary expenditures, but it proved too great a strain on logic and consistency. Mr Roosevelt's second mood was one of glorying in the deficit and even of attempting to increase it; this was the mood of the Budget Message of January, 1934. It soon became apparent, however, that extravagance on a monumental scale was not a popular policy and from that time onwards gestures have been made towards a balanced Budget. If the deficit in the last completed year was the largest of the series, the President could with justice claim that it had been forced upon him by the action of the Supreme Court in invalidating the processing taxes and by the action of Congress in passing, over his veto, the immediate payment of the "veterans' bonus." Both last year and this, taxes have been raised, but it is more than probable that the bulk of the increased revenues should properly be ascribed to returning prosperity rather than to these increases. Indeed, the impression has been given that the increases were proposed in order to advance theories which had little to do with the Budget (such as "soaking the rich" or preventing large corporations from extending their sway) rather than to collect revenue.

The continuance of such large deficits inevitably gives rise to two questions. How much has deficit financing contributed to recovery? Does the continuance of deficits threaten the soundness of the national finances? It may be pointed out, before these questions are discussed, that the last column of the table above is not an accurate guide to the movements of the National Debt. In the first place, \$4,718 millions of securities have been issued with the guarantee of the United States and these are at least contingently part of the Debt, although they do not enter into the Budget. But secondly, assets have been acquired against the National Debt in the form of claims on local authorities, corporations and individuals. On May 31, 1936, the Government's estimated net equity in the assets of the various New Deal agencies was \$4,295 millions (in addition to assets held against the contingent liabilities), compared with a gross National Debt of \$33,779 millions. And thirdly, the cash balance in the Treasury has been swollen by, among other things, the profit on the revaluation of the dollar.

The net Debt of the United States, after including the contingent liabilities, but deducting the assets and the Treasury balance, was in the neighbourhood of \$26,250 millions on June 30th last. This is roughly equivalent to £5,250 millions, and the British National Debt, calculated on roughly the same principles, was £7,490 millions on March 31st last. In view of the very much greater wealth of the United States, the burden would not seem to be disproportionately heavy. In relation to "normal" National Income (if that concept could be defined and calculated) the American debt is only about a quarter or a fifth of the British. This calculation is not seriously disturbed by a consideration of the debts of governmental units other than the national Treasury, which amount to about \$19,000 millions, or £3,800 millions. The total *per capita* debt of the United States and subsidiary units is about \$360, or £72, compared with a *per capita* burden of £166 for the British National Debt alone. The conclusion may be hazarded that a further increase in the American debt, though doubtless unwelcome, will not impose an intolerable burden on the taxpayer. Nor does there seem to be any risk of the Treasury's having to pay an excessive rate for accommodation. Reference to the rates of yield on Government bonds quoted on page 16 will show that the Treasury's credit has risen in proportion to the deficit.

The methods of financing the deficit are, perhaps, more fertile ground for alarm than its gross amount. The following table shows how the different forms of obligation have varied in recent years:—

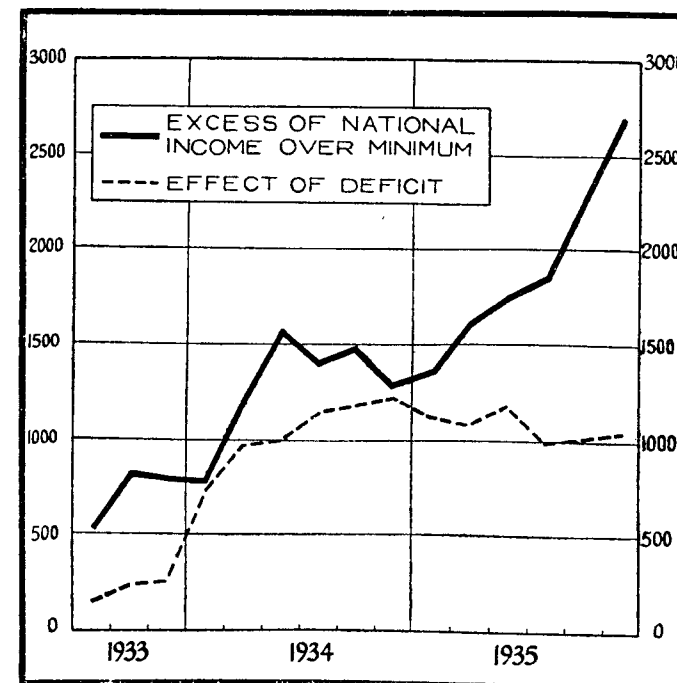
	(\$ Millions)		
	June 30, 1932	June 30, 1933	June 30, 1936
Bonds	14,250	14,223	18,628
Notes	1,465	4,780	11,861
Certificates and Bills	3,447	3,154	2,500
Non-interest bearing	326	381	790
Total	19,488	22,538	33,779

It will be noticed that the greatest increase is in the comparatively short-dated securities. On June 30th last, of the total of interest-bearing debt, 12.6 per cent. was due in less than a year, 21.0 per cent. in less than 2½ years, 44.1 per cent. in less than 5½ years and 55.7 per cent. in less than 10½ years. Even after the Budget has been balanced, the necessity for constant conversion will impose a severe task upon the Treasury. As has been remarked on a previous page, this fact has an important bearing upon the prospect of adequate credit control being exercised.

The contribution of the deficit to recovery is not easy to assess. As was indicated in the article on Banking (page 15), the issue of a steady stream of new Government securities has been an essential part of the mechanism by which credit has expanded. Furthermore, it stands to reason that the creation of substantial amounts of new money (for that is what it has amounted to) and its disbursement to individuals has increased the total national income by more than the amount of the original disbursements. This could only *not* be so if the recipients of Government expenditure failed in their turn to spend it. Since these recipients were mainly destitute persons, the money was obviously handed on at least once after its receipt by them. Exactly how great this cumulative effect has been it is, unfortunately, very difficult to say.

Attention may, however, be called to a calculation which has been made by Professors Cohn and Lehmann of the New School for Social Research.* These authors have divided the deficit under three heads. The first they call the "maintenance deficit." This is the deficit which arises out of the decline in revenue and not out of increasing expenditures. The failure to increase taxes means that the national income is not further depressed, but it has no positive stimulating effect. Second are "liquidating expenditures," i.e. those expenditures which are used merely to repay debts, such as refinancing activities, etc. These also are presumed to have no stimulating effect.

Only the remainder of the deficit, the "stimulating expenditures," are taken into account. In calculating the effects of these "stimulating expenditures" the authors make two quite arbitrary but not inherently unreasonable assumptions. The first is that money thus spent by the Government reappears as income in its further course every two months (i.e. that the income-velocity of circulation is 6 per annum). The second is that at each reappearance there is a "leakage" of 50 per cent., in other words, that the "multiplier" is 2. The sum of the primary and secondary effects of the "stimulating expenditures" of the deficit, calculated in this way, is shown (in millions of dollars per two-monthly period) in the accompanying diagram.



The other curve in the diagram represents the excess of the national income over the minimum rate of \$3,500 millions per month recorded in the spring of 1933. The figures used

* Published in "Social Research," May, 1936.

in drawing this curve are those of the Cleveland Trust Company, which distributes the official estimates of annual national income over the different months.

This comparison must not be burdened with greater weight than it can bear. The one curve depends entirely upon certain arbitrary assumptions. The other depends as completely upon estimates of the national income which are necessarily approximate. But the diagram does supply a certain measure of experimental verification of the judgment which could be given by general observation—namely, that Government expenditures were almost the sole support of recovery in the long hesitant period of 1934, but that early in 1935 the pump was successfully primed and recovery began to make independent headway. Even this conclusion, however, does not enable us to assume that the "spontaneous" recovery of 1935 was the result of the deficit. The statistics provide no answer to the argument that this spontaneous recovery would have come

earlier and in greater force if it had not been for the disturbing effect on business confidence of the mounting deficit. It can only be said that the course of bond prices and other phenomena during 1934 gave no warrant for the belief that anxiety over the deficit was any greater than it was in 1935.

It would be prudent and, perhaps, on balance, judicious to conclude that the deficit expenditures neither delayed "spontaneous" recovery nor created it. But they nevertheless filled the gap until spontaneous recovery appeared. On the assumptions set out above, the deficit added almost \$7,000 millions in the financial year 1934-35 to a national income which without it would only have been some \$44,000 millions. The proportion of about 16 per cent. may be considered small, but in an economy where the margin is of paramount importance an addition of 16 per cent. to the national income may well be considered worth the addition of \$3,000 millions to the national debt.

THE DOLLAR

THE gold standard was one principle with which President Hoover never admitted the slightest compromise. Throughout the four years of his Presidency gold was freely bought and sold at the standard price of \$20.67 an ounce. There was never any hint, even in the darkest days of 1932, that the free convertibility of the dollar into gold would be suspended. Indeed, Mr Hoover constantly referred to such a suspension as a calamity which should be avoided at all costs, and he took steps, in the Glass-Steagall Act of 1932, to free more of the Federal Reserve's gold for export.

Mr Roosevelt's attitude, before his election and during his first weeks of office, was the same. The Democratic Party platform of 1932 was uncompromising on "hard money," and Mr Roosevelt's declarations in the early days of the banking crisis of March, 1933, seemed to show a determination to adhere to this policy. But on April 19th the policy was bluntly reversed and the export of gold prohibited. Not only was the dollar thus permitted to depreciate, it was encouraged to fall, and for several months official and unofficial opinion considered the prospects of recovery to be bound up with the decline of the dollar.

So many misconceptions have arisen about the depreciation of the dollar that it is advisable to recite some of the relevant facts. The American balance of payments was favourable to the United States on current account both in 1932 and in 1933, while the combined net outflow of capital in the two years together was less than 12 per cent. of the monetary gold stock of the country at the beginning of 1932. Moreover, most of the outflow of capital in 1933 was the consequence, rather than the cause, of the depreciation. There can be no question of any external compulsion having forced the fall of the dollar.

This is generally admitted even by the Administration's defenders, but they allege that the depreciation was nevertheless forced upon the country by internal factors. It is true that throughout 1932 there had been a growing volume of hoarding of currency and even of gold. But this had stopped before April, 1933. The total of currency in circulation was falling very rapidly in the weeks between the reopening of the banks and the suspension of gold exports. The monetary gold stock was rising steadily week by week and the deposits of the reporting member banks were increasing. There was every sign to indicate that the internal run on the currency, and *a fortiori* the internal run on gold, was at an end.

Those who argue that the depreciation was compulsory take their stand, however, on a different ground. They maintain that, in spite of the technical possibility of maintaining the free convertibility of the dollar into gold, depreciation would sooner or later have been inevitable, because so long as the United States stayed on the gold standard so long would the American economy be subject to the paralysing deflation which had just wrecked the banking system. The argument is not one that can ever be decided. But it is probably the conclusion of most observers outside America, and of many Americans, that it was fully possible

for the United States to have remained on the gold standard in 1933 and thereafter without preventing recovery. If this view is correct, the departure from the gold standard was in no sense forced; it was a purely voluntary act. This does not mean to say, of course, that the depreciation produced no benefits for America, or, indeed, for other countries. It is almost certain that "recovery on gold" would not have been as rapid as "recovery off gold." There were, however, certain disadvantages. The American Government had to break its contracts in order to carry through the depreciation, and the judgment of the Supreme Court in the "gold clause" cases stigmatised it as a defaulter, though effectively blocking the way to any private individual seeking redress. There were also disadvantages to the gold bloc countries, although it can be argued that they could have escaped these disadvantages if it had not been for their own stubborn clinging to their existing gold parities. There is also the question of the ultimate morality of such depreciations. The definition of currency honesty is no longer so rigidly drawn as to exclude all readjustments of currencies. But when a rich country, with a strong currency, voluntarily devalues by a very large percentage solely in order to facilitate its internal economic policy, it might be considered a very dangerous precedent and an incitement to the insanity of competitive depreciation.

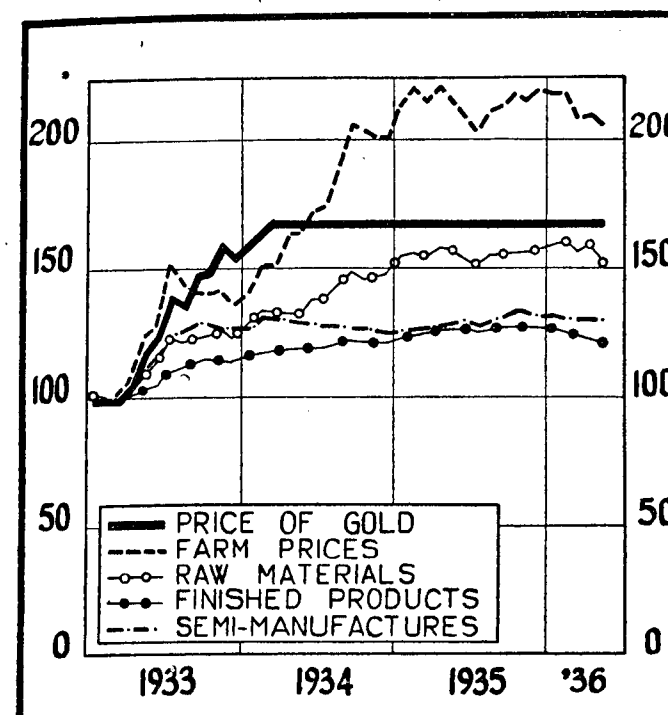
The advantageous results that have flowed from the depreciation must, therefore, not be allowed to exclude entirely from consideration its more disturbing aspects. Before we can attempt to assess the balance of good and evil, however, we must see what benefits can properly be ascribed to the American currency policy.

The dollar was encouraged to depreciate throughout the summer and autumn of 1933. At first this was done merely by pronouncements of policy, the most famous of these being the celebrated telegram to the World Economic Conference, which bade the assembled statesmen of the world turn their attention to more important matters than currency stabilisation. In the last quarter of the year, however, depreciation was secured by the curious device of buying gold at steadily rising prices. Towards the end of the year it was apparently considered that a low enough level had been reached, and at the end of January, 1934, the dollar was restabilised at a fraction above 59 per cent. of its previous gold parity. The President retained the power to devalue further to 50 per cent. of the old parity, but this power has not been used. The United States is not allowed freely to exchange dollars for gold. But the currency has been kept close to its new gold parity, and gold transactions with the central banks of countries on the gold standard have been undertaken when necessary.

The first place to look for effects of the depreciation is in the movement of prices. The relevant facts are presented in the accompanying chart, in which an index of the dollar price of gold (the reciprocal of the depreciation of the

dollar) is compared with four price indices, all five being based, for the sake of convenience, on March, 1933:—

EFFECT OF DEPRECIATION ON PRICES
(March, 1933=100)

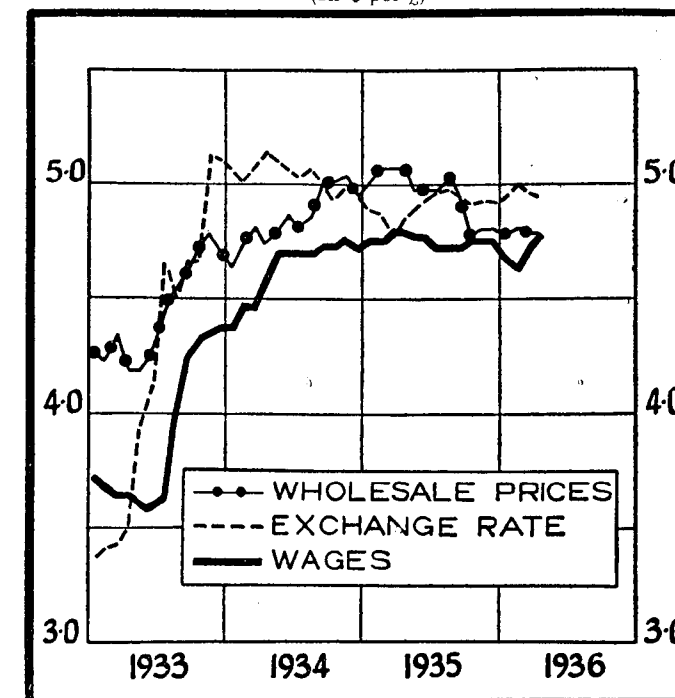


The juxtaposition of series of figures in this way has the disadvantage that it excludes all other factors from consideration. In the case of this chart, however, it is immediately apparent that it proves too much. The depreciation of the currency could not possibly have induced such a large rise in farm prices. Moreover, there is little temporal coincidence. Farm prices were falling during part of the period of most rapid currency depreciation, and they accomplished the greater part of their rise after the dollar had been restabilised. The drought of 1934, coupled with the crop limitation projects of the Administration, have undoubtedly done more to raise farm prices than the fall of the dollar, though it should not be denied its share in the merit for the combined result. The raw materials curve behaves very approximately as a price curve should if the theories which inspired the gold-buying programme were correct. But a close inspection of the whole chart, and particularly of the relations between the month-to-month movements of the different curves, suggests that the position of this curve is due more to the "attraction" of the farm price curve working against the "drag" of the more stable industrial indices than to the depreciation of the currency. As for the two remaining curves, when allowance has been made for the effects of expanding credit, reviving employment, public works and deficit financing, the influence of a falling dollar appears to have been slight.

The movement of the price curves in relation to the exchange curve would tend to suggest that the exchange value of the dollar which has prevailed since the beginning of 1934 is not yet in equilibrium with prices—in other words, that the dollar is still undervalued. This depends, however, on the movement of prices in other countries. In the chart in the next column an attempt is made to compute "equilibrium rates of exchange" between the dollar and the pound. In each case the assumption has been made that the two currencies would have been in equilibrium in 1929 if the value of the pound had been lower by 10 per cent. than the old pre-war parity adopted in 1925. Equilibrium rates have then been calculated by adjusting this basic rate of \$4.38 by the relative movement of prices in the two countries. The wholesale price indices of the Bureau of Labour Statistics and of the Board of Trade have been compared to give one curve, and the indices of wage rates calculated

by the National Industrial Conference Board and by Professor Bowley to give the other. The limitations, theoretical and practical, of this type of calculation have been frequently pointed out in the *Economist*, and the curves cannot be regarded as doing more than indicate the probable range within which the true equilibrium rate lies:—

DOLLAR-STERLING EQUILIBRIUM RATES
(In \$ per £)



It will be observed that the dollar appears to have been close to an equilibrium with the pound at the end of 1934 and throughout most of 1935, but that, both before and since, it has been undervalued.

The positive effects of depreciation thus appear to have been very considerably less than was expected by the authors of the policy. The connection between the exchange rates and the level of prices is evidently neither exact nor immediate. There have been, however, certain indirect benefits from depreciation. Without it money could not have been quite so cheap nor credit quite so plentiful, although they could undoubtedly have been made considerably cheaper and more plentiful than they were in March, 1933. It is possible, too, that the initial announcement of the policy of depreciation had a considerable effect in imparting impetus to the recovery, though it is doubtful how far the impetus was given by the depreciation or by the prospect of inflation, which is not quite the same thing. It is noteworthy that in the autumn of 1933 depreciation without inflation had almost no stimulating effect at all.

There are very few departments of the Administration's economic policy on which it is harder to pronounce a final judgment than this. On the one hand, there was a patent breach of contract without any excuse of *force majeure*, and a considerable amount of economic damage inflicted on foreign countries. On the other hand, there was a certain amount of economic benefit to the United States in stimulating recovery, though the guess may be hazarded that the stimulus was smaller than is sometimes claimed. The balance may be struck by attempting to imagine how much of the recovery programme would have been possible without depreciation. The strong probability is that there would have been some recovery, but that it would have been somewhat slower and more timid. And it may very well be that the other nations of the world, taking them as a whole, have gained rather more from the greater *élan* of America's recovery than they have lost from the undoubted currency aggression with which it began. The end seems to outweigh the means. Whether the means are also justified by the end they served is too difficult a question of economic ethics to be settled here.

FOREIGN TRADE

THE two tables* at the foot of the page tell the story of American foreign trade in the depression. The left-hand table gives the dollar values of exports and imports, classified both as to geographical distribution and also as to nature of trade. In this table each set of figures has also been calculated as an index number, the figure for 1933 being taken as 100. In the right-hand table figures are presented for the chief individual items of trade, giving quantity figures whenever possible; and also a series of indices of the volume of trade.

The declines revealed by these figures are astonishing, particularly when it is recalled that the volume of world trade, as a whole, never fell below 74½ per cent. of its 1929 amount. It is clear at a glance that the foreign trade of the United States has been peculiarly susceptible to the effects of depression. In large part, this is due precisely to the fact that for America foreign trade is marginal. Some of her products are absolutely dependent upon the export market; and some raw materials she can only get from abroad. But neither is typical; for the most part foreign trade is not vital to the existence of the American economy, though it may very well be essential for its profitability.

American imports consist predominantly of industrial raw materials and of two foodstuffs, coffee and sugar. With industry in headlong retreat, and the consumption of the people seriously restricted, it was only natural that imports of these goods should fall off very sharply. The smallest declines are those of the categories which include coffee, sugar and newsprint, all three of them virtually articles of popular consumption, but even here the declines from 1929 to 1933 (which was not the worst year) are very large in value and quite considerable (save for coffee) in volume. In the geographical distribution of imports, however, it is interesting to notice that Europe shows the smallest decline.

American exports consist, in the main, of agricultural and mineral products on the one hand and of highly-finished manufacturing products on the other. Both categories have suffered very severely. Manufactures lost through the disappearance of foreign demand for motor-

cars, typewriters, machine tools, etc. Agricultural products lost through the decline in foreign demand, through the fall in prices and, also, at a later stage of the depression, through the short supply of crops in drought-ridden America. The combination of these factors was sufficient to bring about a greater decline, both by volume and by value, in American exports than in imports.

Compared with the low level to which American foreign trade had fallen, the recovery has been rapid. Compared with the level existing before the depression, it is less impressive. In one respect, there has been no recovery at all. This is in the volume of exports of agricultural produce. Cotton, which is the largest item, held up better in volume during the earlier years of the depression, and has also lost ground rather more slowly since 1932. But the total of agricultural exports in 1935 was only 65 per cent. of the 1932 volume and 57 per cent. of the 1929 volume. For all products except cotton, the figures are 58 per cent. and 33½ per cent. respectively. To what extent these declines can be blamed on Man and Nature, and how far they are permanent, are questions which are more appropriately discussed in the chapter on Agriculture.

In other categories, however, there has been a substantial recovery in trade. Imports have increased by more than a third in volume, and by more than a half in value, since 1932, the recovery being entirely due to the revival in the demand of American industry for raw materials and in the consuming power of the American public. The export totals are unduly depressed by the decline in agricultural exports, but even so, there has been an increase of nearly 14 per cent. by volume and of over 40 per cent. by value. Exports of semi-manufactures and of finished manufactures were 64 per cent. higher by value. Even in these categories, however, the 1935 figure was only 48 per cent. of the average for the years 1926-30.

Foreign trade thus presents the same general picture (if the special case of agricultural exports be excluded) as American business in general, a precipitous decline between 1929 and 1932, and a substantial but far from complete recovery between 1933 and the present. It remains to inquire how far the recovery can be attributed to the conscious planning of the Roosevelt Administration. Most of it has been the by-product of general recovery, and the answer to this specific question must to that extent wait upon the answer to the more general question of the responsibility of the New Deal for recovery as a whole. The

UNITED STATES FOREIGN TRADE*

(Roman figures are millions of dollars; italic figures are index numbers, 1933=100 in each case)

	Exports			Imports		
	1929	1933	1935	1929	1933	1935
By Continents:—						
North America	1,395	341	531	981	318	496
South America	408	100	155	309	100	156
Europe	539	114	174	640	202	281
Asia	471	100	152	318	100	139
Oceania	2,341	850	1,028	1,333	482	599
Africa	275	100	121	288	100	129
By Commodities:—						
Animals and animal products, edible	643	292	378	1,280	426	604
Do., inedible	221	100	129	301	100	143
Vegetable products, edible, and beverages	192	35	74	57	13	26
Vegetable products, inedible (exc. fibres and wood)	551	100	212	438	100	200
Textile fibres and manufactures	131	43	96	109	28	41
Metals and manufactures, exc. machinery and vehicles	306	100	224	390	100	147
Chemicals and related products	244	75	61	144	44	75
Machinery and vehicles	326	100	82	328	100	171
Miscellaneous	113	39	47	392	118	151
TOTAL TRADE	302	100	121	332	100	127
Imports and exports of silver are not included.						

* Imports and exports of silver are not included.

CHIEF EXPORTS AND IMPORTS

		1926-30 average	1933	1935
Chief Exports:—				
Cotton, unmanufactured	million lbs.	4,328	4,520	3,234
Refined petroleum	million bbl.	120	61	87
Crude petroleum	do.	20	37	51
Machinery—Industrial	\$ millions	218	55	122
Agricultural	do.	110	44	72
Electrical	do.	103	44	36
Passenger cars and trucks	thousands	394	108	273
Tobacco, unmanufactured	million lbs.	546	439	396
Apples, fresh	\$ million	30	22	13
Dried and evaporated fruits	million lbs.	460	397	404
Canned fruits	do.	268	266	322
Packing-house products	\$ millions	194	66	43
Iron and steel—Mill products	do.	171	29	88
Advanced manufactures	do.	78	20	31
Cotton cloth	million sq. yds.	521	302	187
Copper ore and manufactures	million lbs.	984	349	607
Wheat and flour	million bu.	176	27	11
Rubber and manufactures	\$ millions	67	18	22
Sulphur, crude	thousand tons	700	523	402
Chief Imports:—				
Coffee	million lbs.	1,493	1,586	1,755
Cane sugar	do.	8,471	5,748	5,908
Raw silk	do.	4,279	3,587	4,767
Fertilisers	do.	2,152	1,225	1,374
Crude rubber	thousand tons	1,042	938	1,045
Hides and skins	do.	447	340	303

INDICES OF VOLUME
(1929=100)

	1929	1930	1931	1932	1933	1934	1935
Imports for consumption	100	85	75	60	65½	65½	81
Exports, U.S. merchandise	100	82½	67	52	52	56	59
Agricultural exports, total	100	85	82	88	79½	62	57
Do., without cotton	100	82	72½	58	47	45	33½

New Deal has, however, included a specific policy for stimulating foreign trade, and to this we must now turn.

TRADE AGREEMENTS

The Democratic Party is, by long tradition, the low-tariff party, and the last Democratic President before Franklin Roosevelt, Woodrow Wilson, was also the last President to accomplish a reduction in the American tariff. The times were not propitious in 1933 for an all-round reduction of the tariff on the lines of the Underwood Act of 1913, but Mr Roosevelt, in earnest of his good intentions, appointed as his Secretary of State one of the most consistent and persistent low-tariff advocates in the country, Senator Cordell Hull. Unfortunately, the policies of some other members of the Administration, notably those responsible for the N.R.A. and the A.A.A., involved higher tariffs to protect their experiments in wage and price raising. But Secretary Hull has also been allowed to pursue his patient course. His method has been by the negotiation of bilateral trade agreements with one country after another. Provided that no tariff duty is reduced by more than 50 per cent., these agreements are exempt from the necessity of running the gauntlet of Senatorial approval. So far, thirteen of these agreements have been concluded, the most important being those with Canada, Cuba, Belgium, France, the Netherlands (and Netherlands Indies), Brazil, Sweden and Colombia. It is a condition of the Act under which the agreements are negotiated that concessions shall be reciprocal, and it has also been the uniform practice of the United States to generalise its concessions to all countries enjoying the benefit of the most-favoured-nation clause.

No praise can be too high for the spirit that has animated this policy. In this tariff-ridden world the sight of any nation deliberately seeking to lower its tariffs is both rare and refreshing, and not less so when the nation concerned has for many years been one of the world's most hardened tariff sinners. The countries with which these agreements have been concluded account for nearly a third of America's exports and well over a third of her imports. The agreements do not affect the whole of the trade between the countries concluding them, but even so a substantial fraction of the foreign trade of the country is benefited in greater or less degree. Moreover, the generalisation of the concessions extends the benefits, such as they may be, to third parties. It is fully possible, for example, that Great Britain has already gained more from the concessions given by the United States in her treaties with other countries than could be obtained in a direct Anglo-American treaty. British trade has gained in particular from the concessions on whisky in the Canadian agreement, on linen in the Belgian, on special steels in the Swedish and on lace and similar goods in the French agreement.

While praising without reserve the principle embodied in these agreements, and the spirit inspiring their negotiation, it is permissible to express a certain scepticism about the quantitative degree of the results achieved. In the first place, many of the countries with which agreements have

been concluded sell more to the United States than they buy. This is true of Cuba, Belgium, the Netherlands and Netherlands Indies regarded as a unit, Brazil, Sweden, Colombia, Switzerland and Honduras, or eight out of the first ten agreements concluded. It is clearly in the interests of these countries to conclude agreements with the United States. But negotiations are proceeding, and inevitably must proceed, much more slowly with countries who buy more than they sell, and these latter are much more typical of the normal state of American trade.

Secondly, there is very little sign that the agreements have brought very large quantitative benefits. Benefits, as has been explained, are shared by all countries, but it would be remarkable if the proportionate benefit to a non-signatory were actually as great as to a signatory. Other glass producers will benefit from the concession made to Belgium, but the item was picked to be of special benefit to Belgium. Nevertheless, the following figures show no tendency for trade with the signatory countries to outstrip trade with other countries. The first five months of the last three years have been compared; none of the ten agreements selected was in force in 1933 or 1934 and all were in force for part at least of the first five months of 1936:—

		Ten countries with agreements	All other countries
Imports: 1933.....	(\$ million)	235.9	491.8
1934.....	(\$ million)	295.8	541.9
Change	%	+25	+10
1935.....	(\$ million)	349.4	623.4
Change	%	+18	+15
Exports: 1933.....	(\$ million)	233.3	632.2
1934.....	(\$ million)	248.8	605.1
Change	%	+7	-4
1935.....	(\$ million)	280.6	688.6
Change	%	+13	+14

It will be noticed that trade with these ten countries was increasing more rapidly than trade with other countries in the year *before* the agreements came into force. But in the last year, with the agreements in force, the difference between the two categories has been narrowed, and in the case of American exports trade with other countries has actually increased faster than with the ten countries. These figures suggest either that the concessions made have benefited third parties more than the signatories (more proportionately to total trade, not merely absolutely more), which is absurd, or else that the concessions made on either side have been too small to have any perceptible effect on the total of trade.

The agreements have not lacked critics in the United States. The platform adopted by the Republican Party at Cleveland calls for the repeal of the Trade Agreements Act of 1934. It does not specifically promise the abrogation of the agreements already concluded, but if the Republicans win the election it is not impossible that this will be their fate. Indeed, there are Republican voices crying in what may turn out to be less of a wilderness than it now appears for a general increase in the tariff on the lines laid down by Mr Hawley and Senator Smoot in 1930. Even if Mr Roosevelt is re-elected, it is doubtful whether any considerable further advance will prove to be possible.

SECURITY MARKETS

THE insistent demand for a change which swept Mr Roosevelt into office four years ago related to Reform as much as to Recovery. The most fervent desire of the American people was for work and wages, and the primary task of the incoming Administration was undoubtedly to hasten recovery. But there was also a nation-wide spirit of anger which clamoured for reform of the abuses of the system which had permitted the depression to happen. Those abuses centred in the securities exchanges of the country. It is true that the sternest disfavour was reserved for the bankers, but the link between the banks and the Stock Exchange is a close one in the United States, and it was for his misdeeds in the stock market far more than for his mistakes in the field of commercial

banking that the name of banker was made a byword. It may be urged that the public, in large part, had only itself to blame. It had yielded to the temptation of speculation, had "plunged" on a gigantic scale, had proved itself only too ready to listen to the siren songs of the chart-readers and the economic prophets. All that is true, but it did not lessen the anger of the many thousands who had lost their life savings in the market to see the market professionals still, to all appearance, wealthy or to hear them blandly confess before the Congressional investigating committees to practices which far outstepped the limits of ethics, even if they remained within the somewhat more obliging boundaries of the law.

There were, indeed, very grave abuses in the security

markets in the years before the depression. There was, first of all, the close connection between the banks and speculation. The banks not only invested their own funds in securities, they not only poured money into the markets for the use of speculators, but, through their "security affiliates," they took the lead in peddling securities, often of doubtful merits, up and down the country. Secondly, there was far more profit being made by "those in the know" at the expense of the innocent investor than could be reconciled with a healthy state of the markets. And thirdly, all forms and varieties of rigging the market were rampant. In addition to the insistent clamour that arose after the crash for the reform of these abuses and the punishment of the guilty, the belief was also widespread that the depression had been caused by excessive security speculation, and that prevention of speculation would prevent future depressions.

For all these reasons, reform of the security markets was placed in the forefront of the new Administration's programme in 1933. No department of its programme has been more persistently pursued or more generally supported. The enactments bearing on the subject are several and their methods various, but for convenience of discussion the remedies adopted can be considered as falling under three heads: the relations of the banks to the security markets; the regulation of new issues; and the control of exchanges.

THE BANKS AND THE MARKETS

The Banking Act of 1933 imposed upon the banks a complete divorce from their security affiliates. Every financial institution which had hitherto been doing a combined banking and investment business had to choose one of the two and abandon the other. There is a great deal to be said in theory for a connecting link between the banking system of a country and the system by which capital is invested in industry. Historically it can be established beyond much question that the American banks were almost forced into the security business by the declining use being made by industry of banking accommodation, by the terrific demand from industry for capital and from the public for investments, and, finally, by the absence of a sufficient number of other financial institutions to serve the needs of the new issue market. There is thus quite a weighty academic case to be made out for security affiliates. But the abuses which had crept in during the later years of the boom swept away all these arguments. If security affiliates behaved as only too many of them did behave in these years, then it was both inevitable and proper that they should be suppressed. The effect on the market of their disappearance was regarded with apprehension in some quarters. It is true that if a very large demand for the services of the new issues market had arisen immediately after the Banking Act of 1933 was passed, the machinery of the market, stripped of its most important members, would have been unable to cope with it. It may still prove that the market is too narrow or too inadequately supplied with capital to deal with a period of real activity, but in the intervening years several new agencies for the origination of securities have been able to develop.

Congress has imposed further limitations on the use of banking funds in financing speculation. The most important of these provisions is that giving the Board of Governors of the Federal Reserve system the power to specify a minimum cash margin which must be put down for every security transaction. At present this margin is fixed at 55 per cent., i.e. no investor or speculator can borrow more than \$45 for every \$55 of his own money that he puts down. In boom days, margins of as little as 20 per cent. or even 10 per cent. were common, and it is clear that this new rule very considerably increases the ability of the banking authorities to control a speculative movement. It has also had the effect of narrowing the market, especially since accounts in which a fall in the value of securities brings the margin below 55 per cent. are "restricted." The result seems to be to accentuate the movements of prices. In particular, sharp falls in the market appear to be more frequent than formerly.

NEW ISSUES

The new issue market is regulated (apart from the exclusion from it of the banks) by the Securities Act of 1933. The regulation of new issues had previously been very complaisant, and practices had been of everyday occurrence which would certainly have led in England to proceedings under the Companies Acts. The Act of 1933 imposed upon an almost completely *laissez-faire* market a strait-jacket of very rigorous regulation. The immediate shock was naturally considerable. The Act calls for the disclosure in prospectuses of a great mass of information, relevant and, frequently, irrelevant. Directors are made liable not only for misstatements, but also for the omission of material facts. But the new American Company Law does not rely, like its English prototype, purely upon the compulsory disclosure of information, with the negative sanction of a possible prosecution. A regulatory body, the Securities and Exchange Commission, is set up,* whose positive assent is required before an issue can be made.

When these provisions were first imposed, they were universally condemned in Wall Street as unworkable. The S.E.C. is charged with much detailed amplification of the Act's general principles, and its first set of regulations certainly seemed to add to the complications. Since 1933, however, the position has considerably improved. The S.E.C. has shown a very accommodating spirit in modifying its regulations and in reducing the bulk of prospectuses to manageable size. On the other hand, directors have recovered from their first fright and have begun to shoulder cheerfully the responsibility for the truth of their statements.

The volume of new issues is shown in the following table (the figures are those of the *Commercial and Financial Chronicle*):—

	New Issues (\$ millions)			
	Foreign	Municipal, State and Federal agencies*	All others	Total
1928	1,574	1,485	6,933	9,992
1929	780	1,436	9,377	11,592
1930	1,136	1,584	4,957	7,677
1931	286	1,476	2,253	4,016
1932	60	1,004	650	1,714
1933	67	605	375	1,047
1934	62	1,646	489	2,197
1935	116	2,362	2,253	4,731
1935—1st six months.	0	1,444	1,870	3,314
1936—1st six months.	111	855	2,679	3,645

*Excluding direct obligations of the U.S. Government.

It will be seen that though there has been a substantial recovery, the volume of new issues is still a long way below that of the years preceding the depression. The effect of the Securities Act cannot, however, be deduced from the figures. The opinion of Wall Street is that the Act has seriously hampered the development of new issues. Indeed, the argument is frequently carried further, and it is alleged that the Securities Act, by cramping the revival of the capital industries, is the chief drag on recovery. This is undoubtedly a wild exaggeration. It is probable that the Act has had some retarding, and perhaps diminishing, effect upon the volume of new issues. It has certainly affected the quality of new issues. But there seems to be very little evidence that any corporation in need of new capital has been prevented from obtaining it.

CONTROL OF MARKETS

The Securities Act of 1933 could be represented as doing no more than bring the United States into line with other countries. The Securities Exchange Act of 1934, however, broke entirely new ground. The Securities and Exchange Commission created by the Act is given the very widest powers of control over all stock exchanges in the country. Furthermore, the Act prohibits a long list of manipulative transactions and speculative devices, including such sales "and" "straddles." The borrowing of funds for speculation by brokers is regulated as closely as the lending of funds by banks, and short selling is subjected to close

* The S.E.C. was created by the Act of 1934, the original Act of 1933 conferred these powers on the Federal Trade Commission.

control. This section of the Act is far too detailed for convenient summary, but it is broadly true that every transaction except a straight purchase or sale of a security for cash is now regulated, and even with these exceptions, the exchange on which the transaction is performed is controlled, and the security which is bought or sold has to be approved before it can be listed.

The enforcement of these prohibitions is entrusted to the S.E.C. The Commission watches the market very closely in the attempt to detect infractions and has instituted a few inquiries and prosecutions. But from the nature of the case, this part of the Act is unenforceable. It remains to be seen in a period of widespread speculation whether it will succeed in limiting the amount of manipulation.

Prohibition is only one of the weapons placed in the hands of the S.E.C. The other is Publicity. To secure registration of its securities on an exchange, a corporation must file with the S.E.C. a great volume of information about its finances, all of which is published. Moreover, the obligation to publish information is a continuing one; the S.E.C. is extending the excellent work done for many years past by the New York Stock Exchange in compelling the disclosure of vastly more information for the benefit of the investor than he is vouchsafed in any other country. Publicity is not extended merely to the corporate operations of the firm. The salaries paid to the chief executives are also made public, and directors, officers and principal shareholders are compelled to publish all changes in their holdings. An even more drastic provision is that which enables a corporation to recover any profits made by its officers, directors and principal shareholders by buying and selling its securities in breach of the regulations. Short sales by these persons are entirely prohibited. Difficulties of enforcement obviously arise here too, but publicity alone is a powerful sanction, and even if the prohibitions can be only partially enforced, much will have been done to convert the office of director from an opportunity for private gain to one of public trust.

EFFECTS OF CONTROL

Judgment on the effects of this mass of legislation depends peculiarly upon the viewpoint of the judge. There are many people who sincerely hold that the dangers of completely free markets are far less than their advantages. To these people any regulation, however laudable its objects, is deplorable. The degree of regulation imposed since 1933 is certainly most onerous to the persons and institutions engaged in the market; Wall Street is tightly restricted by red tape. But the majority of people not directly interested in security trading would probably take

a different attitude. The business of dealing in capital is manifestly affected with the public interest. Moreover, the first requisite of a free market, the approximate equality of bargaining power of all concerned, has never been realised; the shrewd insider has always had better information and greater acquaintance with manipulative technique than the private investor. This majority opinion would undoubtedly consider that some check on these abuses was worth a considerable interference with the freedom of the market.

Whether the degree of protection which has been accorded to the investing public by the New Deal legislation is at all commensurate with the restriction forced upon the markets is, however, rather a different question. As has been indicated above, the prohibitions have rather outrun the possibilities of enforcement, as is typical of American legislation. But even if offences cannot in all cases be detected and punished, the presence of these prohibitions on the statute book must be some deterrent to the abuses which they were intended to check.

Publicity is perhaps a more profitable field for activity. It is true that the mass of information now published is far more than can be digested by anybody save the very largest private investor or the large financial institution. But the obligation to provide it is very salutary for the business man. It is pure gain that the searchlight has been turned on the activities of directors as well as on those of the corporations they control. The cost to the market of these gains to the public is, as yet, difficult to assess. But there seems to be little room for doubt that it has been greatly exaggerated. Some new issues may have been prevented; others may have had their form changed. But the mechanism of the market seems now to be working smoothly. The limitation of purely professional buying and selling appears to have made the course of prices somewhat more erratic, but there is no reason to believe that genuine investment or liquidation has been impeded. Finally, something has been done to remove the banking system from dependence upon a highly speculative market, and this can hardly be other than a gain.

On the whole, therefore, this may be considered one of the more successful departments of the New Deal. One can sympathise with the attitude of the Wall Street brokers who see part of their livelihood taken away as retribution for practices which they did not consider to be sins and were, in any case, largely perpetrated by others. But regulation of their activity was long overdue, and if it has now come all in one crushing instalment the shock must be set against the freedom which they enjoyed throughout the years of booming markets.

THE POWER CONTROVERSY

ANY discussion of the American power industry must distinguish carefully between its technical and its financial aspects. Technically, the American industry leads the world. It is efficient, both in generation and in distribution; it has standardised its methods and equipment and is co-ordinated and interconnected over large areas of the country. Many of the principles which have been applied under State guidance in Great Britain in the last nine years were derived from American practice. For a new industry, the development of the supply of electricity and gas in the United States has been astonishingly rapid and sound, so far as its technical accomplishments are concerned.

The financial history of the industry is rather more dubious. A further distinction can usefully be drawn here between the rate policy of the utility and the "high finance" of their corporate structure. For many years now, rates have been controlled in the several States by the State utility commissions. But the control has been lax for a variety of reasons. The State commissions have been subject both to political pressure manipulated by the utilities and to the rulings of both State and Federal courts on such matters as "confiscation." Moreover, State commissions have no control over energy transmitted across the borders of States. The result has been that in spite of regulation,

the utility companies have been highly prosperous. True, some relationship has been kept between their income and the conception of a "fair return" on capital invested, but the definition of capital invested has never been very strict, and there has undoubtedly been a great deal of "water" in the capitalisation of the companies.

The severest criticisms of the industry, however, relate to its corporate structure. The device of the holding company has been used more consistently and carried further towards its logical conclusion in the American electrical industry than in any other. There is some virtue in the device. It may serve to integrate a number of small companies and to secure for them operating and financial economies. But in the 1920's it was carried far beyond this and made to serve far wider purposes. Different utility magnates used holding companies to build up their rival utility "empires." They were ready to purchase any utility that was in the market, however remote it might be from their existing interests. Pyramiding was carried to fantastic lengths, and in many of these pyramids the operating companies were "milked" for the benefit of the holding companies. When carried to these extremes, holding companies contribute nothing to the efficiency of the industry, but positively endanger it.

The depression years brought many of these structures to

collapse. There was no catastrophic decline in the income of the industry; its revenues were less than 11 per cent. below the best known year even in 1933, which was the worst of the depression. But even this minor setback was sufficient to prick many insubstantial bubbles, and the attendant losses to investors raised a storm of hostility to the industry. Mr. Roosevelt had long been a foe of the utilities, and his beliefs had already been demonstrated during his two terms as Governor of New York. His attitude seems to be inspired partly by indignation at the policies—financial and political—which had been pursued by a considerable part of the industry, partly by a strong belief that a general reduction in rates would tap an enormous demand for electricity and set the country on the highway to the "power age."

The Administration's policy has moved along several lines. In the first place, a Federal tax of 3 per cent. was levied on domestic and commercial sales of power. Regulation of rates prevents this from being passed on to consumers. Secondly, the conception of "yardsticks" has been evolved. The Federal Government is constructing in many parts of the country hydro-electric developments where the cost of generation will serve as a check upon the reasonableness of the rates charged by private utilities. This idea has given rise to an apparently endless controversy on the fairness of the accounting methods to be employed in calculating cost of production at plants which are tax free and financed by the Treasury. The best known of these projects are those associated with the Tennessee Valley Authority. The T.V.A. is, of course, much more than a power project. On paper, it is a plan of regeneration for the whole of a backward area; in law, both rural reconstruction and the generation of power are merely by-products of the Federal Government's undoubted constitutional right to control and develop navigation. But in practice the power activities of the T.V.A. have taken the front of the stage. The constitutionality of the plan, in all its aspects, is still undecided.

Another method of attack on the "power trust" has been the loan of money, on the very favourable P.W.A. terms (see "Public Works") to municipalities for the construction of municipal power plants. P.W.A. has approved 244 projects of this nature, most of them small; many of them are held up by legal action.

The more direct attack on the utilities, however, is contained in the Public Utilities Act of 1935. That Act consists of two parts. The second greatly enlarges the scope of the Federal Power Commission, which is given authority to control all utilities transmitting electricity across State lines (18 per cent. of all power generated is so transmitted). The F.P.C. is also empowered to conduct a continuous investigation of rate schedules.

THE "DEATH SENTENCE"

Part One of the Act is the famous Public Utility Holding Company Act. The holding company, whether in the utility field or not, had already been under fire and a tax of 10 per cent., later raised to 15 per cent., had been imposed on dividends received by corporations, with the object of discouraging needlessly complicated corporate structures. On specifically utility holding companies, however, the sentence was far more severe. A holding company is defined as one directly or indirectly holding more than 10 per cent. of the voting stock of a gas or electric company. All such companies are required to register with the Securities and Exchange Commission, unless their properties are substantially confined to a single State. On registered companies the Act imposes a variety of prohibitions and a very strict control. No securities are to be issued in future except equity stocks; no fresh properties are to be acquired without permission; contracts with subsidiaries for the supply of services of various kinds (a favourite form of "milking") are subject to control; holding companies may not borrow from their subsidiaries; they must keep accounts in specified forms, etc., etc. This is not all. The S.E.C. is directed "as soon as practicable after January 1, 1938," to bring about a simplification of corporate structures by eliminating all holding companies

beyond the second degree and by dissolving all holding companies except those whose properties form a "geographically and economically integrated" system. This is the famous "death sentence" clause which led to such prolonged and acrimonious debate in Congress.

The abuses of the holding company device during the last decade had rendered some form of control inevitable. Whether the actual terms of the Act are unnecessarily severe is a question which can be answered according to taste. It may be urged in its defence that there is ample precedent in the anti-Trust laws for the forcible dissolution of companies which are considered anti-social. Moreover, it has been argued that the "death sentence" will apply only to the more extreme cases, since the majority of holding companies are confined, or can be reorganised so as to be confined to "geographically and economically integrated systems." On the other hand, the universal opinion in the industry, even among those who never indulged in frenzied finance, is that the efficiency of the operating companies will be seriously interfered with if they are compelled to isolate themselves from the direction under which they have flourished. It is further urged that to compel the holding companies to dispose of their holdings at or near the bottom of the market amounts to unjustifiable confiscation of property. In any case, the whole Act is before the courts, and the utility companies are confident that it will be found unconstitutional by the Supreme Court.

The reply of the utilities to this adverse campaign has been varied. The best reply would be to lower rates and simplify corporate structures. Both have been done. A comparison of the figures of energy generated and revenue received shows that the average charge has been reduced between 1929 and 1935 by 21 per cent. to domestic consumers, 7 per cent. to wholesale and 11 per cent. to retail commercial consumers. The industry has also carried the war into the enemy's camp. It has fought the Administration at every turn in the courts and carried on an intensive campaign both of lobbying at Washington and of political propaganda throughout the nation. It is safe to say that Mr. Roosevelt has no more determined opponents than the utility companies, and if their aid and counsel can assist in electing Mr. Landon they will be given unsparingly.

Simple conclusions about this whole controversy are hardly possible. It is true that the industry has been guilty of many malpractices; and it is true that in seeking to meet the resentment which these have occasioned, many people in the industry have been stubborn and unwise. But it is also true that the industry has been harried and harassed in many ways which at times have seemed unfair and purely spiteful; and it is true that in some cases some of the Government projects would apparently be difficult to justify either on economic or accounting grounds.

As in most controversies, the reasonable position probably lies somewhere between the extremes. Several things can be said for the industry. First, the malpractices and short-sighted policies of the industry in earlier years are certainly in large part corrected (though whether they might not reappear in another boom period is more doubtful). In point of financial, structural and operating bases the power industry is now in a better position than it has probably ever been since its birth. Secondly, rates have been substantially reduced and *pro tanto* whatever reality there is in the dream of a "power age" brought nearer. This applies not only to the cost, but also to the availability of electric power, and to the cost of appliances.

On the other hand, it is said that these improvements have been forced upon the industry by the weight of depression and the threat of legislation, that the industry is unrepentant and unregenerate and would return to its old abuses as soon as recovery proceeds far enough. It is not necessary to reach a precise conclusion; disinterested opinions. This much at least can be said for the Administration's case, that after the lessons of the 1920's a complete degree of control that will satisfy the public and be acceptable to the industry is not defined for all time in the Acts of the last few years. It will, in any case, have to be slowly evolved by the combined efforts of Congress and the courts.

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THE BANKS AND RECOVERY

REFERENCE to recent issues of the *Economist Monthly Trade Supplement* shows that there is no doubt about the continuance of the trade revival. The *Economist's* business activity index number rose at the end of August to a new high record of 108½, and recent trade reports show that recovery is becoming more general and widespread. What part has the banking system played in the recovery of the past four years? And what are the present and future functions of the banks, if recovery is to continue? These are the questions which we propose to discuss to-day, and while the technique may have to be altered to meet the new conditions created by the devaluation of the franc, the basic principles hold good.

The banking system, including both the Bank of England and the joint-stock banks, has two main functions. First it has to determine the total supply of credit; and second it is charged with the duty of the distribution of credit. The former falls within the province of the Bank of England acting largely in co-operation with the Treasury; while the latter is under the control of the joint-stock banks. The importance of these functions is that not only do they determine the total amount of credit available and how it is used, but indirectly they determine its cost, that is the short-term and long-term rates of interest.

In the May *Banking Supplement* we discussed some aspects of these questions, and we published four charts tracing the banking trend of the past four years. These charts have been brought up to date and are reproduced here. In brief, as we explained last May, the policy of the authorities—that is the Government, the Treasury and the Bank—has been to make the provision of cheap and plentiful credit their over-riding duty in the financial and monetary field. The Bank of England bought both gold and securities in sufficient quantities to bring about

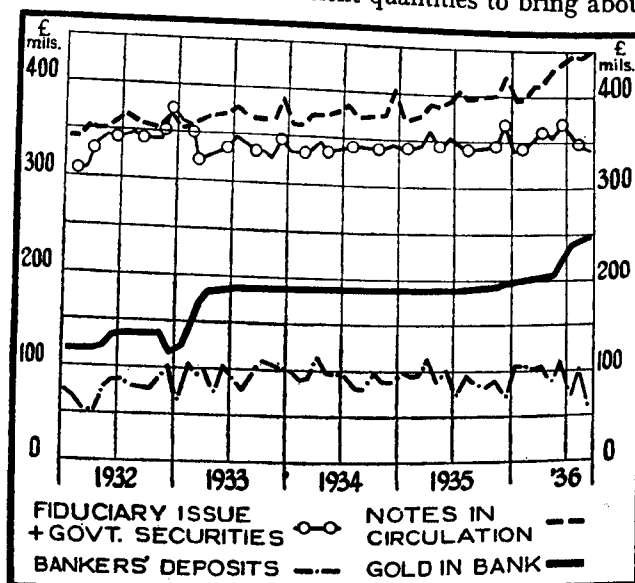


Chart 1.

a considerable expansion in bankers' deposits—that is in joint-stock bank cash. This induced the banks to add proportionately to their earning assets, and initially they could only do so by making heavy purchases of Government securities. It was these purchases which made conversion possible and brought down the long-term rate of interest.

This is a bare summary of what we said last May. Since then the summer has created new monetary and banking problems, which the authorities have had to solve. The weakness of the franc occasioned a fresh influx of French money into London, and unlike the experience of former panics much of this money was hoarded in British currency. This hoarding depleted both the reserve of the Bank of England and the cash holdings of the joint-stock banks, and at the end of May the resulting stringency had developed to the point

where it was beginning to drive up short-term interest rates. Had this movement been allowed to continue, the long-term rate would eventually have been affected, and the whole of the Government's cheap money policy would have been upset. A new remedy therefore had to be found.

This remedy took the form of gold purchases by the Bank of England, mainly from the Exchange Equalisation Account. To appreciate its operation it is simplest to study the first two charts (on this page), which show respectively changes in the condition of the Bank of England and in the composition of the Treasury bill issue:—

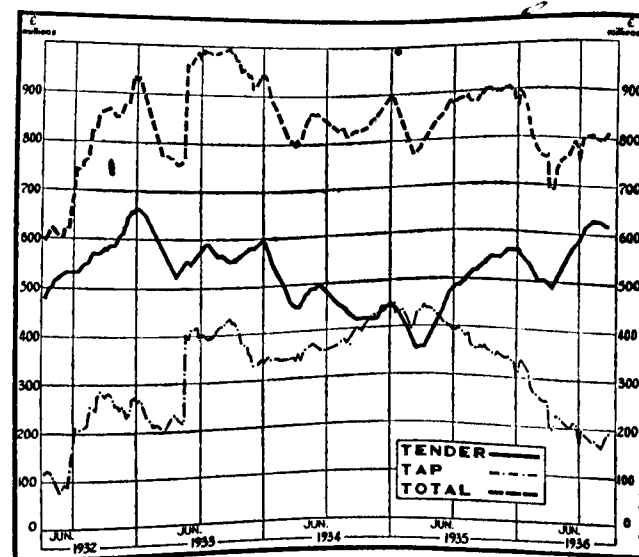


Chart 2.

Broadly speaking, and apart from temporary transfers of funds to public deposits, such as occurred for technical reasons at the end of July and September, bankers' deposits rise with each increase in the Bank's holding of either gold or securities (including those behind the fiduciary note issue), and it is simplest to consider only the fiduciary issue plus Government securities in the banking department. Conversely, bankers' deposits fall with each increase in the note circulation. Thus in the event of an expansion in the circulation, particularly if due to foreign hoarding, the simplest remedy is for the Bank to buy an equivalent amount of gold. If the gold is bought in the market bankers' deposits are replenished directly. If the gold is bought from the Exchange Equalisation Account, then the Account can take up more Treasury bills, and so less Treasury bills have to be issued by tender to the banks and the money market than would otherwise have been the case. Thus bank cash is replenished out of current Government disbursements and maturities of outstanding Treasury bills.

The whole object of the Bank's recent policy has been to keep bankers' deposits at a constant level of about £100 millions. To do this, while the note circulation was expanding, it bought gold and enabled the Exchange Account to take up more bills. This is reflected on Chart (2) in the recent rise in the tap issue and fall in the tender issue. It also appears in the August drop in the clearing banks' discounts, shown in Chart (3). When the notes returned from circulation for it has retained its gold in anticipation of the Christmas currency demand. Instead it has sold

If the devaluation of the franc is followed by a repatriation of French funds, then the conditions of last summer will be reversed. Ease, not stringency, may develop, and may call for appropriate action.

We come now to the function of the joint-stock banks as distributors of the total volume of credit, as determined by the volume of bank cash. To some extent the banks have to fulfil a passive rôle. First and

foremost, the cash at their disposal is fixed for them by the authorities; and so too is the total supply of Treasury bills issued by tender. Next, they cannot force customers to borrow, and the authorities have raised bank cash to the point where there is not the slightest need for the banks to reject any reasonable application for a loan, on the score that they have lent up to the limit of their resources. On the other hand, the banks, through their purchases of bills and securities, can exercise a dominant influence over both short-term and long-term interest rates. Here their rôle becomes definitely active.

The distribution of the banks' resources is illustrated in Chart (3), while Chart (4) shows the course of interest and discount rates.

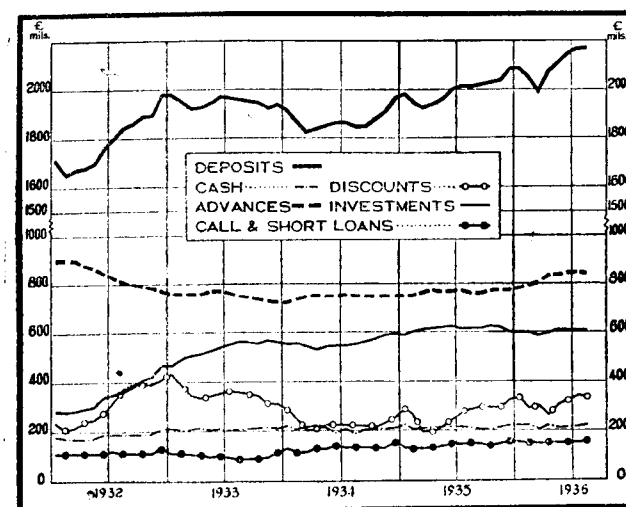


Chart 3.

The banks have at least three objectives before them. First they must buy enough bills to prevent a rise in short-term interest rates. The fact that discount rates are barely over ½ per cent. shows how completely they have reached this objective, and indeed, if necessary, they could reduce their purchases and allow discount rates to rise a little without in any way checking the progress of the trade recovery. Next, they must purchase and hold a sufficient quantity of gilt-edged securities, including short-, medium-, and long-term stock, to ensure that there is no serious set-back in the gilt-edged market. This is essential, not only in the narrower interests of the banks themselves, as large holders of gilt-edged stock, but in the wider interest of the country. There is no doubt that the fall in long-term rates of interest during the past five years is a leading cause of the trade recovery, and any tendency for a rise might easily check the revival. To-day, the ratio of advances to deposits has fallen to 39 per cent., while that of investments to deposits has risen to 28 per cent.; whereas prior to 1929 an advance ratio of 55 per cent. and an investment ratio of less than 10 per cent. was common. It is important to realise that it would be definitely against the national interest for the banks to seek to restore too precipitately the ratios of eight years ago, for an immediate and disastrous consequence would be a relapse in the gilt-edged market.

This emphasises the need of the authorities to maintain the total supply of credit, for the banks must be in a position to meet all legitimate demands for advances without reducing their investments. So far they have been able to do so, for Chart (3) shows that advances have risen this year without any contraction in investments. These movements, however, have only been rendered possible by a rise in deposits to a new high record, and this last increase was possible only because of an expansion in bank cash. Thus it is no exaggeration to say that the easy money policy of the authorities lies at the basis of the trade revival. Chart (4) shows that both short-term and long-term interest rates have remained low. Without the year's increase in bank cash and deposits, the banks could not have met the growing demand for advances without reducing their holdings

of bills and/or securities, with the inevitable consequence of a rise in interest rates. As matters stand, the rise in deposits and earning assets has outstripped the rise in cash, so that the banks' cash ratio has fallen since January from 10.9 to 10.4 per cent. This approach to the traditional bottom limit of 10 per cent. emphasises the need for maintaining, if not augmenting, the supply of bank cash.

In the distribution of advances, the banks' rôle again tends to become passive, for there is no need for rationing and each application can be treated on its merits. This means that the actual distribution reduces to a matter of trial and error, but there is no evidence of any serious maldistribution, judged by the over-riding test of the country's needs. On the contrary, as we pointed out last August, the banks are to-day faced with new competition from the accepting houses, insurance companies and even certain municipalities, and there is no reason to fear that any credit-worthy borrower is unsatisfied. Conversely there is probably less undesirable borrowing than in the boom of 1927-29, for the banks, the stock markets, and the public have learned a valuable lesson. Finally, a recent analysis by Barclays Bank shows that bank credit is well distributed between various classes of borrowers. To cite one

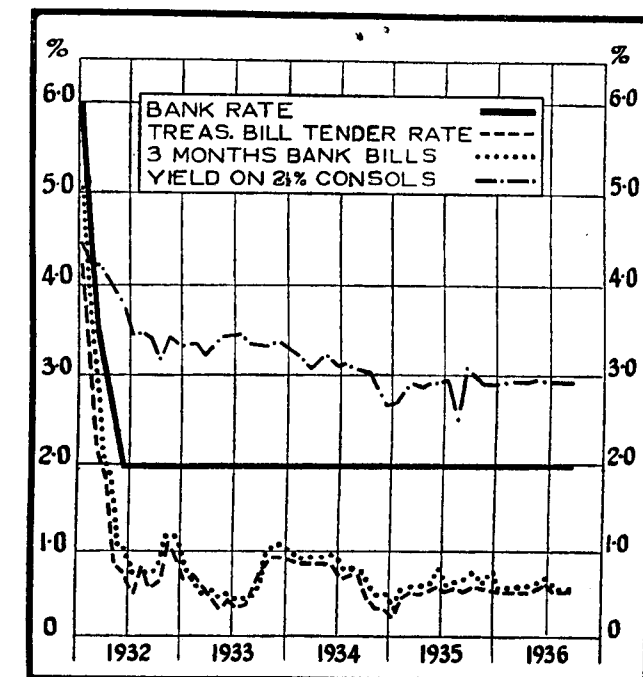


Chart 4.

prominent example, 35.7 per cent. of Barclays' loans were made to "professional and private individuals." This reveals the existence of a substantial mass of "consumers'" as distinguished from "producers' credit." The balance between producer and consumer is thus being well kept.

To sum up, the two problems before the banking world are (a) the creation and maintenance of an adequate total supply of bank cash and credit; and (b) its equitable distribution in such a way as to meet all legitimate demands for bank loans and also to maintain a low level of short-term and long-term rates for bills and securities respectively. The indications of the measure of success of current banking policy lie in the satisfaction of the demand for bank loans and more precisely in the level of discount rates and the firmness of the gilt-edged market. Another indication lies in the power of the new capital market to take up any new issues of a legitimate and productive character. These are the real tests, and notwithstanding the monetary disturbances of the summer they are being adequately fulfilled. In other words, the technique of the monetary and banking problems of to-day has been worked out and is being applied successfully. This is the banks' contribution to recovery, and the final proof is that recovery is continuing.

DEVALUATION IN RETROSPECT

THE devaluation of the gold *bloc* currencies is still so recent that it is impossible to say what its results will be. Indeed, a cynic might say that the answer to that question depends upon what the different Governments make it. But if we cannot foresee the future it is useful at the time of a major decision in world economic history to look backwards, for this helps us to see recent events in their true perspective.

Such a backward glance must start with the troubled years immediately succeeding the war. In the early 'twenties the major part of the world was plunged into economic disorder. They were years of widespread inflation, both monetary and psychological, and years during which former belligerents were vainly trying to collect war debts and reparations and were upsetting the whole world in the process. The number of countries which preserved their currencies within sight of the pre-war gold parity could then be counted almost on the fingers of one hand. Holland, Switzerland, Sweden and the United States almost complete the list. In these years the world generally and Europe in particular conceived a deep-rooted horror of inflation; for experience had proved the truth of the Bolshevik doctrine that you can disintegrate society if only you destroy all confidence in the currency. It looked almost as though any currency not linked to gold was bound sooner or later to depreciate; and all the various conferences that dealt with the matter—from Brussels to Geneva—insisted that a return to the gold standard was the only salvation.

The first attempt to put these ideas into practice began in 1923-25. Those were the years of the League loans to Central Europe, of the Dawes Report, of the revaluation of the Reichsmark and of Great Britain's return to gold. In one sense the last event set the seal on the old period of chaos, and ushered in the new period of six years' breathing space and attempted reconstruction. Great Britain's return to gold, in fact, was the major landmark of the middle 'twenties, for it gave a lead to the rest of the world to put their monetary affairs in order, and that lead was generally followed. Looking backwards, it is easy to criticise our return to gold, and in particular our reversion to the pre-war parity of 85s. per ounce and \$4.86 to the £. But it was almost universally believed—and this is the only legitimate excuse for returning to \$4.86 and for our debt settlement with America—that the disappearance of gold coins from circulation and the introduction of the gold exchange standard would so economise gold that a price level of 50 per cent. or even 100 per cent. above that of 1913 was to be expected; and at such a level current costs were reasonable, the debt charges were tolerable and the exchange rate a right and proper one. These expectations were falsified. In that event it appeared that the £ was over-valued, and many troubles arose therefrom. But this justification may be urged in defence of the policy then pursued, namely that it allowed the world six years in which to pause and store up some reserve of strength; and to that extent it may have made the world better equipped to survive the major depression which began in 1929.

Unfortunately the monetary stability introduced in 1923 was short-lived because certain of its foundations were fundamentally unsound. The most radical defect was that although something like an international monetary system was set up, obstacles were created against the free movement of goods, and it was therefore impossible for the economic system of the world to readjust itself and correct the extreme distortion of production and distribution which had been brought about by the war. No conscious attempt was made to plan in broad outline the world's production; while the free play of economic forces was so obstructed that it was not allowed to adjust itself automatically to world demand. Hence arose a growing lack of balance in physical trade and between costs and prices. Secondly, the return to gold took place in a very haphazard way so far as the cur-

rency levels of various countries were concerned. The pound and the lira were overvalued, partly for prestige reasons, while the French and Belgian franc proved to be undervalued. There was no easy method of allowing these maladjustments to correct themselves. Finally, this economic and financial distortion led to international lending on a scale out of proportion to the capacity of the nations to make payments to one another. Prosperity lasted just so long as this top-heavy structure of unsound investment continued.

In 1929 the great depression developed and the fabric began to crack, and from 1931 practically to the present day the world has been passing through the second post-war period of monetary confusion. The pound itself went off gold and rapidly drew a number of the world's leading currencies behind it. The dollar held out until 1933, but was then taken off gold only to return to gold at a lower parity early the following year. Germany and the Central European countries preserved the nominal gold value of their currencies, but only by setting up an impenetrable hedge of exchange and import restrictions and exchange clearing systems. South America passed through many vicissitudes, during which several of the currencies gradually drifted across from gold to sterling. Only a few countries steadfastly adhered to gold, and these became the gold *bloc*, consisting of France, Holland, Belgium, Switzerland, Italy and Poland. Thus by 1934 the world was divided into four main parts: the gold *bloc*, the sterling area, the United States, and countries with restricted currencies.

These years of crisis taught the world some new lessons. The first was that a currency detached from gold does not necessarily involve wild inflation, but that a deliberately managed currency is not merely possible but may succeed in keeping the price level more steady than a gold currency. The world further learned that provided a currency is not being artificially inflated, the readjustment of its international value may facilitate the task of striking a proper balance between costs and prices, and thereby may make recovery possible. It moreover discovered that this route is an easier one by far than to make a large readjustment by the heroic method of deflation. The chief nations of Europe, however, were slow to learn from the experience of others and the prolonged resistance of the gold *bloc* to devaluation is to be attributed to memories of the panic inflation of the early 'twenties. Since 1931, however, the pressure on the countries of the gold *bloc* has steadily increased and one by one they have given up the struggle. Belgium devalued at the end of March, 1935, and six months later the Abyssinian war and the imposition of sanctions drove Italy into the ranks of the restricted countries. Poland gave up the struggle early this year, so that only France, Holland and Switzerland remained. These countries found themselves engaged in a losing battle of trying to bring down internal prices and costs to world level, while at the same time they convinced their own people that the burden inflicted on them did not surpass the bounds of toleration.

And so we come to the present day. The gold *bloc* has at last abandoned the struggle, but it has done so in the best possible way. Instead of devaluing arbitrarily, unilaterally and by "hit or miss" methods, France approached Great Britain and the United States, with the result that we have just had devaluation by co-operation. Switzerland, Holland, Italy and Czechoslovakia have followed France, while other countries have linked on to sterling. The exchange rates already we can see that gross over- and under-valuation world's currencies are within measurable distance of equilibrium with each other. Again, if France has abandoned her former gold parity, Great Britain and the United States have undertaken that they will seek to prevent any further depreciation of their currencies.

The leading countries of the world have also learned by now the technique of regulating exchange fluctuations by the proper use of Governmental exchange funds. Thus already we have achieved two great gains, namely, the establishment of international monetary co-operation,

and the approach towards world monetary equilibrium for the first time since the war. In Mr Chamberlain's words, we can now begin to hear the breaking of the ice. The nations have the chance to free world trade and finance, if only they have the will.

THE STERLING AREA

(BY A CORRESPONDENT)

THE minds of those dealing in the foreign exchange markets have, during the last few years, been so pre-occupied with future hopes and fears that the rates of exchange in the markets have reflected these rather than the day-to-day or month-to-month trading conditions between the different parts of the world. In consequence any examination of the foreign exchange position by means of a comparison of price levels in, for example, the United Kingdom, America and France, serves only to illustrate how important "capital" movements have become, and does not explain changes in underlying trading conditions. In this note, therefore, an attempt has been made to examine the monetary position of the sterling area as a whole by going behind the data of prices and examining instead the changes that have taken place in the trade balances of the sterling area and in its reserve position.

The area as a whole has been examined rather than that of the United Kingdom alone, because the close association of sterling area and imperial currencies with the pound sterling sets up an implied responsibility on the London Money Market for the maintenance of the financial stability, not only of the pound itself, but of its related currencies. For example, the weakness of the pound early in 1935 was not only due to the pepper crisis, but, as explained by the Annual Survey of Economic Conditions, 1934-35, published by the League of Nations, also arose from inflationary tendencies in outlying parts of the sterling area.*

* Page 196 f.

An attempt has therefore been made to depict, in the roughest of outline, changes in the monetary position of the sterling area as a whole in the recent past, but it must be emphasised as strongly as possible that the technical difficulties inherent in the task make it impossible to draw anything but the most general conclusions from the results that have been obtained. The gold holding, measured in present sterling values of gold, of the area as a whole has increased even when London is excluded, and the "foreign" assets have risen substantially as set out in Table I, which excludes the United Kingdom:—

Millions of £'s Sterling				
	1927-8	1933	1934	1935
<i>A. Gold Reserves</i>				
Empire Countries (a).....	95.2	107.8	108.7	114.8
Principal Sterling Countries (b)	32.0	58.0	56.0	73.5
TOTAL: Value	127.2	165.8	164.7	187.3
<i>Volume (million ozs.) ...</i>				
	30.0	23.7	23.5	26.8
<i>B. Foreign Assets of Central Banks</i>				
Empire Countries	94.7	119.2	151.8	149.9
Principal Sterling Countries	26.5	24.0	36.6	49.8
TOTAL	121.2	143.2	187.4	199.7
Combined Total, A and B	248.4	309.0	351.1	386.0

(a) S. Africa, India, Ceylon, Australia, New Zealand only.
(b) Scandinavian countries and Argentina only.

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Taken as a whole these figures suggest an improvement in the technical monetary position of the sterling area. The increase in gold is, however, due to its revaluation and not to an increase in quantity, and foreign assets have only risen roughly in proportion to the decline in the gold value of the currency in which they are measured. As there has not, however, been a proportional increase in the note circulation or banking deposits of these countries, and as the majority of other currencies have already been devalued, there is a greater international liquidity in the sterling area as a whole than there was before the depression. But it appears that this has been the result more of a re-arrangement of assets than of any large increase in them. In Table II the gold holding of the Bank of England is added to that of other parts of the sterling area, and from this total is deducted the foreign assets held by the Central Banks of the sterling area, excluding the United Kingdom, so that on the assumption that all foreign assets in the sterling area are held in London, the final figures in Table II give the net international monetary reserve of the area as a whole:—

	Average of 1927-8	End of 1933	End of 1934	End of 1935
Gold Reserve of Sterling				
Area Countries	127.2	165.8	164.7	187.3
United Kingdom	152.9	315.0	317.0	330.0
	280.1	480.8	481.7	517.3
Less Foreign Assets.....	121.2	143.2	188.4	199.7
Net Reserve	158.9	337.6	293.3	317.6

These changes in the financial position of the area have been accompanied by shifts in its trading position which are very difficult to follow owing to the number of national trade returns to be analysed. The gross surplus or deficit on merchandise account of the principal countries of the sterling area is shown in Table III. The figures for Empire and non-Empire countries are given separately, and the figures for the United Kingdom have been excluded. From the gross figures have been deducted the value of the United Kingdom's import surpluses from sterling countries, calculated from the figures given in the Bank of England's Statistical Summary for February, 1936 (page 19). Changes as between two or more countries whose figures have been included must cancel out, so that the net result shows changes in the merchandise account of the sterling area and the rest of the world.

Millions of £'s Sterling.	Surpluses (+)	Deficits (-)	on	
	Merchandise Account			
	1927-8	1933	1934	1935
<i>Empire Countries :</i>				
1. Gross Balance of Trade	-37.0	+29.5	+ 9.1	-12.0
2. Less U.K. Import Surplus	...	40.8	37.8	29.8
3. Net Merchandise.....	...	-11.3	-28.7	-41.8
4. Net Gold Movements, India and Union of South Africa	+18.3	+110.0	+104.2	+110.8
5. Net Merchandise and Gold	-18.7	+99.7	+75.5	+59.0
<i>Sterling Area Countries:</i>				
6. Gross Balance of Trade	-10.9	+ 5.4	- 2.7	-18.6
7. Less U.K. Import Surplus	...	22.4	28.7	25.2
8. Net Merchandise.....	...	-17.0	-31.4	-43.8
Total 5 and 8.....	...	+82.7	+44.1	+14.2
Total, excluding 4	...	-27.3	-60.1	-96.6

The increased sterling value of the gold exports from South Africa and the release of gold hoarded in India have clearly played a large part in sustaining the financial equilibrium of the sterling area, and it is perhaps significant that during the period in which the export surplus of Empire countries as a whole has been falling, their balance with the United Kingdom itself has not been maintained. The figures as a whole suggest that the League of Nations Survey called attention to an important point when it emphasised the dangers to the pound that might arise from weakness in outlying parts of the sterling area.

It has not been possible to get the data necessary to change the figures for balances of trade into balances of payments. Those that are available suggest that there has been a fairly steady decline in the invisible imports of both British and non-British parts of the sterling area since 1931, particularly in interest and dividend payments. But for the most part these payments must be taken to be intra-area payments and cannot influence the financial relations of the area as a whole or the rest of the world. It would be in the highest degree unwise to attempt to draw from these figures any inference about the present or possible future technical position of the pound sterling *vis-à-vis* the rest of the world. The capital movements, both short and long term, of the past four years have been on a scale which must dwarf most of the changes on income account. It seems, however, safe to say that the influences of devaluation in anticipation of a mild inflation have followed in the sterling area their typical course, and that the relative economic ease that they have brought with them is proving to be a wasting asset. The position has, of course, now been radically changed by the devaluation of nearly all the principal currencies of the gold bloc, but the division of the world into sterling area and the rest is one which has lasted for five years, and the problems enumerated here will not immediately vanish.

THE PROSPECT FOR INFLATION IN THE UNITED STATES

(BY A CORRESPONDENT)

NEW YORK, September 15, 1936.

EVER since the great open-market operation of the spring of 1932, the prospect of inflation has been a theme of lively discussion in the United States. This article will consider three of the phenomena popularly associated with inflation: (1) The prospect for expansion of the quantity of money; (2) the prospect of the creation of some vulnerable area of debt whose collapse would produce the phenomena of deflation; and (3) the prospect of the appearance of a sellers' market.

Since the end of 1933, the demand deposits of the member banks have risen by above 50 per cent. To-day the Reserve authorities estimate that the combined total of bank deposits and currency is approximately at the figure of 1929. The level of production and trade is lower than in 1929 and the velocity of bank deposits

decidedly lower. The increase in currency is not readily explained, but one reason is certainly the reduction in the number of banks. The increase in bank deposits is mostly attributable to two factors—the financing of the deficit and the gold imports.

Beginning with the question of the deficit. Unless entirely new factors enter into the situation, it seems likely that the days of monumental deficits are past. While the revised Budget for the current fiscal year shows no decline in total Government expenditures (except the sum allocated to the Veterans' Bonus), it is expected that the amount to be covered by borrowing will be greatly reduced, thanks to an anticipated increase in tax revenues. While the Budget estimates are liable to disappointment, the prospect is for more taxes and less

borrowing, even if the hoped-for reduction of Emergency Expenditures should not materialise. Thus, the expansion of bank deposits against deficit financing should be substantially smaller in the future than in the past.

The prospect of a continued expansion of bank deposits through gold imports is much more problematical. Gold production is rising rapidly, and the demand for gold outside the United States uncertain. In the recent past, the United States has in effect bought the world output, less sums taken by the British Exchange Equalisation Account and individual hoarders. If this situation should continue, gold imports alone would increase the circulating medium of this country by a substantial amount in the future as in the past. The discontinuance of this trend obviously depends more upon developments outside the United States than within.

That the existing volume of bank deposits is redundant is strongly suggested by the remarkably low turnover of the present deposits, and this supplies at least a theoretical argument against the anticipation of a marked expansion of bank loans (as a source of deposits) within the visible future. On the other hand, allowance must be made for the intense desire of the banks for earnings; but the fact remains that our recent data show that when deposits increase more rapidly than the economy requires, their velocity distinctly diminishes in compensation.

Quite apart from the question of quantitative inflation, there are always possibilities of qualitative inflation—that is the development of weak loan-structures subject to collapse, with deflationary consequences. The two standard forms of credit inflation in the United States have arisen from speculation in real estate and speculation in the stock market. Speculation in real estate has been materially facilitated by various legislation of the past few years, and only one compensating safeguard has been erected against it or its consequences, namely, the substitution of the long-term amortised mortgage for the short-term, non-amortised mortgage. However, at the moment speculation in real estate is not active. As for the erection of a weak credit structure in the stock market, two effective safeguards have been provided—the prohibition of brokers' loans for others, and the stiff margin requirements prescribed by the Federal Reserve in co-operation with the S.E.C. In other words, we seem to have taken to our legislative hearts some lessons from the history of past inflations.

But another area requires consideration. Apart from the Federal deficit, the most active demand for credit since the bottom of the depression has come from municipalities and consumers. The magnitude of the volume of consumer credit, and how it is financed, are matters of guesswork, not statistics. Nor does anyone have a clearer idea of its danger point, than they had in 1929 of the danger point in brokers' loans. While every other phase of our credit system is regulated by law, subject to regular public report, and policed by vigilant supervisors, this area is a *terra incognita*, officially ignored, statistically non-existent. It is even impossible to tell whether it is now in a stage of inflation, or at what stage it would constitute a threat of deflation. All that can be said is that it is an area that lends itself to inflation; that it could reach the inflated stage without preliminary warning; and that once inflated, its deflation might produce important economic repercussions.

A rise in commodity prices is probably the most widely acknowledged phenomenon of inflation; although certainly many would argue that an advance in the price index to the level from which it tumbled so precipitately between 1929 and 1932 represented, not inflation, but recovery, or at most, "reflation." Be that as it may, the American price index has over the past two years exhibited remarkable stability at about 80 per cent. of the base year, 1926. In that period, bank deposits have risen enormously, and our production index has advanced by between 30 and 40 per cent. Although there have been in that time substantial fluctuations in the prices of annual crops whose supply is a function of weather and demand relatively inelastic, it would appear that supply and demand had risen about *pari passu*, and that the increase in demand could readily be met from existing

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facilities without further impulse from price. Our production index has risen since 1934 from 75 to 105, and is now something less than 20 per cent. under the 1929 peak, and it is uncertain whether on an average our productive facilities are equal to those of 1929, owing to the fact that in the meantime there has been not only little general investment in additional facilities, but perhaps not even the replacement of equipment worn out and scrapped. To cite an unrelated example, but one providing suggestive data, our railroads have at present neither the tractive power nor the freight cars to haul the volume of traffic they handled easily in 1928-29. It is conceivable that this situation has parallels in industry.

In other words, for some months we have had buyers and sellers so evenly matched (always excepting, of course, in those commodities subject to the vagaries of annual weather), that neither had the advantage of the other. The prerequisite of a comprehensive price rise is the existence of a seller's market over a considerable proportion of the economy. A number of reasons may be advanced for supposing that we may be approaching a seller's market; among these are the general adoption of the forty-hour week and an increasing scarcity of labour in many fields. Opposing arguments would include the facility with which an uncartered economy can increase output, and our susceptibility to foreign competition. At the time the Hawley-Smoot tariff was passed in 1930, it was rated a highly protectionist measure. In comparison with the devices since adopted by other nations it is moderate indeed. In specific instances one hears evidence of the appearance of a seller's market, but neither strong enough nor general enough to be conclu-

sive. Whether the actual appearance of a seller's market with an attendant price rise would be rated as "inflationary" or not would depend mostly on a point of view.

In fact, under the circumstances it is doubtful if there are any criteria which would be accepted as warnings of inflation. Certainly not the movements of the foreign exchanges, for, the world over, depreciation of one's currency is signalled as a triumph of monetary management. Probably not a rise in prices, for this is still rated a consummation devoutly to be wished. Certainly not an advance in money rates, for this is almost out of the question. Nor would an outflow of gold be regarded as evidence, for this would be welcomed as a sign either of world recovery or of the necessity of another profitable devaluation. A decline in the reserve ratio would equally be rejected as evidence, for with our present system the reserve ratio has no particular significance. The old familiar beacons of monetary policy have been pretty thoroughly demolished; and no new ones have been erected. All that can be said is that credit expansion originating in deficit financing has passed its peak unless entirely new factors appear, that effective safeguards have been devised against inflation originating stock market speculation, and that in spite of a phenomenal increase in demand in the past two years, our price-level has been distinguished by its stability. Furthermore, although the facilities of inflation are at hand, the business community still holds too bitter a memory of the recent deflation to extend itself rashly—at least while those memories are vivid. All this suggests that the immediate question does not concern the prospect for inflation. It is the question of whether or not we are entering a seller's market.

THE OUTLOOK FOR BANK SHARES

THE shares of the great British banks have always attracted the most solid and influential class of investor. The concentration of joint-stock banking in the hands of a small number of powerful concerns, the prudence and conservatism which are the hallmark of British banking methods, and the progressive consistency of earnings during the twenties combined to give bank shares the character of gilt-edged equities. Although dividends were reduced with the onset of economic depression, it was argued that the banks' large and increasing gilt-edged holdings afforded an effective "safety buffer," pending a revival in the demand from industry for banking facilities.

To-day, however, when industrial revival has reached an advanced stage, the underlying soundness of bank shares, as investments, remains unquestioned, but considerably less stress is being laid on the "equity" element in their composition. Bank share values have certainly participated in the general recovery in share prices. The twelve bank and discount company shares included in the Actuaries' Index, for example, have risen in average value from a low point of 67.8 on December 22, 1931 (December 31, 1928 = 100), to 125.0 on October 6, 1936—a rise of no less than 84½ per cent. The percentage yield on bank shares, however, is higher to-day than that on the ordinary stocks of leading companies in such industries as iron and steel, engineering, electrical equipment, oil production, etc., which are believed still to have pronounced recovery potentialities. From these groups investors expect a further increase in dividends during coming months; from bank shares they look rather for certainty of income without any spectacular upward movement in earnings. The reasons for this attitude deserve detailed examination.

The following table shows the amounts of profit earned

for dividends by each member of the Big Five in every year from 1927 to 1935:—

DISCLOSED PROFITS OF BIG FIVE BANKS
(000's omitted)

	1927	1928	1929	1930	1931	1932	1933	1934	1935
Barclays.....	2,306	2,251	2,332	1,821	1,795	1,574	1,555	1,708	1,794
Lloyds.....	2,176	2,228	2,242	1,930	1,927	1,551	1,439	1,652	1,643
Midland.....	2,335	2,437	2,445	2,219	2,057	2,019	2,287	2,262	2,133
Nat. Prov. ...	1,983	2,009	2,060	1,831	1,647	1,493	1,503	1,544	1,565
Westminster	1,932	1,948	1,960	1,622	1,402	1,295	1,285	1,325	1,203
TOTAL ...	10,742	10,873	11,069	9,423	8,828	7,932	8,029	8,521	8,328
1927-29 = 100		100		86.5	81.1	72.8	73.7	78.3	76.5

Note.—Bank profits are struck after adjustments (e.g., for Contingencies), which may vary from year to year. The above figures show earnings after these adjustments and after deducting such items as Staff Pension Funds and Directors' Fees.

The figures are not wholly comparable owing to differences in individual treatment of taxation items, but the totals are sufficiently uniform to afford a representative picture of the recent trend. Banking profits, it will be seen, rose steadily to a peak in 1929. They fell sharply in 1930, declined further in 1931 and 1932, and have subsequently made a measurable but limited recovery. Last year the amounts earned after all charges and adjustments were still only a little more than three-fourths of the average for the three years 1927-29.

Bank profits, in short, have remained inelastic during the last three years, during which the *Economist's* Index of Business Activity rose by 19 per cent.

The reasons for the non-participation of bank shareholders in the fruits of economic recovery may best be indicated by setting the profits indices of the Big Five side by side with other figures showing the trend of their earning assets and certain of the more important means of employing those assets.

INDEX NUMBERS FOR BIG FIVE BANKS
(1927-29=100)

	1930	1931	1932	1933	1934	1935	Actual figures (£ millions)	
							1927-29*	1935
Profits	86.5	81.1	72.8	73.7	78.3	76.5	10.9	8.3
Capital and Reserves...	101.4	94.3	94.6	94.7	96.7	96.6	121.2	117.1
Deposits.....	104.0	95.9	108.7	106.7	108.8	115.0	1,632.0	1,874.6
Investments	116.0	115.1	187.4	224.0	235.0	241.4	226.7	547.3
Discounts ...	135.8	99.5	167.4	127.2	109.5	130.6	212.3	277.3
Advances ...	96.8	94.7	80.9	77.1	79.2	82.2	869.3	714.3

* Average.

Now, bank earnings represent a small percentage rate of profit on the turnover of large amounts of funds, in the shape of capital, reserves and deposits, which may be employed in a variety of ways. Since 1929 the volume of the banks' available resources—their "effective working capital"—has tended not to diminish, but to increase. The paid-up capital, disclosed reserves and undivided profits of the Big Five totalled £121.7 millions at the end of 1929 and £117.1 millions at the end of 1935, a decrease of 3.8 per cent. But amounts on deposit and current account are many times greater than capital and reserves. Between December 31, 1929, and December 31, 1935, the aggregate deposits of the Big Five rose by 15.3 per cent., from £1,626 millions to £1,875 millions.

Clearly, the rate of return on banking funds has fallen even more considerably than the total profits figures. Has there been any involuntary diversion from the more to the less profitable means of employing these resources? The banks are in a position not wholly dissimilar from that of the railways. They carry many kinds of "traffic," affording varying rates of return, and they charge what the traffic will bear. For the best part of a century British railways recouped themselves out of their receipts from the more valuable traffics for the low return on heavier classes which would otherwise have

been moved at a loss. Road competition, after the war, was formidable precisely because of its concentration on the best traffics.

Similarly, as we showed in a leading article in the *Economist* of August 1st last (page 224), British banking 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 (except for an unremunerative charge on small accounts), and the cost falls to be deducted from general "traffic receipts." Of all earning assets, advances to customers are much the most remunerative. But these have fallen, between 1927-29 and the end of 1935, by 17.8 per cent. It is true that in the same period, investments have risen by 141.4 per cent. and discounts by 30.6 per cent., but these give a considerably lower return per £1,000,000 employed, and that return itself has fallen since the advent of low general interest rates. The banks, in fact, have been employing enhanced resources to a decreasing extent in the more remunerative and to an increasing extent in the less remunerative forms of "traffic." If allowance is made for abnormal factors which affected the level of disclosed profits in certain years, the correlation between the index numbers of profits and advances, shown in the table, is decidedly significant.

The reasons for the failure of bank advances to regain—much less to surpass—their pre-depression level, are varied. They include the increased liquidity of borrowers and the "unfreezing" of bad and doubtful loans, the abundance of money, the expansion in savings, the tendency of industrial companies to "plough back" more of their profits into their own businesses, and, last but not least, the appearance of certain "competitors." These include certain municipalities with surplus floating resources, the insurance companies, the accepting houses, and private individuals. Experience seems to have suggested, indeed, that it may be impossible long to maintain rates for bank advances at a higher rate than the yield on gilt-edged securities without setting up a tendency for borrowers to go to the Stock Exchange

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rather than to the banks. Industrialists will prefer to sell gilt-edged holdings on a 3 per cent. yield basis rather than to pledge them as collateral for a bank loan at 4½ per cent. But the banks cannot indefinitely reduce their rates for "high-paying traffic" if they are to continue to carry the vast burden of unremunerative services, to which the public has grown accustomed, and on whose continuance it is likely strenuously to insist.

That is the dilemma which faces bank managements and bank shareholders to-day. Given a continuance of rising industrial activity, bank advances should maintain their present upward trend, but so long as interest rates

remain low and money is plentiful, their speedy return to the level of 1927-29 is unlikely. The banks may curtail some of their more unremunerative services for customers, but the greatest of them all—cheque clearance—is insusceptible to draconian treatment. The stability of the banks is as unquestioned and unquestionable as ever, and their credit stands four-square to every wind. But shareholders will not look for an early return of bank profits to the levels prevailing six or seven years ago. They will closely watch for any further growth of "competition" in lending, lest the banks' system of "traffic-rating" should demand future revision.

AUSTRALASIAN BANKING

(BY A CORRESPONDENT)

THE first half of 1936 was an encouraging period for Australia and New Zealand. After the somewhat disappointing export season which preceded that of 1935-36, higher wool values in particular and greater export receipts in general increased London balances and removed fears of strain upon the external balances of payments. The trade returns for the years ending June 30, 1935 and June 30, 1936, show substantial increases in the active balance of exports from each Dominion.

AUSTRALIAN IMPORTS AND EXPORTS, 1934-35 AND 1935-36 GENERAL TRADE (£A. millions)			
	Years ending June 30th		
	1935	1936	
Exports	102.5	122.0	
Imports	90.7	104.7	
Export surplus	11.8	17.3	
SPECIE AND BULLION (£A. millions)			
	Years ending June 30th		
	1935	1936	
Exports	10.4	13.0	
Imports	2.1	2.2	
Export surplus	8.3	10.8	
Total export surplus (merchandise and bullion)	20.1	28.1	

For New Zealand the figures of special trade (including specie and bullion) show an even greater proportionate increase.

NEW ZEALAND IMPORTS AND EXPORTS SPECIAL TRADE, INCLUDING SPECIE AND BULLION (£N.Z. millions)			
	Years ending June 30th		
	1935	1936	
Exports	42.4	53.2	
Imports	33.8	39.0	
Export balance	8.6	14.2	

The influence of higher raw material prices is clear in both sets of figures; but it will be seen that imports have also increased substantially. The relation between exports and imports in Australia and New Zealand is more than usually important, not only because of the substantial external debt service owed by each Dominion, but also because the monetary systems are managed on a sterling exchange standard. The accumulation of London balances due to an export surplus in excess of the external debt reserve, normally leads to an expansion of credit in the Dominions. This, in turn, leads to greater spending and an expansion in imports, and so the pendulum begins to swing the other way, and London balances contract.

During the depression years Australia not only developed the central banking functions of the Commonwealth Bank and used the Bank to expand the issues of Treasury Bills, but sacrificed part of its monetary reserves. The last annual report of the Bank for International Settlements points out that if the international reserves of the Commonwealth Bank and the commercial banks are combined, their total is now only about half what they had been before the depression. The evidence given before the Royal Commission on the Monetary and Banking Systems of Australia, by Mr L. G. Melville, the Economic Adviser of the Commonwealth Bank, contains repeated references to "the uncomfortably low level of London funds." At home,

the Commonwealth Bank is already loaded rather heavily with Treasury Bills and Mr Melville suggests the funding of part of those Bills as the first necessary reform of the Australian banking system. Abroad, its responsibilities in respect of the exchange rate are great, but "the sources from which the Central Bank can secure London funds are limited." There is no suggestion that any immediate urgency exists, but Mr Melville argues that the Commonwealth Bank needs to secure greater elasticity at home and more adequate exchange reserves in London in order to be prepared "for drought and other reverses before they overtake us." The effort, early this year, to unload some of the Bank's Treasury Bills upon the public was made partly to free the Bank and partly to test how far a market existed for such Bills. In the course of the experiment the latent conflict of interest between the Commonwealth Bank and the trading banks, especially the largest trading bank, came to the surface, and as a result short-term money rates were raised from 1½ to 2 per cent. This incident, while not perhaps of great intrinsic importance, reveals the rather slender monetary basis upon which Australian recovery has been built, and the difficulties of broadening that basis. If it is difficult in a time of high wool prices and relatively great prosperity for the Commonwealth Bank to take tentative steps to test the existence of a local market for bills, and to fund part of the existing issue, it seems obvious that in a period of greater strain relief by expanding central bank credit would run definite risks. Externally, London balances are not too great at present. If export receipts should suddenly shrink for any reason, the further depreciation of the Australian pound against which Mr Melville argues strenuously might be difficult to avoid. It is well that these questions should be publicly canvassed while they are still academic, rather than actual. The Report of the Royal Commission will be awaited with great interest.

In New Zealand there are definite and striking events to record. The Labour Government has nationalised the Reserve Bank but retained both the Governor and the existing board of directors. It has exercised its right of appointment to the directorate of the Bank of New Zealand by passing over two of the former directors in favour of two men new to banking, one of whom is Lecturer in Economics at the Massey Agricultural College. Considerable increases in public expenditure have been provided for by extra taxation, including a 20 per cent. increase in the income-tax, so that there is no intention of using the Reserve Bank to meet current expenses. On the other hand, the Reserve Bank will quite properly be used as the instrument through which the monetary side of the new marketing policies will be handled. Though details have yet to be worked out, the essential elements of the marketing policy are now clear. The Government becomes the owner, at a fixed price, of all dairy produce (and possibly later of other exports). It will endeavour to negotiate commercial treaties, primarily with the United Kingdom, to assure markets for this produce. It will then sell in those markets through the usual commercial channels at current prices. The price fixed for butter (117s. 3d. per cwt., New Zealand currency) is moderate, and seems

likely to lead in a rising market to an accumulation of reserves in London. If the dairy-farmers accept such a conservative policy in order to secure stability, the result may well be the accumulation of sufficient reserves to tide over a future depression. The Government has a strong position. With the support of fifty-five members in a House of eighty, and control both of the Reserve Bank and of the strongest trading bank, the only safeguard against rashness lies in the moderation and commonsense of the Government itself. Fortunately, the first steps taken, especially the fixing of such low guaranteed prices for dairy produce, offer substantial evidence that such moderation will be exercised. Meantime, there is ample evidence of returning prosperity, perhaps the clearest statistical proof being the increase of free deposits at the

trading banks from £26,374,859 to £31,583,672 in the year ending May 25, 1936. Fixed deposits increased in the same period from £35,885,504 to £36,675,282; but bank advances fell from £45,381,213 to £44,970,796. The sterling position of the New Zealand banking system is shown in the following table:—

(£N.Z. millions)			
	Trading Banks	Reserve Banks	Net Overseas
	Assets	Sterling Assets	Funds
May 27, 1935 ...	23.8	22.8	46.6
May 25, 1936 ...	21.6	23.4	45.0

On the whole, sterling assets have been well maintained, but there has been a small transfer from the trading banks to the Reserve Bank. Since last May, the total sterling assets have risen.

CANADIAN BANKING

(BY A CORRESPONDENT)

THE year in Canada has been marked by a revision of the constitution, and the completion of the first year's activities, of the Bank of Canada; the intensification of cheap money and continuance of business revival; the failure of the chartered banks to derive any substantial benefit from the business revival; the increasingly favourable balance of trade; and the failure to solve entirely the problem of local government debts.

The Liberal Government, in fulfilment of its election pledges, has strengthened Government control over the Bank of Canada by an Act recently passed. The Act provided for an increase in the capital of the bank, from \$5,000,000 to \$10,000,000, the new stock to be issued to the government. The Deputy Minister of Finance is now an ex-officio member of the Board of Directors, and also of the Executive Committee. The Government will also appoint six other directors, each of whom will have two votes.

The bank declared a net profit, for the period of about ten months ending December 31, 1935, of \$764,250. Of

this amount, only \$239,000 was required to pay the maximum dividend of 4½ per cent. The Dominion Government receives all surplus profits. The Governor of the Bank, at the first annual meeting, said that the functions of the bank were to try to regulate the volume of credit and defend the external value of the monetary unit; to be a ready source of skilful and impartial advice to the Government; and to afford timely co-operation to the banks of other countries. The passage of only a single year since the Bank of Canada's returns ceased to be distorted by its initial operations renders it difficult to see how the bank is developing its technique. The gold reserve has remained at about \$180 millions, being apparently valued at the current price from week to week. The variable part of the reserve is the bank's holding of sterling and United States funds, the former varying up to about \$5 millions, and the latter varying from about \$2½ to \$15 millions. The bank has thus apparently been prepared to operate in the exchange market (presumably in a stabilising way); but the

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amounts involved are relatively small. The changes in the other items would appear to be mainly the result of Government financial operations. There is no indication of the bank's having made any determined effort to modify the general position of large surplus reserves. The returns issued at the end of each quarter are summarised below:—

BANK OF CANADA RETURNS
(\$'000)

	Sept. 30, 1935	Dec. 31, 1935	April 1, 1936	June 30, 1936
Note circulation	85,067	99,677	85,983	95,737
Deposits:—				
Dominion Government	20,705	17,917	21,654	17,878
Chartered Banks	183,829	181,636	184,174	189,463
Reserves:—				
Gold coin and bullion	181,372	180,509	180,383	179,992
Sterling funds	218	219	337	262
U.S. funds	2,453	4,004	8,477	9,498
Loans and Advances:—				
Dominion Government	2,759	3,466	...	...
Provincial Government	...	...	...	3,000
Chartered Banks	...	...	...	...
Dominion Government secs. Total	104,198	114,283	108,046	111,687
Reserve ratio	63.9%	62.1%	65.04%	63.10%

The chartered banks further reduced their interest rates in the spring of this year. Since June 1, 1936, the rate paid on notice deposits and savings deposits has been reduced from 2 to 1½ per cent. Following this change, rates charged for current loans were also reduced by ½ per cent. Farmers are now charged 6 to 7 per cent., traders 5½ to 6½ per cent., and borrowers depositing collateral security are charged 5 to 6 per cent.

The revival in trade and the rise in security prices is reflected in an increase in the amount of currency in the hands of the public. Bank debits have, on the other hand, shown a slight fall, and (more ominous, perhaps, for the immediate future) the figures of contracts awarded have shown some falling off. The severe drought conditions in the wheat area will tend to check further recovery in the coming months. A notable feature of the trade recovery has been the complete failure of the chartered banks to find increased outlet for loans. While the volume of business has increased, the amount of current loans outstanding has continued to fall, the reduction being from \$823 millions in April, 1935, to \$725 millions in April, 1936. This failure of the demand for bank loans to expand with reviving trade has been the subject of remark in these columns in previous years. It was then parallel to the movement of English banking statistics—but whereas English bank advances are now expanding, the comparable Canadian figure has continued to fall. The enormous change during recent years in the portfolios of the chartered banks is portrayed in the following table:—

	Current Loans	Investments
	(Mill. dols.)	(Mill. dols.)
April 30, 1925	909	564
" 1929	1,321	526
" 1932	1,063	664
Feb. 1935	823	1,000
April 1936	725	1,314

INDIAN BANKING

(BY A CORRESPONDENT)

THE past year has been a period in which money has been exceptionally cheap in India and the Bank rate has averaged less than 3½ per cent., a low level reached last in the year 1890. With an almost complete lack of the seasonal demand for money which usually marks the beginning of the busy exporting season, lasting from November to March, the larger banks have found the employment of funds at remunerative rates extremely difficult, and banking profits generally have not been encouraging. The smaller and less important institutions operating chiefly in the mofussil districts have done perhaps better, as their profits are derived chiefly from sources outside the money markets. There can be little doubt that the funds available from the continued export

This radical change is probably due in part to the relative decline in agriculture, which had been more dependent on bank loans, and the great relative increase in certain other forms of economic activity, particularly mining, which are perhaps not so dependent on bank loans, but it must also be due in part to a change in the methods of financing business. Unless this steep downward trend in the demand for loans is reversed, the threat to the bank's profits will be serious. So long as cash reserves remain appreciably above the legal minimum the banks can recoup themselves, at least in part, by adding more to their investments than is needed to offset the contraction in current loans. In the past year the drop in current loans from \$823 to \$725 millions has been accompanied by an increase from \$1,000 to \$1,314 millions in investments. Deposits in Canada have risen from \$2,034 to \$2,158 millions, and foreign deposits from \$328 to \$392 millions.

One of the reactions of the banks to their reduced earning capacity has been the closing of unremunerative branches—sometimes by reciprocal arrangement with other banks. The total number of branches of the chartered banks in Canada has fallen from 4,083 at the end of 1930, to 3,527 at the end of 1934, and 3,431 at the end of 1935—a decline of 16 per cent. in five years. Their dividends remain at the reduced rates of the last two years.

The bankers' deposits at the Bank of Canada average about \$185 millions, ranging from \$171 to \$204 millions. These figures represent roughly 9, 8 and 10 per cent. respectively of the Canadian deposits. The legal minimum is 5 per cent. With such large substantial reserves here, and the Bank of Canada's own reserve proportion being almost 40 per cent. above the legal minimum, it is apparent that any automatic monetary check to inflationary developments is very remote. This adds to the importance of conscious banking policy. As a great exporter of primary products, Canada's balance of trade has naturally improved with the better markets for primary products. The active commodity balance in 1935 amounted to \$198 millions, as compared with \$153 millions in 1934. Exports of newly-mined gold remained practically unchanged at \$104 millions. Tourist traffic benefited from increasing prosperity in the United States, rising from \$69 to \$100 millions net in Canada's favour. Interest and dividend payments outwards, on the other side of the account, rose from \$195 to \$219 millions, probably because of the slightly lower average sterling value of the Canadian dollar in 1935 as compared with 1934, and the tendency of dividends to rise. The capital movement out of Canada, consisting largely of the retirement of old issues and repurchases by Canadians, rose from about \$80 to about \$140 millions. Canada thus appears to have settled down again to her post-war position as a predominantly creditor country. In terms of sterling, the Canadian dollar has, during the last eighteen months, hardly moved outside the range of 4.95 to 5 to the £. It has also remained practically at par with the United States dollar.

of treasure in recent years are now exercising a considerable influence in the Indian money markets, while other factors making for easy monetary conditions are the diminished volume of Treasury bills and the decline in the amounts formerly taken off the market annually by Government in the shape of loan flotations.

The Reserve Bank has also been a consistent buyer of sterling, offering to purchase up to £1,000,000 weekly by tender at its minimum rate of 1s. 6½d., with intermediates on tap at 1s. 6¾d., thus enabling banks to augment their local balances in India as need arose.

Since its inception in April, 1935, and in view of the prevailing conditions, the Reserve Bank has not found it necessary to pursue an active policy of attempting to

regulate credit. It gave some indication of its financial policy early in the exporting season by reducing the Bank rate from 3½ per cent. to 3 per cent. as from November 28th last, at which rate it has remained since; but with the call money rate throughout the winter months averaging about ¼ per cent. and with bank loans being freely granted at less than 2 per cent. for short periods, even a 3 per cent. Bank rate was out of touch with market conditions. Bankers' deposits with the Reserve Bank, which in August, 1935, averaged about Rs. 30 crores, rose under the influence of Government repayments of maturing loans in September, 1935, to Rs. 38 crores, and thereafter fluctuated largely in accordance with Treasury bill offerings. The present total is about Rs. 33 crores. As the sums lodged by the banks are nearly three times in excess of the compulsory minimum balances, the Reserve Bank has maintained a large proportion of these deposits in the form of notes held in its banking department, the increase in its sterling assets being derived from the substitution in its issue department of sterling securities in place of the Treasury bills run off in India. The note circulation throughout the year has fluctuated between Rs. 155 crores in August, 1935, and Rs. 172 crores in January, 1936, thereafter gradually falling away to the present level of about Rs. 160 crores. The intense speculative activity which developed in India in the late summer and autumn in connection with silver is probably the reason for a slightly wider variation between high and low levels as compared with previous years.

The figure of notes issued continues to record a steady increase, the total having risen from Rs. 186 crores in April, 1935, when the Reserve Bank took over the note issue, to over Rs. 200 crores at the present time. This is due largely to the provisions ensuring the convertibility of the silver rupee, the Reserve Bank's holding of rupee coins having risen from Rs. 49.95 crores to about Rs. 66 crores during the same period. While some part of the increased holding of silver rupees is due to the repatriation of rupee coins from places outside India, notably Iraq, Mauritius and the Seychelles, the bulk has undoubtedly come from the Indian people.

Though trading activity has been subdued, the past year's figures show on the whole some improvement in comparison with 1934-35, exports of merchandise at Rs. 164 crores being up about Rs. 10 crores and imports at Rs. 133 crores up about Rs. 2 crores. The exports of gold during 1935-36 are, however, some Rs. 15 crores lower than in 1934-35, and silver shows a net import on the year of Rs. 1¼ crores as compared with a net export of over Rs. 2 crores in 1934-35. Industrial production has been well maintained, and wholesale prices have remained steady.

In spite, however, of this sustained level of general economic activity, the aggregate deposits of the scheduled banks continue to increase and the figures of banks' advances to fall. The total deposits, which amounted to Rs. 208 crores in July, 1935, had risen by February, 1936, to about Rs. 224 crores, and are now about Rs. 228 crores, while the figures of advances and bills discounted in India, which were shown as Rs. 106 crores in July, 1935, fell to about Rs. 83 crores in November, 1935, and are now about Rs. 90 crores. Some of the factors contributing to the increase in deposits have already been noted, and the decline in advances can only be regarded as resulting from the easy monetary conditions which, while reducing the demands of the indigenous bankers for finance from the banking system, have also possibly allowed some long-standing credits to be liquidated.

The small proportion which bills discounted in India bear to the other advances should be noted. Banks in India have in the past preferred to make advances against produce by means of cash credits secured collaterally by the demand promissory note of the borrower, but it is to be hoped that the special discounting facilities now available from the central bank will tend to modify this practice. So long, however, as the difference between the *ad valorem* stamp duty on bills of exchange remains at its present rate of about 9 as. per cent. per annum, as compared with a maximum stamp charge of 4 as. for any amount on the demand

promissory note, the wider use of the inland bill must be handicapped.

Comparative figures relating to the Consolidated Return of Scheduled Banks are given below:—

CONSOLIDATED STATEMENT OF SCHEDULED BANKS

	(In lakhs of Rs.)			
	Aug. 2, 1935	Nov. 1, 1935	Feb. 9, 1936	July 31, 1936
Demand liabilities in India	110.11	124.89	122.18	126.92
Time liabilities in India	98.65	95.68	100.17	101.02
Cash in India:—				
(a) Notes	4.98	5.41	4.89	4.91
(b) Rupees	.51	.59	.58	.60
(c) Subsidiary coin	.25	.28	.22	.26
Balance with Reserve				
Bank in India	29.11	31.64	35.99	32.13
Advances in India	93.79	82.57	86.79	87.71
Bills discounted in India	2.86	2.72	4.58	2.82

In its relations with the Government the Reserve Bank has so far experienced no difficulty in supplying the Secretary of State with his sterling requirements, and on July 15th last provided sufficient to repay the outstanding balance of the 5½ per cent. Sterling Bonds, 1936-38, which was thought to amount to about £17 millions. As the Bank's returns subsequent to this date did not reveal a displacement of more than about £7,000,000, it is thought that the bulk of the Loan had been bought up beforehand on behalf of the Government. In India the Bank in May last, as agent for the Government, offered a 2½ per cent. 1948-52 Loan for Rs. 12 crores at par, which was immediately oversubscribed about 2½ times.

The inauguration of Provincial Autonomy on April 1st next will create new problems for the Bank consequent on the separation of Burma from India and the licence given to the Provincial Governments to regulate their own borrowings. So far as the first is concerned,

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the agreement entered into between the Governments of India and Burma will ensure no disturbance in the monetary relations of the two countries, which will continue as at present for three years, and, as regards the second, a conference has been held recently in India between the Central and Provincial Government authorities and the Governors of the Reserve Bank, whereby some clarification of the new position has been attained. Meanwhile, the more intricate problems indicated in Section 55 of the Bank Act relating to the incorporation of the indigenous banking community in the general banking system and the improvement of the

machinery for dealing with agricultural finance are engaging the attention of the Bank, which is not yet in a position to make public its proposals. The stimulus which has been imparted to rural reconstruction by the grants allocated by the Central Government of recent years and the progress made by the Provinces in passing legislation to protect the agriculturist from the extortionate practices of money-lenders are factors which will in time tend to bring joint-stock banking facilities closer to the ryot, but it is difficult to see how the Reserve Bank can render any effective assistance for some time.

IRISH BANKING

(BY A CORRESPONDENT)

THE Banking Commission has not yet issued its report although it has now been sitting for nearly two years. The terms of reference are so wide and many of the issues so contentious that a considerable time may still elapse before the report is ready for publication. While the strictest secrecy is being maintained regarding the Commission's proceedings, it is possible to surmise that one of the major problems with which it is concerned is that of the desirability of setting up a central bank in the Free State. There is unquestionably a feeling among the public that, in the absence of such an institution, the country's independence in monetary matters is not complete, and a strong argument in favour of establishing a central bank is that this feeling should be allayed and nationalist sentiment satisfied. On the technical side the establishment of such a bank presents many difficulties, which were dealt with in the report of the Banking Commission in 1926, on the recommendation of which the existing Currency Commission was founded.

The technical problem in relation to a central bank in the Free State may be thus summarised: some of the functions which such a bank is usually called upon to

perform are already performed quite satisfactorily by existing institutions, and others are incapable of being performed by any institution that could be established in the Free State. The note issue is in the hands of the Currency Commission, and the public accounts are admirably managed by the Bank of Ireland. The regulation of credit is in the hands of the commercial banks, whose rates are varied by the Banks' Standing Committee every time the Bank of England rate is changed. The demand for credit is so inelastic in Ireland that it would probably prove very insensitive to any independent variations in local rates which a central bank might make, even assuming that such variations could be made so as effectively to influence the commercial banks' rates.

This is but one of the consequences of the very close inter-relation between the banking systems of Great Britain and Ireland. There is not a single bank in the Free State which has not branches either in Northern Ireland or in England, and the head offices of some of the most important Irish banks are in London or Belfast. Enough has been said to indicate that the problems connected with a central bank in the Free State are unique,

(£'000 omitted)

	Second Quarter, 1933	Second Quarter, 1934	Third Quarter, 1934	Fourth Quarter, 1934	First Quarter, 1935	Second Quarter, 1935	Third Quarter, 1935	Fourth Quarter, 1935	First Quarter, 1936	Second Quarter, 1936
Capital and reserves—										
In Irish Free State...	13,089	13,165	13,181	13,210	13,234	13,240	13,337	13,333	10,125	10,127
Elsewhere.....	3,806	3,850	3,883	3,883	3,893	3,902	3,926	3,923	7,093	7,108
Notes—										
In Irish Free State...	5,153	5,146	5,139	5,102	5,084	5,127	5,165	5,120	5,122	5,141
Elsewhere.....	3,117	3,218	3,176	3,295	3,247	3,436	3,350	3,474	3,576	3,713
Deposits—										
In Irish Free State...	129,028	123,386	120,938	119,814	118,735	118,135	116,757	118,035	118,175	118,679
Elsewhere.....	46,896	45,086	44,533	45,096	46,323	46,501	46,463	46,097	45,209	45,795
Total liabilities—										
In Irish Free State...	151,299	144,898	142,426	141,648	139,934	139,531	137,921	139,535	136,371	137,123
Elsewhere.....	55,460	54,098	53,178	54,352	55,452	56,306	55,597	55,487	57,853	59,369
Cash and balances with banks—										
In Irish Free State...	5,625	4,883	4,986	5,012	4,626	4,850	4,348	5,342	4,870	5,216
Elsewhere.....	10,774	7,901	7,637	8,807	8,497	9,555	9,126	9,812	7,916	9,303
Money at call and short notice—										
In Irish Free State...	2	3	4	5	3	2	3	3	3	3
Elsewhere.....	12,011	9,133	9,075	10,517	11,161	10,662	10,238	10,252	10,571	10,601
Bills—										
In Irish Free State...	5,899	5,647	5,569	5,452	5,408	5,404	5,338	5,160	5,141	5,163
Elsewhere.....	2,534	1,659	1,596	1,679	1,841	1,501	1,280	1,194	1,320	1,239
Loans and advances—										
In Irish Free State...	42,797	44,028	43,944	44,741	44,733	44,439	44,469	43,877	44,166	44,157
Elsewhere.....	25,488	25,243	25,132	24,532	24,011	23,888	23,828	23,733	23,593	23,692
Investments—										
In Irish Free State...	5,224	7,917	8,814	7,739	7,141	7,291	7,370	7,238	6,779	6,916
Elsewhere.....	88,451	84,465	81,962	79,715	80,278	80,327	79,788	80,427	82,066	82,366
Total assets—										
In Irish Free State...	62,984	65,853	65,674	66,193	65,255	65,369	64,769	65,066	64,316	64,757
Elsewhere.....	143,775	133,142	129,930	129,867	130,221	130,468	128,749	129,956	129,909	131,735
Excess of assets outside Irish Free State over liabilities outside Irish Free State.....	88,315	79,044	76,752	75,455	74,679	74,162	73,152	74,470	72,056	72,366

and the report of the Commission should prove very interesting to students of monetary questions not only in Ireland.

The economic background of Irish banking showed signs of improvement about the middle of last year, since when agricultural prices have risen and the balance of trade has become less passive. The first national loan was converted in December, and several industrial issues have been successfully floated. A new equilibrium seems to have been attained, at a lower level than before the depression and the economic war. Much of the activity in the Free State is engendered by public expenditure financed by borrowing, and the annual burden of open and concealed taxation and the amount of dead-weight debt are growing at a rate that certainly cannot be indefinitely sustained. For the moment trade is active and business brisk. Bank debits in the first six months of this year increased to £328,701,000 from £307,055,000 in the same period last year.

The Irish banks' dividends were the same as last year, and their profits showed little change. Expenses have shown a rising tendency owing to the increase in the salaries of officials under the arbitration award, and the rate of interest on loans and investments has continued to remain at a low level. The slight increase in deposits shown in the consolidated balance sheet suggests that some saving has taken place in spite of the bad times, and that the money required for the new industrial flotations has been obtained by the sale of other investments rather than by the withdrawal of deposits. The slight reduction in advances in the Free State is likely to give a wrong impression unless properly interpreted, and the figures as given probably disguise a good deal of new borrowing, owing to the fact that a number of formerly frozen advances have been repaid, while local authorities have had to borrow less owing to the better collection of rates. Investments outside the Free State have increased, and it is the existence of this very large accumulation of external liquid assets that renders so difficult the problem of devising effective central bank control.

The excess of external assets over external liabilities would appear to have further declined, but changes in the method of segregation of certain items in the dividend balance sheet have introduced difficulties of comparison, and in fact the net sterling assets have increased by £1,368,000. Changes in this figure are useful indicators of movements of funds in and out of the Free State, and therefore of the balance of payments. While innumerable disturbing influences render

the interpretation of these statistics difficult, they serve as a rough means of corroborating other estimates of the balance of payments and they seem to bear out the suggestion that a new position of equilibrium has been established.

The issued capital of the Industrial Credit Company has been increased from £500,000 to £1,000,000. This company was incorporated in 1933 to act as capital underwriters and investment bankers, to carry on the business of an issuing house, and to engage in the financing of industrial undertakings in the Free State. Since it began business the company has underwritten or been associated in the underwriting of capital issues by companies to the total amount of £3,968,400, of which the underwriters were called upon to take up 12½ per cent. The majority of the shares of this 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, where a long list of new local securities is now dealt in on the stock exchange.

The report of the Agricultural Credit Corporation for the year ended October 31, 1935, states that the aggregate of loans issued by the Corporation from the commencement of business in 1927 amounted to £1,305,903. The number of loans was 15,782, of which 15,549 were for sums under £500, 157 for sums between £500 and £1,000, and 76 for sums over £1,000. The average amount of the loans was £83. In spite of the difficulties of the agricultural industry the record of borrowers in regard to the payment of interest has been good. During the year the rate charged by the Corporation on advances was reduced from 6 to 5 per cent.

The Report of the Currency Commission for the year ended March 31, 1936, states that the volume of the legal tender note issue fluctuated between a minimum of £7,445,719 on July 27, 1935, and a maximum of £8,854,750 on December 23, 1935, the latter being the highest figure ever attained by this issue. Of the total assets of the legal tender note fund, amounting to £8,274,566 on March 31, 1936, the holdings of British Government securities of maturity exceeding twelve months amounted to £3,713,193. The surplus income of the Commission for the year amounted to £195,213, compared with £206,523 in the previous year, the decrease being the result of the diminished earnings of the legal tender note fund by reason of the substantial reduction of the proportion of investments of maturity exceeding twelve months held by that fund during the year. These diminished earnings were to some extent offset by income arising from an increase in the assets of the fund reflecting higher note circulation.

Erlangers Ltd.

Bankers,

4, Moorgate,
London,
E.C.2

SOUTH AFRICAN BANKING

(BY A CORRESPONDENT)

THE year 1935-36 has again been one of increasing prosperity and business activity in the Union of South Africa. If, however, we look at the figures for separate industries, it becomes clear that, while the gold-mining industry and industries depending upon it are enjoying a very high level of prosperity, in other industries, especially those producing for export, recovery is less striking.

	1928-29	1931-32	1935-36
Value of—	(£ mill.)	(£ mill.)	(£ mill.)
Gold produced	44.3	47.6	77.3
Diamonds ^(*)	10.8	1.7	2.2
Coal	3.8	2.9	3.8
Exports of principal farm products:—			
Total value	27.4	11.6	19.4 ^(*)
Index of prices	100	38	66 ^(*)
Index of quantity	100	112	107 ^(*)

(*) Diamond figures are for calendar years 1929, 1932 and 1935.
(*) Partly estimated.

Some idea of the inequality in the degree of recovery achieved in different parts of the country may be obtained from the following table:—

	1928-29		1931-32		1935-36	
	£ mill.	% of 1928-29	£ mill.	% of 1928-29	£ mill.	% of 1928-29
Bank debts to individual a/cs.:						
Transvaal	642	100	557	87	1,097	171
Other Provinces	796	100	557	70	627	79
Value of buildings commenced:						
Witwatersrand	4.7	100	3.3	70	10.8	229
Other Towns	6.1	100	3.5	57	4.6	75
Index of European employment in industrial establishments:						
Witwatersrand	100		83		141	
Other Towns	100		80		107	

JOINT STOCK BANKS CONDUCTING BUSINESS IN THE UNION OF SOUTH AFRICA

(000's omitted)

LIABILITIES						ASSETS					
Date	Capital and Reserves	Notes	Deposits	Due to Head Office and Branches	Total (including Other Liabilities)	Cash and Call (b)	Due by other Banks	Investments	Discounts and Advances	Due by Head Office and Branches	Total (including Other Assets)
IN THE UNION (South African Currency)											
1914—Dec. 31	£ 3,479	£ 2,357	£ 35,668	(a)	£ 42,585	£ 6,616	(a)	£ 2,225	£ 29,697	£ (a)	£ 39,872
1919 "	4,047	7,985	87,874	244	104,111	7,960	593	3,269	55,541	31,124	39,872
1926 "	107	...	58,912	442	61,916	10,109	159	2,993	41,155	6,302	102,075
1927 "	109	...	59,383	649	63,028	8,789	615	2,872	41,885	7,347	63,545
1928 "	112	...	62,249	1,095	66,694	8,842	179	5,159	45,378	5,965	64,811
1929 "	115	...	60,633	3,846	67,717	8,766	141	4,083	44,515	2,537	68,532
1930 "	117	...	63,519	629	67,383	8,157	170	5,753	51,053	10,448	69,826
1931 "	120	...	56,632	2,749	62,196	6,967	114	5,888	45,542	59	72,451
1932 "	123	...	54,364	2,226	60,042	6,950	167	8,150	40,052	3	62,251
1933 "	124	...	81,247	302	85,152	29,376	327	7,605	37,895	5,376	60,089
1934 "	125	...	85,212	385	89,316	25,144	1,000	8,621	47,012	2,822	85,078
1935—June 30	127	...	85,570	1,136	90,378	30,043	793	5,514	46,675	2,470	89,181
1935—Dec. 31	127	...	88,400	1,435	93,589	31,395	1,338	5,681	48,234	2,173	90,247
1936—June 30	130	...	86,019	290	89,460	25,855	549	10,975	47,497	294	93,477
OUTSIDE THE UNION (Sterling)											
1914—Dec. 31	£ 4,627	£ 47	£ 9,729	(a)	£ 25,413	£ 2,243(c)	(a)	£ 2,405	£ 11,606	(a)	£ 28,426
1919 "	5,372	235	19,203	21,584	55,186	9,784	3,409	14,063	26,114	242	57,222
1926 "	11,824	1,318	35,746	1,089	60,233	6,868	3,731	12,258	28,477	2,501	58,604
1927 "	11,983	1,516	37,514	2,276	63,997	7,265	4,905	15,417	28,326	2,507	62,214
1928 "	12,186	1,517	39,695	3,641	69,686	7,540	5,729	16,070	29,902	4,413	67,847
1929 "	12,825	1,518	40,801	94	67,523	6,924	5,560	13,350	28,313	7,116	65,414
1930 "	12,935	1,418	40,996	6,699	72,758	8,168	6,809	24,698	24,654	610	67,689
1931 "	13,143	1,237	40,154	...	65,826	7,092	7,219	21,842	22,375	4,591	65,748
1932 "	13,212	1,163	51,301	...	78,366	8,457	7,587	32,191	21,894	3,852	78,337
1933 "	12,522	1,169	42,687	3,707	72,149	6,084	6,238	34,714	21,787	899	72,225
1934 "	12,815	1,257	44,183	823	72,098	7,407	7,039	33,340	21,829	340	72,234
1935—June 30	12,836	1,436	48,964	629	79,321	7,389	10,734	35,929	21,031	873	79,452
1935—Dec. 31	12,833	1,412	51,229	...	80,924	8,416	10,929	31,713	25,520	1,633	81,036
1936—June 30	12,929	1,655	51,655	...	82,174	9,211	11,653	32,856	22,423	3,388	82,259

NOTES.—(a) Not available.

(b) Including throughout balances with the South African Reserve Bank.

(c) Excluding Money at Call, which for this year is included with other assets.

The change in the figures between earlier years and 1926 is due to the incorporation of the National Bank of South Africa, Ltd., with Barclays Bank (Dominion, Colonial and Overseas).

The Wisdom of making a Will

The exceptional facilities of the Midland Bank Executor and Trustee Company, an affiliation of the Midland Bank, should strongly appeal to all who have not yet made a will or desire to revise existing plans for the care of their estates.

The Company acts in the following or similar capacities: ¶ executor or trustee under a will; ¶ trustee under a marriage or other settlement; ¶ trustee for any club, society, hospital or religious, charitable or other institution; ¶ manager of an estate; ¶ trustee for debentures or debenture stock. The use of its services ensures the following advantages:

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EXECUTOR & TRUSTEE

COMPANY LIMITED

THE

YOKOHAMA SPECIE BANK,

LIMITED

(Incorporated in Japan)

Established 1880

Capital Subscribed and Fully Paid - Yen 100,000,000

Reserve Fund - - - - - , 130,900,000

Head Office - - - - - YOKOHAMA

BRANCHES AT

ALEXANDRIA	HSINKING	RANGOON
BANGKOK	KARACHI	RIO DE JANEIRO
BATAVIA	KOBE	SAMARANG
BERLIN	LONDON	SAN FRANCISCO
BOMBAY	LOS ANGELES	SEATTLE
CALCUTTA	MANILA	SHANGHAI
CANTON	MOJI	SINGAPORE
DAIREN	NAGASAKI	SOURABAYA
FENGTIEN (Mukden)	NAGOYA	SYDNEY
HAMBURG	NEW YORK	TIENTSIN
HANKOW	OSAKA	TOKYO
HARBIN	PARIS	TOKYO (Marunouchi)
HONOLULU	PEIPING	TSINGTAO
HONG KONG		YINGKOW

LONDON OFFICE:

7 BISHOPSGATE, LONDON, E.C.2

H. KANO, Manager

The other most noticeable features in the combined accounts of the commercial banks for June 30th are a fall of over £5 millions in cash reserves in South Africa (mainly in deposits with the Reserve Bank) and a rise of a similar amount in South African investments. It seems probable that these movements reflect the recent Government borrowing in South Africa for the purpose of repaying maturing sterling debt, and it looks as if a part of the money required had been obtained from the banks and not from the public. The Reserve Bank's accounts also show a fall of about £5 millions during the year in its combined holdings of gold (at market price) and sterling bills. While, therefore, the cash reserves of the banking system show some decline in the direction of normal, deposits with the commercial banks are maintained at their inflated level.

In the light of the June figures it is clear that the present abnormal banking position, though essentially unstable, shows signs of only very slow adjustment.

Imports continue to rise, though somewhat less rapidly, and the total for 1935-36 (July to June) was about £9 millions higher than in 1934-35. Much of this expansion was, however, balanced by an expansion of exports. The true expansion in exports was, of course, much less than that shown in the trade figures, which are falsified by the fact that in 1934-35 the Reserve Bank was accumulating gold in Pretoria and liquidating its London stocks, while in 1935-36 the Reserve Bank was transferring part of its gold reserve to London, no doubt in preparation for the repayments of Government debt. Nevertheless, even when a guide to the real position is obtained by adding to exports of merchandise the value of the gold produced during the year, exports show an increase of about £6 millions:—

	1934-35	1935-36
	(£ mill.)	(£ mill.)
Exports of merchandise	27.3	30.6
Gold produced (at market price)	74.3	77.3

	1934-35	1935-36
	(£ mill.)	(£ mill.)
Imports	101.6	107.9
	71.9	80.8

Surplus of exports..... 29.7 27.1

The true export surplus thus declined during the year by between £2 and £3 millions, and is now probably very nearly identical with the net balance of "Invisible Imports" on income account. Thus in 1935-36 the South African balance of payments on income account was probably approximately in equilibrium.

In view of this, it is at first sight surprising that the net repayment by the South African Government of some £10 millions of overseas debt during 1935-6 should have been reflected in a decline of only £5 millions in the Reserve Bank's holdings of gold and foreign exchange. It is possible, of course, that part of the repayment had been provided for by the Government in the previous year; but it is much more likely that this year provision has been made for part of the still larger repayments which it is making in 1936-37. The most likely explanation of the way in which the banking system has financed the other £5 millions or more of the debt repayments is that a considerable amount of capital has been imported into South Africa during the year for investment in the gold mines and in general industry.

In 1936-37 the Government will effect a further net reduction of about £18½ millions in its overseas debt. It will be interesting to observe in the year's banking figures if this large transaction will at last have the effect of reducing the immense cash reserves of the banks to a more normal figure. If not, presumably interest rates will remain sufficiently low in South Africa for the Government to continue to raise conversion loans at home and to repay foreign debt as opportunity offers.

To sum up, it may now be said that there is a good chance that the peculiar factors in the present recovery, together with the careful policy followed by the banks and the Government, may enable the country to escape from the severe credit inflation which at one time seemed possible, and from its inevitable after-effects. Given the maintenance of the price and value of gold, the ultimate reaction from the present boom may be local and perhaps comparatively moderate.

DOMINION JOINT STOCK BANKS WITH LONDON OFFICES

IRISH FREE STATE BANKS

1 Name of Bank	2 Date	3 No. of Branches and Sub-branches	4 Capital Subscribed	5 Uncalled Capital		6 Capital Paid-up	7 Reserve Fund	8 Un-divided Profits	9 Notes in Circulation
				Callible	Reserved				
Bank of Ireland	Dec. 31, '35	104	2,769,231	£	£	2,769,231	3,180,000	247,736	1,949,608
Hibernian Bank	June 30, '36	62	2,000,000	500,000	1,000,000	500,000	700,000	53,417	506,602
Munster and Leinster Bank ..	June 30, '36	207	1,875,000	1,125,000	...	750,000	1,000,000	88,257	821,542
National Bank	June 30, '36	272	7,500,000	1,000,000	5,000,000	1,500,000	1,100,000	147,083	1,318,533
Provincial Bank of Ireland } Do. New	June 30, '36	128	4,080,000	1,500,000	2,040,000	540,000	505,000	58,981	901,431
Royal Bank of Ireland	Dec. 31, '35	41	1,500,000	300,000	900,000	300,000	300,000	23,021	229,623
Total		814	19,724,231	4,425,000	8,940,000	6,359,231	6,785,000	618,495	5,820,339

AFRICAN BANKS

Bank of Br. West Africa, Ltd.	Mar. 31, '36	44	3,000,000	300,000	1,500,000	1,200,000	400,000	96,973	...
Barclays Bank (Dominion, Colonial and Overseas)	Sept. 30, '35	488	6,975,500	2,000,000	3,024,000	4,975,500	1,850,000	...	850,648
Netherlands Bank of S. Africa	Sept. 30, '35	19	779,820	Nil	Nil	780,361	340,042	61,065	...
Standard Bk. of S. Africa, Ltd.	Mar. 31, '36	375	10,000,000	7,500,000	Nil	2,500,000	2,500,000	442,705	608,156
Total		926	20,755,320	9,800,000	4,524,000	9,455,861	5,090,042	600,743	1,458,804

AUSTRALASIAN BANKS

Commonwealth Bank of Australia	June 30, '36	529	20,000,000	...	...	4,000,000	2,240,570	...	...
Bank of Adelaide	Mar. 25, '36	111	1,250,000	Nil	1,250,000	1,250,000	1,000,000	61,970	6,576
Bank of Australasia	Oct. 14, '35	235	4,500,000	Nil	4,500,000	4,500,000	4,475,000	330,485	26,138
Bank of New South Wales ...	Sept. 30, '35	740	8,780,000	Nil	8,780,000	8,780,000	6,150,000	229,746	140,968
Bank of New Zealand	Mar. 31, '36	226	7,465,164	Nil	Nil	6,935,175	3,575,000	619,960	324,452
Commercial Bank of Australia, Ltd.	June 30, '36	529	4,117,350	Nil	Nil	4,177,350	2,250,000	207,944	14,980
Commercial Banking Company of Sydney, Ltd.	June 30, '36	429	9,478,025	Nil	4,739,012	4,739,012	4,300,000	252,396	13,669
English, Scottish & Australian Bank, Ltd.	June 30, '35	379	5,000,000	2,000,000	Nil	4,872,966	3,250,000	429,327	1,015
National Bank of Australasia, Ltd.	Mar. 31, '36	328	6,800,000	1,800,000	Nil	5,000,000	3,300,000	296,913	47,579
National Bank of New Zealand, Ltd.	Mar. 31, '36	59	6,000,000	4,000,000	Nil	2,000,000	1,500,000	153,959	99,821
Queensland National Bank, Ltd.	June 30, '36	101	1,750,000	Nil	Nil	4,500,842	860,000	54,936	...
Union Bank of Australia, Ltd. Total (excluding Commonwealth Bank of Australia)	Aug. 31, '35	212	12,000,000	Nil	8,000,000	4,000,000	4,850,000	226,016	52,456
(a) Contingent liabilities.		3378	57,140,539	7,800,000	27,269,012	50,755,285	35,510,000	2,863,652	727,654

(a) Contingent liabilities.

CANADIAN BANKS

Bank of Montreal	Oct. 31, '35	545	7,200,000	Nil	7,200,000	7,200,000	7,600,000	533,019	5,991,826
Bank of Nova Scotia	Dec. 31, '35	303	2,400,000	Nil	2,400,000	2,400,000	4,800,000	214,738	1,942,879
Canadian Bank of Commerce...	Nov. 30, '35	599	6,000,000	Nil	6,000,000	6,000,000	4,000,000	254,040	5,345,815
Dominion Bank	Dec. 31, '35	130	1,400,000	Nil	1,400,000	1,400,000	1,400,000	153,637	1,180,446
Royal Bank of Canada	May 31, '36	724	7,000,000	Nil	7,000,000	7,000,000	4,000,000	461,912	6,250,845
Total		2301	24,000,000	Nil	24,000,000	24,000,000	21,800,000	1,617,346	20,711,811

(Converted at rate of \$5 to £1.)

INDIAN BANKS

Chartered Bank of India, Australia and China	Dec. 31, '35	43	3,000,000	Nil	3,000,000	3,000,000	3,000,000	466,038	1,685,152
Eastern Bank, Ltd.	Dec. 31, '35	12	2,000,000	Nil	1,000,000	1,000,000	500,000	147,153	...
Mercantile Bk. of India, Ltd. Do. "B" Shares } Do. "C" Shares }	Dec. 31, '35	22	750,000 750,000 1,500,000	187,500 187,500 1,200,000	187,500 187,500 Nil	1,050,000	1,075,000	237,097	160,412
National Bank of India, Ltd.	Dec. 31, '35	29	4,000,000	2,000,000	Nil	2,000,000	2,200,000	527,668	...
Total		106	12,000,000	3,575,000	4,375,000	7,050,000	6,775,000	1,377,956	1,845,564

DOMINION JOINT STOCK BANKS WITH LONDON OFFICES

IRISH FREE STATE BANKS

9 Acceptances and Bills for Collection	10 Miscellaneous Liabilities	11 Deposits	12 Total Liabilities and Assets	13 Cash in Hand and Money at Call and Short Notice		14 Investments	15 Bills Discounted or Purchased (when shown separately)	16 Bills, Loans, and Advances	17 Premises and Sundries (including Cover for Acceptances)	18 Name of Bank
				Cash in Hand, with Banks and in Transit	Money at Call and Short Notice					
£	£	£	£	£	£	£	£	£	£	
141,500	...	36,317,717	44,605,792	2,586,918	2,837,133	24,353,091	...	14,044,952	783,698	Bank of Ireland
...	32,123	10,720,831	12,512,973	989,284	...	5,302,136	...	6,038,775	182,778	Hibernian Bank
...	...	24,046,170	26,705,969	1,163,675	1,500,000	12,492,489	1,003,639	10,158,906	387,260	Munster & Leinster
84,745	...	37,716,060	41,866,421	4,462,824	4,411,186	15,287,522	1,488,841	15,392,077	823,971	National Bank
...	200	15,097,966	17,196,578	604,448	1,290,000	8,658,897	929,527	5,511,974	201,732	Pro. Bk. of Irel'd. Do. New
3,908	...	6,415,156	7,271,708	671,234	...	2,509,612	89,631	3,747,323	253,908	Royal B. of Irel'd.
230,153	32,323	130,313,900	150,159,441	10,478,383	10,038,319	68,603,747	3,511,638	54,894,007	2,633,347	Total

AFRICAN BANKS

830,826	130,694	7,372,929	10,031,422	1,738,854	...	3,894,330	714,194	2,558,839	1,125,205	Bank of British W. Africa.
3,982,658	...	87,781,143	99,439,949	25,777,223	2,029,994	23,445,438	12,494,916	29,178,051	6,514,327	Barclays Bk (Dom. Col. & Overseas)
57,598	1,123,185	2,661,747	5,023,998	1,284,933	...	113,954	1,210,533	1,106,266	1,308,312	Netherlands Bk. of S. Africa.
9,777,896	...	57,880,798	73,709,555	15,098,974	2,100,000	12,406,331	4,347,236	29,615,987	10,141,027	Standard Bank of S.A., Ltd.
146,8978	1,253,879	155,696,617	188,204,924	43,899,984	4,129,994	39,860,053	18,766,879	62,459,143	19,088,871	Total

AUSTRALASIAN BANKS

Cash & Notes in Hand and at Bankers	Money at Call and Remittances in Transit	Investments	Bills Discounted or Purchased	Bills, Loans, and Advances	Premises and Sundries	Name of Bank
545,858	8,218,181	74,870,879	89,875,488	1,738,854	...	Comm. Bank of Australia.
...	156,085	6,713,968	9,188,599	...	5,660,001	Bank of Adelaide
4,847,643	...	37,058,103	51,237,369	5,035,420	...	Bk. of Australasia
6,468,117	43,386,698	90,403,980	115,559,509	10,865,082	1,280,000	Bk. of N.S. Wales.
37,016	4,579,248	35,740,430	51,811,281	7,076,654	1,784,411	Bk. of N. Zealand
1,291,292	4913,675	25,863,666	34,658,907	3,437,657	125,000	Commercial Bank of Australia.
1,121,006	...	49,777,559	60,203,643	7,410,342	3,747,941	Comm. Bkg. Co. of Sydney, Ltd.
...	1,868,676	32,409,353	42,831,337	6,167,833	...	English, Scottish & Australian Bk.
...	1,082,565	37,769,620	47,496,677	5,567,068	...	National Bank of Australasia.
...	1,559,812	13,655,182	18,968,774	3,307,418	314,666	National Bk. of New Zealand.
...	349,041	8,646,021	14,410,840	1,404,236	15,000	Queensland Nat. Bank.
...	1,116,666	33,429,249	43,674,387	4,680,575	330,000	Union Bank of Australia.
137,65074	15,012,466	371,467,131	490,041,323	55,719,059	9,149,663	Total (excluding Commonwealth Bk. of Australia.)

* Includes money at call.

CANADIAN BANKS

3,606,065	356,869	133,266,796	158,554,574	29,646,023	4,654,195	72,374,744	...	46,892,262	4,987,350	Bank of Montreal
2,102,224	62,719	46,242,018	57,764,578	10,278,087	1,672,330	22,649,009	...	19,967,147	3,198,005	Bk. of Nova Scotia
3,429,759	...	106,877,688	125,907,302	21,537,925	7,174,486	43,929,133	...	44,930,804	8,334,954	Canadian Bank of Commerce.
804,455	70,389	21,815,834	26,824,761	4,981,192	2,107,665	7,903,216	...	9,724,105	2,108,583	Dominion Bank.
52,091	5,867,634	137,328,275	160,960,757	28,090,528	6,454,262	56,478,419	...	61,937,519	8,000,029	Royal Bk. Canada
9,994,594	6,357,611	445,530,611	530,011,972	94,533,755	22,062,938	203,334,521	...	183,451,837	26,628,921	Total

(Converted at rate of \$5 to £1.)

INDIAN BANKS

				Cash in Hand, with Bankers, and in Transit						Chartered Bk. of India, Australia and China.
2,292,542	3,128,085	45,986,112	59,557,929	5,260,778	...	21,752,356	8,945,844	21,117,077	2,481,874	
982,000	1,209,960	6,799,954	10,639,067	1,202,691	...	5,649,321	514,337	2,268,705	1,004,013	Eastern Bk., Ltd.
683,401	37,638	13,916,615	17,160,163	2,024,631	...	6,972,528	2,199,062	5,107,638	856,304	Mercantile Bk. of India, Ltd.
1,068,369	...	29,382,941	35,178,978	4,608,316	...	14,810,267	4,427,068	10,283,643	1,049,684	Do. "B" Share Do. "C" Share
5,026,312	4,375,683	96,085,622	122,536,137	13,096,416	...	49,184,472	16,086,311	38,777,063	5,391,875	Nat. Bk. of India
										Total.

DOMINION BANKS WITH OFFICES IN LONDON

(1) IRISH FREE STATE BANKS

JOINT-STOCK BANKS OF IRELAND

Year	Banks	No. of Branches	Capital and Reserves	% of Liabilities	Deposits	% of Liabilities	Notes	% of Liabilities	Total Liabilities	Cash in Hand, Money at Call and Short Notice	% of Liabilities	Investments	% of Liabilities	Discounts and Advances	% of Liabilities
			£		£		£		£	£		£		£	
1895	9	496	10,200,000	16.5	44,390,000	72.0	6,143,000	9.9	61,663,000	11,253,000	18.3	17,934,000	29.1	31,182,000	50.5
1900	9	543	10,894,000	16.0	49,449,000	72.8	6,708,000	9.9	67,988,000	11,697,000	17.2	17,719,000	26.1	37,464,000	55.0
1910	9	663	11,475,000	13.9	62,508,000	76.0	7,211,000	8.8	82,150,000	13,762,000	16.7	23,215,000	28.2	44,127,000	53.7
1920	9	912	12,899,000	5.4	200,441,000	83.2	24,717,000	10.3	240,391,000	46,698,000	19.4	80,959,000	33.5	109,623,000	45.5
1922	9	986	13,779,000	5.7	209,777,000	86.0	17,321,000	7.1	242,199,000	31,834,000	13.1	103,019,000	42.5	104,554,000	43.1
1926	6*	773	12,743,000	8.1	133,035,000	84.6	10,690,000	6.8	157,377,000	17,974,000	11.4	68,437,000	43.5	68,483,000	43.6
1927	6*	786	13,053,000	8.6	127,593,000	84.0	10,579,000	7.0	151,997,000	18,540,000	12.2	63,914,000	42.0	67,144,000	44.2
1928	6*	784	13,319,231	8.7	128,280,338	83.9	10,467,485	6.8	153,020,542	20,603,358	13.6	62,921,757	41.5	66,980,637	43.7
1929	6*	798	13,549,231	9.0	128,212,719	85.0	8,384,891	5.5	151,006,928	19,097,681	12.6	63,327,301	41.9	66,109,058	43.7
1930	6*	808	13,744,231	9.3	126,913,785	85.8	6,513,849	4.4	148,029,152	16,100,407	10.9	65,094,325	44.0	64,377,598	43.5
1931	6*	807	13,934,231	9.4	127,984,313	86.1	5,850,791	3.9	148,613,574	14,921,624	10.0	67,622,666	45.6	63,560,931	42.8
1932	6*	813	12,984,231	8.8	128,933,593	86.8	5,519,572	3.7	148,258,478	17,581,925	11.9	64,057,942	43.1	64,097,121	43.2
1933	6*	815	12,959,231	8.0	142,409,702	88.1	5,628,327	3.5	161,825,966	21,525,641	13.3	76,802,234	47.5	60,941,640	37.7
1934	6*	817	13,024,231	8.6	131,897,421	87.0	5,653,210	3.7	151,518,670	18,621,526	12.3	69,142,874	45.6	61,119,164	40.4
1935	6*	814	13,084,231	8.6	130,355,911	86.2	5,691,191	3.8	151,091,322	19,785,775	13.1	68,007,196	45.1	59,755,743	39.6
1936	6*	814	13,144,231	8.7	130,313,900	86.7	5,820,339	3.9	150,159,441	20,516,702	13.6	68,603,747	45.7	58,405,645	38.9

* Irish Free State.

BANK OF IRELAND

ESTABLISHED 1783

CAPITAL					Market Value	PROFITS AND DIVIDENDS					Reserves, &c.	Carried Forward
Subscribed	Paid-up	Callable	Reserved	Value		Year Ended Dec. 31	Net Profit	Per Cent of Resources	Dividends Amount	Rate %		
£	£	£	£	£	£	1925	590,724	1.19	387,692	14.4	207,231	70,687
2,769,231	2,769,231	...	...	9,083,069	£	1926	542,289	1.22	394,846	17.4	150,000	68,100
						1927	571,884	1.24	405,865	17.4	150,769	83,349
						1928	564,667	1.31	411,923	17.4	150,000	86,094
						1929	542,088	1.28	411,923	17.4	130,000	86,259
						1930	537,145	1.28	402,837	17.4	130,000	81,481
						1931	512,172	1.28	308,683	14.4	130,000	90,816
						1932	436,762	0.85	301,154	14.4	100,000	88,896
						1933	404,254	0.90	308,683	14.4	100,000	91,996
						1934	406,598	0.92	289,721	13.4	100,000	89,911
						1935	386,594	0.87	289,721	13.4	100,000	86,775

Stock is fully paid, but the liability of holders for debts of the Bank has not been decided. Price September 30, 1936, 328

Authorized Note Issue:
Irish Free State, £1,760,000
Northern Ireland, £410,000

† Free of income-tax.

LIABILITIES					Total Liabilities or Assets	ASSETS					Per Cent.
Year ended Dec. 31	Number of Branches	Capital and Reserves	Per Cent.	Balance of Profit and Loss		Cash in Hand and at Bank	Per Cent.	Cash at Call and Short Notice	Per Cent.	Investments	
1925	86	5,538,462	11.2	292,195	0.6	6,031,764	12.2	37,630,783	76.0	49,493,204	9.0
1926	88	5,688,462	12.8	271,166	0.6	5,850,634	13.1	32,628,222	73.5	44,438,484	9.0
1927	91	5,839,231	12.7	292,080	0.6	5,973,013	13.0	33,979,103	73.7	46,083,427	9.0
1928	94	5,989,231	13.8	297,940	0.7	4,264,388	9.9	34,670,425	75.6	43,221,954	9.0
1929	100	6,119,231	14.5	298,105	0.7	2,799,398	6.6	33,124,890	78.2	42,361,424	9.0
1930	100	6,249,231	14.8	293,370	0.7	2,321,802	6.5	33,325,089	79.0	42,189,449	9.0
1931	100	5,949,231	11.9	293,576	0.7	1,904,397	4.8	31,701,218	79.6	39,848,422	9.0
1932	100	5,949,231	11.9	259,203	0.5	1,868,413	3.6	33,368,001	84.3	51,444,848	9.0
1933	104	5,949,231	13.2	258,150	0.6	1,857,639	4.1	37,041,958	82.1	45,106,975	9.0
1934	104	5,949,231	13.4	260,219	0.6	1,870,433	4.2	36,399,126	81.8	44,479,009	9.0
1935	104	5,949,231	13.3	247,736	0.6	1,949,608	4.4	36,459,217	81.7	44,605,792	9.0

* Includes acceptances.

THE HIBERNIAN BANK, LIMITED

ESTABLISHED 1825

CAPITAL					Year Ended June 30	PROFITS AND DIVIDENDS					Reserves, &c.	Carried Forward
Subscribed	Paid-up	Callable	Reserved	Value		Net Profit	Per Cent. of Resources	Dividends Amount	Rate %	Rate %		
£	£	£	£	£	£	1926	103,197	0.77	56,260	12.4	42,538	21,168
2,000,000	500,000	500,000	1,000,000	£	£	1927	103,865	0.78	62,500	12.4	35,000	27,533
						1928	104,546	0.81	62,500	12.4	35,000	34,679
						1929	97,944	0.73	67,500	13.4	35,000	30,023
						1930	99,609	0.74	67,500	13.4	35,000	41,946
						1931	109,114	0.82	67,500	13.4	30,000	30,473
						1932	82,977	0.62	67,500	13.4	30,000	31,160
						1933	88,187	0.66	67,500	11.4	30,000	30,510
						1934	86,650	0.68	67,500	11.4	30,000	26,689
						1935	82,878	0.66	67,500	11.4	30,000	26,917
						1936	82,729	0.66	67,500	11.4	30,000	26,917

Per Share £20 Per Share £5 Per Share £5 Per Share £10

* Free of income tax.

Continued on page 24

LLOYDS BANK LIMITED



Chairman:

The Right Hon. LORD WARDINGTON.

Deputy Chairman:

Sir AUSTIN E. HARRIS, K.B.E.

Vice-Chairman:

FRANCIS A. BEANE

Chief General Manager:

G. F. ABELL

Joint General Managers:

W. G. JOHNS, D.S.O., R. A. WILSON, SYDNEY PARKES, S. P. CHERRINGTON

The Bank acts as Executor and Trustee of Wills,
Trustee of Settlements and Trustee of Debenture
Stock Issues, &c.

Offices throughout England and Wales, others in India and
Burma, and Correspondents and Agents in all parts of the World

Every kind of Banking business transacted

Head Office: 71 LOMBARD STREET, LONDON, E.C. 3

THE STANDARD BANK OF SOUTH AFRICA LIMITED.

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

CAPITAL AUTHORISED & SUBSCRIBED - £10,000,000
CAPITAL PAID-UP - £2,500,000
RESERVE FUND - £2,500,000
CAPITAL UNCALLED - £7,500,000

Head Office: 10, CLEMENTS LANE, LOMBARD STREET,
and 77, KING WILLIAM STREET, LONDON, E.C.4

LONDON WALL BRANCH: 63, London Wall, E.C.2

WEST END BRANCH: 9, Northumberland Ave., W.C.2

New York Agency: 67, Wall Street

Hamburg Agency: 49, Schauenburgerstrasse

Over 370 Branches, Sub-Branches and Agencies in South, East and Central Africa

EXECUTOR AND TRUSTEE BUSINESS CONDUCTED.

COMMERCIAL SERVICE

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

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

BERTRAM LOWNDES, London Manager

THE HIBERNIAN BANK, LIMITED—Continued from page 22

Year ended June 30	Number of Branches	LIABILITIES								Total Liabilities or Assets	ASSETS							
		Capital and Reserves	Per Cent.	Un-divided Profits	Per Cent.	Notes in Circulation	Per Cent.	Rebate	Per Cent.		Cash in Hand and at Bankers	Per Cent.	Investments	Per Cent.	Discounts, Loans and Advances	Per Cent.	Buildings and Sundries	Per Cent.
1926	58	1,100,000	8.2	59,918	0.4	...	...	12,072	0.1	12,282,453	91.3	13,454,443	431,049	3.2	5,168,752	38.4	7,650,064	56.9
1927	58	1,120,000	8.4	66,283	0.5	...	...	11,456	0.1	12,162,014	91.0	13,359,753	383,961	2.9	5,201,729	38.9	7,568,822	56.7
1928	61	1,140,000	8.7	73,329	0.6	...	...	10,027	0.1	11,754,098	90.6	12,977,454	398,803	3.3	5,244,703	40.3	7,568,822	56.7
1929	62	1,160,000	8.9	84,773	0.7	...	...	8,713	...	11,767,056	88.4	13,329,159	442,509	4.8	5,504,805	41.3	7,103,016	54.6
1930	62	1,180,000	9.0	94,327	0.8	...	...	8,423	...	11,669,407	87.7	13,314,739	425,192	4.0	5,998,681	44.9	6,944,542	52.1
1931	62	1,200,000	9.2	104,057	0.9	...	...	8,188	...	11,672,040	87.5	13,351,282	467,682	3.5	6,331,323	46.6	6,588,829	49.4
1932	62	1,220,000	9.4	114,057	0.9	...	...	7,473	...	11,550,018	86.8	13,321,383	366,239	2.7	6,514,176	49.0	6,226,738	46.2
1933	62	1,240,000	9.6	124,057	1.0	...	...	6,621	...	11,829,564	87.2	13,351,383	1,197,187	9.0	6,233,283	45.9	6,910,672	43.6
1934	62	1,260,000	9.8	134,057	1.1	...	...	5,858	...	11,073,651	86.4	12,809,789	1,197,187	9.0	6,233,283	45.9	6,910,672	43.6
1935	62	1,280,000	10.0	144,057	1.2	...	...	5,122	...	10,873,322	86.1	12,626,135	1,219,456	9.6	6,233,283	45.9	6,910,672	43.6
1936	62	1,300,000	10.2	154,057	1.3	...	...	4,390	...	10,747,835	86.0	12,512,973	989,284	7.9	5,302,136	42.4	6,038,715	48.3

MUNSTER AND LEINSTER BANK, LIMITED

1885—Assets of Munster Bank, Limited, acquired

Subscribed	Paid-up	Callable	Reserve Fund	Market Value	Year ended June 30	Net Profit	Per Cent. of Resources	PROFITS AND DIVIDENDS	Dividends	Rate	Reserves, &c.	Carried Forward
£	£	£	£	£	1926	184,159	0.72	90,000	18	95,000	46,190	£
1,875,000	750,000	1,125,000	1,000,000	2,050,785	1927	181,176	0.69	90,000	18	90,000	47,386	£
					1928	180,785	0.69	100,000	19	80,000	48,151	£
					1929	179,979	0.68	105,000	19	80,000	43,130	£
					1930	180,884	0.68	105,000	19	80,000	43,130	£
					1931	186,888	0.62	105,000	14	75,000	44,616	£
					1932	172,224	0.61	97,500	14	80,000	45,903	£
					1933	155,525	0.54	90,000	13	75,000	45,627	£
					1934	136,552	0.50	90,000	12	67,500	43,682	£
					1935	139,291	0.52	90,000	12	47,500	42,703	£
					1936	137,263	0.51	90,000	12	47,500	43,257	£

* Free of income tax.

Year ended June 30	Number of Branches	LIABILITIES								Total Liabilities or Assets	ASSETS							
		Capital and Reserves	Per Cent.	Un-divided Profits	Per Cent.	Deposit and Current Accounts, &c.	Per Cent.	Rebate	Per Cent.		Cash in Hand and at Bankers	Per Cent.	Cash at Call and Short Notice	Per Cent.	Investments	Per Cent.	Bills Receivable	Per Cent.
1926	194	1,700,000	6.5	91,190	0.3	24,541,240	93.2	26,332,430	1,638,836	6.1	701,114	2.7	9,064,072	34.4	1,713,619	6.5	12,876,931	49.0
1927	202	1,740,000	6.6	92,366	0.3	24,442,419	93.0	26,274,785	1,590,135	6.1	701,114	2.7	9,064,072	34.4	1,713,619	6.5	12,876,931	49.0
1928	197	1,750,000	6.7	93,151	0.3	24,348,688	92.8	26,188,839	2,052,734	7.7	1,000,000	3.8	9,182,761	34.9	1,816,569	6.8	12,342,739	47.0
1929	198	1,750,000	6.7	93,151	0.3	24,348,688	92.8	26,188,839	2,052,734	7.7	1,000,000	3.8	9,182,761	34.9	1,816,569	6.8	12,342,739	47.0
1930	198	1,750,000	6.7	93,151	0.3	24,348,688	92.8	26,188,839	2,052,734	7.7	1,000,000	3.8	9,182,761	34.9	1,816,569	6.8	12,342,739	47.0
1931	199	1,750,000	6.7	93,151	0.3	24,348,688	92.8	26,188,839	2,052,734	7.7	1,000,000	3.8	9,182,761	34.9	1,816,569	6.8	12,342,739	47.0
1932	199	1,750,000	6.7	93,151	0.3	24,348,688	92.8	26,188,839	2,052,734	7.7	1,000,000	3.8	9,182,761	34.9	1,816,569	6.8	12,342,739	47.0
1933	205	1,750,000	6.7	93,151	0.3	24,348,688	92.8	26,188,839	2,052,734	7.7	1,000,000	3.8	9,182,761	34.9	1,816,569	6.8	12,342,739	47.0
1934	205	1,750,000	6.7	93,151	0.3	24,348,688	92.8	26,188,839	2,052,734	7.7	1,000,000	3.8	9,182,761	34.9	1,816,569	6.8	12,342,739	47.0
1935	206	1,750,000	6.8	88,494	0.3	24,967,059	93.2	26,805,553	1,411,454	5.2	1,500,000	5.6	12,492,489	46.8	1,003,639	3.8	12,876,931	49.0
1936	207	1,750,000	6.8	88,494	0.3	24,967,059	93.2	26,805,553	1,411,454	5.2	1,500,000	5.6	12,492,489	46.8	1,003,639	3.8	12,876,931	49.0

* Includes Treasury Bills.

† Includes note circulation.

THE NATIONAL BANK LIMITED

ESTABLISHED 1835

Subscribed	Paid-up	Callable	Reserve	Market Value	Year ended June 30	Net Profit	Per Cent. of Resources	PROFITS AND DIVIDENDS	Dividends	Rate	Reserves, &c.	Carried Forward
£	£	£	£	£	1926	364,585	0.85	188,937	14	180,000	29,619	£
1,500,000	1,500,000	1,000,000	5,000,000	3,937,500	1927	323,998	0.75	170,953	14	155,000	27,664	£
					1928	311,161	0.72	168,000	14	145,000	25,825	£
					1929	312,445	0.73	210,000	14	120,000	29,290	£
					1930	270,034	0.64	210,000	14	60,000	31,092	£
					1931	245,018	0.65	195,000	13	50,000	31,126	£
					1932	220,194	0.51	180,000	12	40,000	31,144	£
					1933	224,016	0.53	180,000	12	40,000	35,355	£
					1934	220,402	0.53	180,000	12	40,000	35,355	£
					1935	221,327	0.53	180,000	12	40,000	35,355	£
					1936	221,327	0.53	180,000	12	40,000	35,355	£

* Less Income Tax.

Year ended June 30	Number of Branches	LIABILITIES								Total Liabilities or Assets	ASSETS							
		Capital and Reserves	Per Cent.	Notes	Per Cent.	Acceptances	Per Cent.	Un-divided Profits	Per Cent.		Cash in Hand and at Bank	Per Cent.	Cash at Call and Short Notice	Per Cent.	Investments	Per Cent.	Discounts and Advances	Per Cent.
1926	260	2,785,000	6.5	5,034,079	7.0	100,000	0.2	210,431	0.5	36,962,819	85.8	43,069,329	3,922,938	9.1	4,199,265	9.7	15,664,272	36.4
1927	262	2,855,000	6.6	5,034,079	7.0	100,000	0.2	210,431	0.5	36,962,819	85.8	43,069,329	3,922,938	9.1	4,199,265	9.7	15,664,272	36.4
1928	262	2,855,000	6.6	5,034,079	7.0	100,000	0.2	210,431	0.5	36,962,819	85.8	43,069,329	3,922,938	9.1	4,199,265	9.7	15,664,272	36.4
1929	262	2,855,000	6.6	5,034,079	7.0	100,000	0.2	210,431	0.5	36,962,819	85.8	43,069,329	3,922,938	9.1	4,199,265	9.7	15,664,272	36.4
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1935	262	2,855,000	6.6	5,034,079	7.0	100,000	0.2	210,431	0.5	36,962,819	85.8	43,069,329	3,922,938	9.1	4,199,265	9.7	15,664,272	36.4
1936	262	2,855,000	6.6	5,034,079	7.0	100,000	0.2	210,431	0.5	36,962,819	85.8	43,069,329	3,922,938	9.1	4,199,265	9.7	15,664,272	36.4

† Includes Treasury Bills.

PROVINCIAL BANK OF IRELAND, LIMITED

ESTABLISHED 1st August, 1825. Registered under Limited Liability Acts, 10th July, 1882

CAPITAL			
Subscribed	Paid-up	Callable	Reserved
£	£	£	£
Old 4,000,000	500,000	1,500,000	2,000,000
New 80,000	40,000	Nil	40,000
Per Share	Per Share	Per Share	Per Share
Old £8	£1	£3	£4
New £2	£1	Nil	£1

Year Ended June 30	Net Profits.	PROFITS AND DIVIDENDS	Reserves, &c.	Carried Forward
		Per Cent. of Resources	Amount £	Rate %
1926	125,842	0.71	63,292	14
1927	124,986	0.72	62,640	14
1928	125,258	0.73	62,640	14
1929	112,989	0.74	62,640	14
1930	103,758	0.62	61,661	14
1931	110,513	0.62	60,682	14
1932	48,421	0.52	54,676	13
1933	73,732	0.42	50,625	12
1934	69,457	0.42	51,468	12
1935	68,807	0.40	52,312	12
1936	71,605	0.42	51,890	12

Continued on page 25

BARCLAYS BANK (DOMINION, COLONIAL AND OVERSEAS)—Continued from page 25

Year ended Sept. 30	Number of branches	LIABILITIES										Total Liabilities or Assets	ASSETS							
		Capital and Reserves	Per Cent.	Notes	Per Cent.	Accept- ances	Per Cent.	Deposits	Per Cent.	Cash in hand, at Bankers, &c., and Money at Call	Per Cent.		Invest- ments	Per Cent.	Discounts and Advances	Premises and Sundries	Per Cent.			
		\$		\$		\$		\$		\$		\$		\$		\$				
1928	440	6,375,500	8.9	942,549	1.3	4,687,223	6.5	59,675,657	83.3	71,680,929	15,067,156	21.0	9,249,647	12.9	40,720,657	56.8	6,643,469	9.3		
1929	462	6,525,500	8.9	968,017	1.3	4,561,854	6.2	61,043,263	83.6	73,094,534	15,967,546	21.8	9,200,777	12.6	41,255,019	56.5	6,675,292	9.1		
1930	486	6,625,500	8.9	918,520	1.2	3,974,620	5.4	62,690,265	84.5	74,208,905	16,905,466	21.6	12,970,040	17.5	39,171,970	52.7	6,081,428	8.2		
1931	493	6,625,500	8.3	781,343	1.0	3,558,843	4.5	68,462,423	86.2	79,428,109	16,760,317	21.4	14,509,263	18.3	42,364,369	53.3	5,794,160	7.3		
1932	477	6,625,500	8.0	744,210	0.9	3,544,206	4.3	71,621,970	86.8	82,535,886	17,683,670	21.4	18,314,991	22.2	40,571,424	49.2	8,965,801	7.2		
1933	479	6,625,500	7.7	735,992	0.8	3,344,453	4.2	74,521,924	87.3	85,225,869	19,493,066	23.0	27,170,192	31.8	32,737,951	38.4	5,824,660	6.8		
1934	479	6,725,500	7.1	770,978	0.8	4,311,672	4.5	82,865,855	87.6	94,674,005	21,548,461	22.8	25,778,119	27.2	40,504,801	42.8	6,842,624	7.2		
1935	488	6,825,500	6.8	850,648	0.8	3,982,657	4.0	87,781,143	88.4	99,439,949	27,807,217	28.0	23,445,438	23.5	41,672,967	42.0	6,514,327	6.5		

NETHERLANDS BANK OF SOUTH AFRICA

REGISTERED 1888

With which was amalgamated Transvaal Commercial Bank in May, 1925

Year.	CAPITAL				Net Profit	Dividend	To Reserve, &c.	Carried Forward
	Subscribed	Paid-up	Callible	Reserved				
1925	Fl. 5,622,500	Fl. 5,622,500	Nil	Nil	52,494	6	24,370	628
1926	(S.A. £780,360 17 3)	(S.A. £780,360 17 3)	Nil	Nil	54,732	6	26,324	925
1927					66,951	6½	26,341	1,080
1928					60,145	7	27,391	1,036
1929					60,078	7	28,070	248
1930					51,517	6	22,515	1,135
1931					51,468	6	23,805	686
1932					-76,350*	Nil	-77,760†	2,342
1933					67,415	6	34,788	351
1934					61,311	4	26,641	3,872
1935					88,887	6	44,094	1,847

* Loss. † From reserve, etc.

Year ended December 31	Number of Branches	LIABILITIES							Total Liabilities or Assets	ASSETS							
		Capital and Reserves	Per Cent.	Un- divided Profits	Per Cent.	Accept- ances, Bills for Collection, &c.	Per Cent.	Deposits and Current Accounts		Per Cent.	Cash in Hand, with Bankers, and Money at Call	Per Cent.	Invest- ments	Per Cent.	Discounts and Advances	Buildings and Sundries, including Accept- ances	Per Cent.
1925	19	\$ 625,625	21.7	\$ 36,830	1.3	\$ 282,183	8.7	\$ 1,974,787	68.3	\$ 2,889,425	\$ 450,241	15.6	\$ 145,601	5.0	\$ 2,088,915	\$ 204,668	7.1
1926	19	635,208	22.9	39,210	1.4	400,387	14.4	1,701,667	61.3	2,776,473	342,590	12.3	105,986	3.8	1,838,008	489,889	17.6
1927	18	635,208	19.8	47,003	1.5	667,658	20.9	1,846,832	57.8	3,195,701	344,998	10.8	99,601	3.1	2,037,540	713,562	22.4
1928	18	635,209	19.6	50,489	1.5	686,604	21.2	1,876,520	57.7	3,248,762	391,272	12.0	100,388	3.1	2,033,495	723,607	22.4
1929	19	645,209	20.4	45,472	1.4	710,016	22.5	1,760,806	56.7	3,161,503	345,903	10.9	99,114	3.1	1,995,496	720,993	22.8
1930	19	645,209	22.3	37,337	1.3	313,374	10.8	1,898,809	65.6	2,894,729	407,402	14.1	224,334	7.8	1,889,540	737,453	22.8
1931	18	645,209	27.8	37,218	1.6	87,954	3.8	1,547,066	66.8	2,317,447	483,578	20.8	155,699	6.6	1,516,561	1,308,512	17.8
1932	18	845,209	27.8	6,542	0.1	272,345	9.8	1,737,246	61.2	2,839,647	787,375	27.8	271,330	9.6	1,474,394	1,308,512	17.8
1933	18	827,714	29.1	2,345	0.1	272,345	9.8	1,737,246	61.2	2,839,647	787,375	27.8	271,330	9.6	1,474,394	1,308,512	17.8
1934	18	974,923	27.0	38,880	1.1	500,642	13.8	2,099,391	58.1	3,613,836	711,249	19.7	518,788	14.3	1,741,999	641,800	10.7
1934	19	1,105,766	31.4	37,859	1.1	475,384	13.5	1,895,763	54.0	3,514,742	766,594	21.8	365,741	10.4	1,782,886	699,521	10.8
1935	19	1,120,403	22.3	61,065	1.2	1,180,783	23.5	2,661,747	53.0	5,023,998	1,318,243	26.3	113,954	2.3	2,263,489	1,308,512	26.0

All the above amounts are expressed in South African currency (viz. S.A.£).

a Nine months ended Sept. 30, 1934.

b Year ended Sept. 30.

STANDARD BANK OF SOUTH AFRICA LIMITED

ESTABLISHED 1862

1920—Absorbed African Banking Corporation

Year Ended Mar. 31	CAPITAL				Market Value, Sept. 30, 1936	Net Profit	Dividend	To Reserve, &c.	Carried Forward
	Subscribed	Paid-up	Callible	Reserved					
1926	10,000,000	2,500,000	7,500,000	Nil	7,812,500	570,989	16½	200,000	112,326
1927						583,801	16½	200,000	128,316
1928						596,596	16½	225,000	132,099
1929						621,466	17	225,000	122,524
1930						652,478	17	225,000	125,002
1931						567,620	15	175,000	142,822
1932						457,442	11	175,000	150,064
1933						429,336	10	175,000	164,400
1934						433,179	10	175,000	162,580
1935						502,590	12*	200,000	165,169
1936						477,535	12*	200,000	142,705

Year ended March 31	No. of Branches	LIABILITIES						Total Liabilities or Assets	ASSETS													
		Capital and Reserves	Per Cent.	Notes	Per Cent.	Drafts Out- standing and Accept- ances	Per Cent.		One- tomers' Bills	Per Cent.	Deposit and Current Accounts	Per Cent.	Cash in Hand, at Bank, and in Transit including Bullion	Per Cent.	Cash and Loans at Short Notice	Per Cent.	Invest- ments	Per Cent.	Discounts and Advances	Per Cent.	Bills for Collectors, Property, Buildings and Sundries	Per Cent.
1926	339	\$ 5,122,500	7.9	\$ 480,697	0.7	\$ 2,263,927	3.6	\$ 7,354,016	11.3	\$ 49,416,227	76.1	65,086,464	9.160,980	14.1	3,180,000	4.9	5,085,268	7.8	39,020,348	59.9	\$ 639,869	13.3
1927	348	5,122,500	8.0	504,711	0.8	2,265,202	3.5	8,279,001	12.9	47,629,322	74.2	64,265,822	9,081,290	12.6	3,180,000	4.9	5,085,268	7.8	39,020,348	59.9	639,869	14.9
1928	366	5,122,500	7.6	606,370	0.9	2,235,873	3.2	9,129,278	13.6	49,795,263	73.9	67,356,854	7,610,784	11.3	3,025,000	4.5	5,208,607	7.7	34,799,397	60.4	9,591,885	14.9
1929	364	5,464,170	7.9	603,642	0.8	2,885,559	4.0	10,279,107	14.3	51,830,149	73.8	71,760,181	7,758,278	10.8	3,250,000	4.5	5,208,607	7.7	34,799,397	60.4	9,591,885	14.9
1930	378	5,664,170	8.3	584,861	0.8	2,027,797	3.0	10,108,468	14.8	49,565,891	72.4	68,481,189	7,845,765	11.5	3,225,000	4.5	5,208,607	7.7	34,799,397	60.4	9,591,885	14.9
1931	384	5,664,170	8.1	626,563	0.7	1,600,440	2.3	10,241,212	14.6	51,934,061	72.4	70,409,068	8,012,143	9.9	3,225,000	4.5	5,208,607	7.7	34,799,397	60.4	9,591,885	14.9
1932	376	5,664,170	8.2	437,148	0.6	990,664	1.4	7,381,203	11.0	52,960,375	79.1	66,996,985	8,181,922	11.8	3,500,000	5.4	5,481,249	7.7	32,721,824	56.2	14,333,664	16.1
1933	378	5,000,000	7.5	441,879	0.7	834,128	1.2	7,282,335	10.5	55,162,977	79.3	66,996,985	8,181,922	11.8	3,500,000	5.4	5,481,249	7.7	32,721,824	56.2	14,333,664	16.1
1934	377	5,000,000	7.2	473,493	0.7	1,092,371	1.6	7,282,335	10.5	55,162,977	79.3	66,996,985	8,181,922	11.8	3,500,000	5.4	5,481,249	7.7	32,721,824	56.2	14,333,664	16.1
1935	375	5,000,000	7.1	529,086	0.7	1,107,550	1.6	7,336,089	11.7	55,463,478	78.1	70,901,373	8,181,922	11.8	2,600,000	3.7	9,828,448	13.3	31,723,281	47.1	9,328,051	13.9
1936	375	5,000,000	6.8	608,156	0.8	1,413,493	1.9	8,364,403	11.4	57,880,798	78.6	73,709,555	15,093,974	20.4	2,100,920	2.8	12,726,046	18.2	32,098,784	45.3	10,130,979	14.3

* Includes bonus of 2% per share

* Includes bonus of 2½ per share.

The BRITISH OVERSEAS BANK
LIMITED

Incorporating FREDK. HUTH & Co.

THROUGH its world-wide connections and agencies the Bank is able to offer to its clients at home and abroad exceptional facilities in foreign exchange and in the financing of foreign trade, and also to provide up-to-date credit reports and information as to international business conditions. Correspondence invited.

33 GRACECHURCH STREET, Lombard Court, LONDON, E.C.3

TELEGRAPHIC ADDRESS

Inland: "SAESREVO, PHONE, LONDON" Foreign: "SAESREVO, LONDON"

TELEPHONE NO. MANSION HOUSE 7842

OTTOMAN BANK

(INCORPORATED IN TURKEY WITH LIMITED LIABILITY)
Founded 1863

Capital: £10,000,000

Paid-up: £5,000,000

Reserve: £1,250,000

General Committee

LONDON

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ISTANBUL

Branches throughout the Near East

TURKEY EGYPT PALESTINE CYPRUS IRAK IRAN

Affiliated Banks: SYRIA: Banque de Syrie & du Grand Liban
ROUMANIA: Bank of Roumania, Ltd.
YUGO-SLAVIA: Banque Franco-Serbe
GREECE: British-French Discount Bank, Ltd.

Drafts and Telegraphic Transfers issued. Letters of Credit granted.
Exchange and Insurance operations effected.

(3) AUSTRALASIAN BANKS

AUSTRALASIAN BANKS WITH LONDON OFFICES

Year	Banks	No. of Branches	Capital and Reserves	% of Liabilities	Notes	% of Liabilities	Deposits	% of Liabilities	Total Assets or Liabilities	Cash in Hand and Money at Call and Notice	% of Liabilities	Investments	% of Liabilities	Discounts and Advances	% of Liabilities
1890	19	1,538	24,424,100	13.2	4,821,800	2.6	138,065,900	74.7	184,931,200	26,919,000	14.6	6,808,100	3.7	145,535,900	78.9
1900	16	1,338	30,307,100	19.1	4,348,700	2.8	107,408,600	68.4	157,299,500	33,165,500	21.1	12,831,900	8.2	102,820,200	65.7
1910	17	1,965	33,612,300	16.3	5,198,100	2.4	152,885,400	71.9	212,615,200	54,575,000	25.8	17,105,000	8.1	132,956,900	62.5
1920	16	2,393	51,248,171	13.4	8,511,692	2.2	281,477,007	73.4	383,470,259	88,133,890	23.2	68,431,168	17.8	214,736,390	56.0
1926	14	2,788	75,294,960	16.8	7,320,202	1.6	321,525,986	72.0	447,133,140	84,338,608	18.9	52,358,405	11.7	298,281,030	66.7
1927	12	3,141	75,807,689	16.8	6,693,730	1.5	324,226,350	71.8	451,388,933	77,213,749	17.1	44,157,047	9.8	317,923,542	70.4
1928	12	3,199	83,274,577	17.5	6,940,801	1.5	358,172,387	72.5	494,326,268	78,048,713	15.8	55,565,857	11.7	330,126,109	69.6
1929	12	3,292	86,623,990	17.5	7,543,645	1.5	350,095,968	72.2	484,659,471	71,442,573	14.8	44,948,658	9.3	351,619,856	73.0
1930	12	3,372	88,074,940	18.2	6,792,206	1.4	331,378,067	72.1	458,147,765	71,023,589	15.5	45,317,529	9.4	326,111,993	73.2
1931	12	3,358	89,436,041	19.5	6,346,137	1.4	329,815,863	73.4	448,372,051	76,407,310	17.0	46,143,476	10.3	311,114,477	69.3
1932	11	3,226	86,221,161	19.2	6,549,485	1.5	348,646,761	74.0	489,423,221	71,561,185	14.6	66,647,578	13.6	335,111,951	68.5
1933	11	3,218	87,454,588	18.6	7,009,864	1.5	365,005,434	74.6	489,423,221	71,561,185	14.6	66,647,578	13.6	335,111,951	68.5
1934	11	3,161	87,308,970	17.8	7,125,090	1.5	323,414,288	74.8	431,862,822	66,590,043	15.4	62,827,898	14.5	287,738,053	66.5
1935	10	2,741	77,215,480	17.8	1,428,022	0.3	371,467,131	75.8	490,041,323	64,868,722	13.2	76,661,021	15.6	334,800,739	68.4
1936	10	3,378	86,205,345	17.6	727,654	0.1									

COMMONWEALTH BANK OF AUSTRALIA

(ESTABLISHED 1912 BY SPECIAL ACT OF THE COMMONWEALTH PARLIAMENT)

Owned and guaranteed by the Government of the Commonwealth, which is responsible for all the Bank's obligations. Authorised capital, £20,000,000. Authorised subscription by Commonwealth Government, £6,000,000. Authorised debenture issue, £10,000,000

Year ended June 30	No. of Branches	LIABILITIES						Total Liabilities or Assets	ASSETS					
		Deposits	Per Cent.	Savings Bank Deposits	Per Cent.	Bills payable, Letters of Credit, &c.	Per Cent.		Cash and Short Call in London and Aust.	Per Cent.	Investments	Per Cent.	Fixed Deposits of Other Banks	Per Cent.
1926	86	31,463,836	36.8	43,875,693	51.3	5,202,135	6.1	85,490,206	15,267,744	17.9	16,185,000	18.9	39,467,602	46.2
1927	87	32,277,338	35.5	46,479,021	51.0	6,444,220	7.1	91,008,426	9,919,411	10.9	4,435,000	4.9	53,732,160	59.0
1928	89	42,488,062	31.0	...	...	4,640,415	8.9	62,420,105	5,796,681	11.0	13,305,329	25.4	16,378,295	31.3
1929	89	43,873,958	29.6	...	...	5,462,072	9.9	75,796,749	6,584,581	11.9	13,489,283	24.5	16,348,188	30.7
1930	92	42,813,732	31.8	...	...	5,205,555	6.1	68,333,938	7,548,310	14.4	6,995,006	13.4	22,310,233	42.6
1931	92	47,679,083	34.8	...	...	3,471,592	5.1	75,341,360	4,993,480	7.3	25,491,469	37.1	18,687,805	27.6
1932	260	74,313,909	35.9	...	...	4,193,273	5.6	101,754,130	7,814,273	10.4	23,954,207	31.8	28,179,534	37.4
1933	260	63,586,655	34.3	...	...	4,334,741	5.0	86,496,761	7,269,516	8.4	31,355,674	35.2	36,200,802	41.9
1934	261	83,572,653	37.0	...	...	4,437,435	4.6	98,090,006	7,888,842	8.2	35,166,046	36.6	37,388,616	39.0
1935	264	67,524,653	34.1	...	...	4,385,990	5.5	86,324,462	6,595,124	8.2	23,162,541	28.9	36,674,981	45.8
1936	263	74,870,879	33.3	...	...	6,465,218	7.2	101,539,591	6,589,509	7.3	33,434,328	37.3	36,777,145	40.9

* December 31.

† Capital £4,000,000.

‡ Excludes Savings Bank Department, now a separate institution

BANK OF ADELAIDE

INCORPORATED DECEMBER 5, 1865

Year ended Mar. 31	Number of Branches	CAPITAL				Year Ended March 31	Net Profit	Dividend	To Reserve, &c.	Carried Forward
		Subscribed	Paid-up	Callible	Reserved					
1926	113	1,655,000	19.0	88,724	1.0	8,693,327	1,457,773	18.7	1,694,158	19.5
1927	116	1,850,000	20.7	85,869	1.0	8,226,356	1,518,845	18.6	993,532	11.1
1928	116	2,200,000	24.1	115,964	1.3	9,134,407	1,518,845	18.6	897,991	9.8
1929	126	2,220,000	24.2	116,378	1.3	9,183,755	1,091,384	11.9	948,638	10.4
1930	131	2,335,000	24.8	114,483	1.3	8,996,597	1,010,590	11.2	757,061	8.4
1931	130	2,250,000	26.6	91,295	1.1	8,453,705	1,278,700	15.1	596,574	7.0
1932	114	2,250,000	25.4	65,571	1.0	8,468,418	1,127,722	12.7	1,656,601	18.7
1933	111	2,280,000	24.0	69,298	0.7	9,385,334	1,179,470	12.6	2,085,936	22.2
1934	112	2,250,000	25.4	73,795	0.8	9,826,634	1,204,167	13.5	1,527,795	17.2
1935	112	2,250,000	25.2	63,987	0.6	9,826,634	1,145,489	12.8	1,202,094	13.5
1936	111	2,250,000	24.6	61,970	0.7	9,188,599	766,774	8.4	1,552,645	16.9

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BANK OF AUSTRALASIA

INCORPORATED 1835

CAPITAL					Market Value	Year Ended Oct.	Net Profit	Dividend %	To Reserve, &c.	Carried Forward
Subscribed	Paid-up	Callable	Reserved	£						
£4,500,000	£4,500,000	Nil	£4,500,000	8,437,500						
Per Share	Per Share	Per Share	Per Share	Per Share	Sept. 30, 1936					
£5	£5	Nil	£5	£9						
LIABILITIES					Total Liabilities or Assets	Year Ended Oct.	Net Profit	Dividend %	To Reserve, &c.	Carried Forward
Capital and Reserves	Per Cent.	Un-divided Profits	Notes	Bills Payable, &c.						
£1,760,000	18.9	£392,887	1.0	£437,626	1.1	£3,694,129	9.0	28,708,674	70.0	40,993,316
£1,710,000	18.4	£435,508	1.0	£438,449	1.0	£4,430,226	10.4	29,394,047	69.2	42,508,630
£1,780,000	17.6	£419,568	1.0	£427,542	1.0	£4,418,994	9.9	31,478,756	70.5	44,594,860
£1,950,000	18.8	£454,760	1.0	£428,622	1.0	£5,909,217	8.2	33,876,329	71.0	47,618,928
£1,975,000	18.2	£476,943	0.9	£434,328	0.9	£5,022,528	10.2	34,414,798	69.8	49,323,597
£1,975,000	18.7	£462,027	1.0	£401,137	0.8	£3,965,638	8.2	34,232,584	71.3	48,036,386
£1,975,000	17.7	£320,188	0.6	£333,079	0.7	£3,414,078	6.7	37,678,574	74.3	50,720,919
£1,975,000	17.3	£304,783	0.6	£334,031	0.7	£4,098,119	7.9	38,120,630	73.5	51,832,563
£1,975,000	17.2	£310,166	0.6	£353,520	0.7	£4,772,167	9.1	37,833,351	72.4	52,244,204
£1,975,000	16.6	£318,190	0.6	£119,384	0.2	£4,879,418	9.1	39,601,807	73.5	53,893,799
£1,975,000	17.6	£330,485	0.6	£26,138	0.4	£4,847,643	9.4	37,058,103	72.4	51,237,369
					* Includes centenary bonus 2 per cent. and bonus to staff.					

BANK OF NEW SOUTH WALES

ESTABLISHED 1817, AND INCORPORATED IN 1850

1927.—Absorbed Western Australian Bank

1931.—Absorbed the Australian Bank of Commerce, Limited

CAPITAL					Market Value	Year Ended Sept. 30	Net Profit	Dividend %	To Reserve, &c.	Carried Forward
Subscribed	Paid-up	Reserved Liability of Proprietors	£	£						
£8,780,000	£8,780,000	£8,780,000								
Per Share	Per Share	Per Share	£20	£20	Per Share					
£20	£20	£20								
LIABILITIES					Total Liabilities or Assets	Year Ended Sept. 30	Net Profit	Dividend %	To Reserve, &c.	Carried Forward
Capital and Reserves	Per Cent.	Un-divided Profits	Notes	Out-standing Credits, Bills Payable, &c.						
£10,150,000	12.7	£680,755	0.9	£535,020	0.7	£11,573,533	14.4	57,070,096	71.3	80,009,403
£10,400,000	12.6	£780,315	0.9	£592,036	0.7	£11,835,286	14.4	58,587,508	71.4	82,195,145
£12,732,680	14.5	£882,648	1.0	£673,455	0.7	£11,937,811	13.6	61,554,635	70.2	87,781,129
£13,150,000	14.8	£793,654	0.9	£633,262	0.7	£9,891,114	11.1	64,514,655	72.5	88,982,585
£13,400,000	14.8	£600,978	0.7	£584,091	0.6	£10,165,176	11.2	66,056,052	72.7	90,806,297
£13,650,000	15.3	£335,678	0.4	£527,026	0.6	£8,477,451	9.6	66,238,223	74.2	89,228,378
£13,650,000	15.2	£244,663	0.3	£481,455	0.5	£6,347,216	7.0	69,388,093	77.0	90,111,427
£14,930,000	13.9	£224,730	0.2	£481,455	0.5	£7,862,018	7.3	83,943,595	78.1	107,525,115
£14,930,000	13.4	£225,346	0.2	£601,793	0.5	£9,437,472	8.5	86,317,691	77.4	111,512,302
£14,930,000	12.7	£226,085	0.2	£297,491	0.3	£9,701,376	8.3	91,840,970	77.8	116,995,322
£14,930,000	12.9	£229,746	0.2	£140,968	0.1	£9,854,815	8.5	90,403,981	78.3	115,559,509
					† Branches and agencies.					

BANK OF NEW ZEALAND

INCORPORATED WITH LIMITED LIABILITY IN NEW ZEALAND IN 1861

CAPITAL					Market Value	Year Ended March 31	Net Profit	Dividend %	To Reserve, &c.	Carried Forward
Ordinary Shares	Subscribed	Paid-up	Callable	Reserved						
£3,750,000	£3,750,000	£3,750,000	Nil	Nil						
£1,875,000	£1,875,000	£1,875,000	Nil	Nil						
£703,125	£703,125	£703,125	Nil	Nil						
Per Share	Per Share	Per Share	Per Share	Per Share	Price, Sept. 30, 1936					
£1	£1	£1	£1	£1						
LIABILITIES					Total Liabilities or Assets	Year Ended March 31	Net Profit	Dividend %	To Reserve, &c.	Carried Forward
Capital and Reserves	Per Cent.	Un-divided Profits	Notes	Out-standing Credits, Bills Payable, &c.						
£1,160,000	12.7	£680,755	0.9	£535,020	0.7	£11,573,533	14.4	57,070,096	71.3	80,009,403
£1,400,000	12.6	£780,315	0.9	£592,036	0.7	£11,835,286	14.4	58,587,508	71.4	82,195,145
£1,732,680	14.5	£882,648	1.0	£673,455	0.7	£11,937,811	13.6	61,554,635	70.2	87,781,129
£1,150,000	14.8	£793,654	0.9	£633,262	0.7	£9,891,114	11.1	64,514,655	72.5	88,982,585
£1,400,000	14.8	£600,978	0.7	£584,091	0.6	£10,165,176	11.2	66,056,052	72.7	90,806,297
£1,650,000	15.3	£335,678	0.4	£527,026	0.6	£8,477,451	9.6	66,238,223	74.2	89,228,378
£1,650,000	15.2	£244,663	0.3	£481,455	0.5	£6,347,216	7.0	69,388,093	77.0	90,111,427
£1,930,000	13.9	£224,730	0.2	£481,455	0.5	£7,862,018	7.3	83,943,595	78.1	107,525,115
£1,930,000	13.4	£225,346	0.2	£601,793	0.5	£9,437,472	8.5	86,317,691	77.4	111,512,302
£1,930,000	12.7	£226,085	0.2	£297,491	0.3	£9,701,376	8.3	91,840,970	77.8	116,995,322
£1,930,000	12.9	£229,746	0.2	£140,968	0.1	£9,854,815	8.5	90,403,981	78.3	115,559,509
					* Bonus 1 per cent.					

Continued on page 32

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BANK OF NEW ZEALAND—Continued from page 30

Year ended Mar. 31	No. of Branches	LIABILITIES										Total Liabilities or Assets	ASSETS										
		Capital and Reserves	Per Cent.	Un- divided Profits	Per Cent.	Notes	Per Cent.	Bills Payable, &c.	Per Cent.	Deposit and Current Accounts	Per Cent.		Cash in Hand and at Bank	Per Cent.	Bills Receivable and in Transit	Per Cent.	Invest- ments	Per Cent.	Discounts and Advances	Per Cent.	Buildings and Sundries	Per Cent.	
1926	229	8,732,299	17.5	1,183,877	2.4	4,444,393	8.9	4,281,792	8.7	51,121,288	62.5	49,763,649	7.4	7,471,296	15.1	3,699,645	7.4	*13,895,421	27.9	24,079,183	48.4	618,104	1.2
1927	230	9,354,186	19.1	1,214,803	2.5	3,765,593	7.7	4,861,933	9.9	29,664,025	60.8	48,860,540	7.6	7,696,282	15.7	3,684,810	7.5	*11,101,409	22.7	25,339,593	52.0	1,038,445	2.1
1928	239	9,797,023	19.6	1,149,162	2.3	3,797,080	7.6	4,797,252	9.6	30,339,033	60.9	49,879,550	7.5	7,850,823	15.7	3,885,327	7.8	*11,101,409	22.7	25,339,593	52.0	1,038,445	2.1
1929	240	10,008,114	18.3	1,344,284	2.5	3,290,793	7.9	4,979,067	9.1	33,939,651	62.2	54,561,909	7.4	7,470,062	13.7	3,352,051	6.2	*17,815,459	32.8	24,092,017	48.3	1,239,307	2.5
1930	244	10,585,664	19.0	1,139,819	2.2	3,764,948	6.8	5,536,497	10.1	33,897,609	61.8	54,774,587	7.4	7,597,281	12.7	3,527,685	6.6	*12,856,472	21.5	23,940,969	55.1	1,487,103	2.7
1931	236	11,015,647	21.3	1,102,634	2.1	3,679,957	6.9	4,836,762	9.1	32,324,685	61.1	51,808,469	7.4	7,502,708	13.8	3,174,933	3.3	*12,280,336	23.2	23,696,475	55.1	1,872,180	3.4
1932	234	11,040,164	21.3	846,749	1.6	4,062,763	7.8	4,292,951	8.3	31,565,843	61.0	51,808,469	7.4	7,502,708	13.8	3,174,933	3.3	*12,280,336	23.2	23,696,475	55.1	1,872,180	3.4
1933	226	11,040,164	21.0	641,279	1.2	4,338,747	8.2	4,169,475	7.9	32,573,239	61.7	52,764,901	7.4	8,598,559	16.1	1,631,594	3.1	*13,327,115	25.7	23,150,094	52.4	1,955,398	3.6
1934	223	11,040,164	21.0	624,468	1.2	4,258,149	7.8	4,105,002	7.5	34,328,004	63.2	54,356,787	7.6	7,653,367	14.3	2,483,957	4.6	*14,215,769	27.0	26,436,514	50.1	1,970,464	3.7
1935	223	10,501,751	21.2	628,997	1.3	5,053,778	10.4	4,598,608	9.3	33,198,614	67.2	49,440,170	7.7	7,771,791	14.5	1,475,538	3.0	*16,282,737	33.6	23,809,751	43.8	2,014,975	3.7
1936	226	10,501,751	20.3	619,960	1.2	5,244,520	10.6	4,616,264	8.9	35,740,430	69.0	51,811,281	7.7	7,076,654	13.2	2,274,872	4.4	*18,280,047	35.2	22,179,374	42.8	2,042,032	3.9

* Including \$102,550 long term mortgage debentures.

* Including \$607,050 long term mortgage debentures.

* Including \$

† Including £102,550 long term mortgage debentures. ‡ Including £607,050 long term mortgage debentures. * Includes money at call and in 1936. Remittances in transit between Branches, which were in previous years included under Discounts and Advances.

COMMERCIAL BANK OF AUSTRALIA, LIMITED

ESTABLISHED 1856

1918.—National Bank of Tasmania purchased, March 1, 1918

CAPITAL					Year Ended June 30	Net Profit £	Ordinary Dividend %	To Reserve, &c. £	Carried Forward £
Ordinary Shares	Subscribed £2,000,000	Paid-up £2,000,000	Callable Nil	Reserved Nil	1926 1927 1928 1929 1930 1931 1932 1933 1934 1935 1936	317,707 341,711 355,020 391,624 389,841 308,449 199,670 213,634 209,155 228,458 234,481	15 15 15 15 15 15 11½ 5 5 5 5	110,083 91,917 75,662 79,788 42,851 33,399 10,000 20,000 20,000 20,000	68,141 81,760 90,488 94,190 85,549 65,336 70,313 79,252 83,712 90,810
Per Share	10s.	10s.	Nil	Nil					
Registered Preferred Capital, £3,000,000									
Preference Shares	£2,117,350	£2,117,350	Nil	Nil					
Per Share	£10	£10	Nil	Nil					

Year ended June 30	Number of Branches	LIABILITIES										Total Liabilities or Assets	ASSETS										
		Capital and Re- serves	Per Cent.	Un- divi- ded Profits	Per Cent.	Notes	Per Cent.	Contingent Liabilities and Bills in Circulation	Per Cent.	Deposit and Current Ac- counts	Per Cent.		Cash in Hand and at Bankers	Per Cent.	Cash at Call and Short Notice in London	Per Cent.	Invest- ments	Per Cent.	Discounts, Advances, and Bills and Remit- tances in Transit	Per Cent.	Premises and Sundries	Per Cent.	
1926	489	4,065,722	15.1	172,180	0.6	104,887	0.4	1,972,582	7.3	20,615,561	76.6	26,930,132	10.0	4,012,977	14.9	780,000	2.9	3,032,482	11.3	17,761,898	65.9	1,343,075	5.0
1927	519	4,599,050	16.1	203,013	0.7	176,124	0.6	2,403,346	8.4	21,102,190	74.2	28,443,723	10.5	4,263,100	15.0	710,000	2.5	3,188,200	11.3	18,484,178	64.8	1,484,178	5.0
1928	551	5,153,388	16.1	230,489	0.8	226,775	0.7	2,830,249	8.3	22,307,855	73.3	30,448,786	12.2	750,000	2.5	750,000	2.5	3,476,671	13.7	20,211,475	66.1	1,581,005	5.2
1929	565	5,703,600	17.1	252,943	0.8	244,028	0.7	2,870,432	7.8	24,181,046	73.4	32,952,049	12.4	610,000	2.0	610,000	2.0	3,476,671	13.7	20,211,475	66.1	1,581,005	5.2
1930	573	6,200,749	20.0	275,052	0.9	230,138	0.7	2,177,490	7.0	22,165,235	71.1	31,048,664	12.1	1,517,500	4.0	1,517,500	4.0	3,476,671	13.7	20,211,475	66.1	1,581,005	5.2
1931	591	6,367,350	21.7	207,683	0.7	184,082	0.6	1,729,075	5.9	20,853,785	71.1	29,341,975	10.0	4,372,338	14.9	125,000	0.4	2,062,637	6.6	22,700,074	73.1	1,596,722	5.2
1932	535	6,367,350	21.1	212,659	0.7	178,350	0.6	1,675,453	5.6	20,170,702	70.2	30,135,982	10.0	3,777,263	12.5	170,000	0.4	2,062,637	6.6	22,700,074	73.1	1,596,722	5.2
1933	538	6,367,350	20.6	171,599	0.6	188,500	0.6	1,685,124	5.2	20,380,269	72.7	30,792,844	10.0	3,401,329	11.1	20,000	0.0	3,782,457	12.5	21,787,357	70.1	1,739,025	5.8
1934	542	6,367,350	19.1	176,059	0.5	178,986	0.5	2,024,807	6.1	24,554,505	73.8	33,301,707	10.0	4,004,554	12.0	20,000	0.0	4,123,265	12.4	23,191,616	69.8	2,015,973	6.1
1935	530	6,367,350	18.9	199,824	0.6	197,800	0.6	2,173,679	6.5	24,853,164	74.0	35,613,797	10.0	3,592,887	10.7	150,000	0.4	4,382,822	13.0	23,342,406	69.5	2,145,679	6.4
1936	529	6,367,350	18.4	207,944	0.6	14,980	0.0	2,204,966	6.3	25,863,666	74.7	34,658,937	10.0	3,437,657	9.9	125,000	0.4	4,520,169	15.0	23,661,587	68.3	2,233,194	6.4

ENGLISH, SCOTTISH, AND AUSTRALIAN BANK, LIMITED

Registered 1893 under English Companies Acts

1920.—Amalgamated with the London Bank of Australia, Limited

1921.—Amalgamated with the Commercial Bank of Tasmania, Limited

1927.—Amalgamated with the Royal Bank of Australia, Limited, and a consequent issue of 125,000 shares.

Year ended June 30	Number of Branches	CAPITAL					Market Value	Year Ended June 30	Net Profit	Dividend	To Reserve, &c.	Carried Forward
		Subscribed	Paid-up	Callable	Reserved							
1926	384	6,295,297	18.2	556,083	1.6	1,148	4,625,000	1925	815,981	12.5	208,919	183,414
1927	401	6,340,966	17.0	598,222	1.6	1,128		1926	842,308	12.5	213,750	230,722
1928	414	7,120,966	16.1	654,210	1.5	1,118		1927	550,988	12.5	198,438	277,960
1929	434	7,876,715	17.7	711,730	1.6	1,083		1928	598,769	12.5	190,261	311,478
1930	457	7,887,966	17.4	747,741	1.7	1,083		1929	601,263	12.5	190,261	347,741
1931	459	7,887,966	19.5	725,478	1.8	1,062		1930	542,736	12.5	210,000	305,747
1932	477	8,067,966	20.8	4,671,135	1.1	1,028		1931	266,657	8	35,000	297,135
1933	417	8,077,966	20.4	339,854	0.9	1,028		1932	147,719	5	20,000	274,854
1934	389	8,092,966	20.0	404,181	1.0	1,027		1933	219,327	5	20,000	274,854
1935	386	8,107,966	19.0	405,747	1.0	1,027		1934	221,566	5	20,000	274,854
1936	379	8,122,966	19.0	429,327	1.0	1,015		1935	243,580	5	20,000	274,854

Year ended June 30	Number of Branches	LIABILITIES										Total Liabilities or Assets	ASSETS										
		Capital and Reserves		Un- divided Profits		Notes		Bills Payable, &c.		Deposit and Current Accounts			Cash in Hand, at Bankers, and at Short Notice	Invest- ments		Bills re- ceivable and Remit- tances in Transit		Advances, &c.		Buildings and Sundries, including Security for Note Issue			
		Per Cent.		Per Cent.		Per Cent.		Per Cent.		Per Cent.				Per Cent.		Per Cent.		Per Cent.		Per Cent.			
\$		\$		\$		\$		\$		\$		\$		\$		\$		\$		\$		\$	
1925	384	6,295,297	18.2	556,083	1.6	1,148	...	1,967,092	5.7	25,729,311	74.5	34,548,931	10.0	6,998,036	20.2	1,252,761	3.6	4,876,355	14.1	20,635,697	59.8	786,082	2.3
1926	401	6,340,966	17.0	598,222	1.6	1,128	...	2,395,680	6.4	27,918,631	75.0	37,252,627	10.0	7,733,419	20.2	1,255,739	3.6	4,954,470	16.0	21,542,690	57.7	766,309	2.1
1927	414	7,120,966	16.1	654,210	1.5	1,118	...	3,289,955	7.4	33,088,609	75.0	44,154,758	10.0	8,616,337	19.9	1,478,819	3.6	5,076,087	12.8	22,577,326	62.5	766,309	2.1
1928	434	7,876,715	17.7	711,730	1.6	1,083	...	2,531,583	6.7	35,381,267	75.0	46,612,778	10.0	9,196,009	22.3	3,394,395	8.5	5,176,839	13.1	22,507,330	57.7	766,309	2.1
1929	457	7,887,966	17.4	747,741	1.7	1,083	...	2,891,583	6.4	35,334,497	74.4	45,262,611	10.0	8,559,738	19.7	1,777,381	3.6	5,911,968	13.5	22,507,330	57.7	766,309	2.1
1930	459	7,967,966	19.5	725,478	1.8	1,062	...	1,883,539	6.30	28,161,693	74.1	40,859,739	10.0	8,559,738	19.7	1,777,381	3.6	5,911,968	13.5	22,507,330	57.7	766,309	2.1
1931	417	8,047,966	20.8	437,135	1.1	1,028	...	1,571,140	4.1	28,522,421	74.1	38,579,690	10.0	8,559,738	19.7	1,777,381	3.6	5,911,968	13.5	22,507,330	57.7	766,309	2.1
1932	417	8,077,966	20.4	339,854	0.9	1,028	...	1,478,912	4.29	27,324,285	74.1	39,670,045	10.0	8,559,738	19.7	1,777,381	3.6	5,911,968	13.5	22,507,330	57.7	766,309	2.1
1933	389	8,092,966	20.5	404,181	1.0	1,027	...	1,575,628	4.0	28,946,769	74.2	39,020,572	10.0	8,559,738	19.7	1,777,381	3.6	5,911,968	13.5	22,507,330	57.7	766,309	2.1
1934	389	8,107,966	20.5	405,747	1.0	1,027	...	1,868,267	4.3	28,931,364	74.2	40,439,355	10.0	8,559,738	19.7	1,777,381	3.6	5,911,968	13.5	22,507,330	57.7	766,309	2.1
1935	389	8,122,966	19.0	429,327	1.0	1,015	...	1,868,267	4.3	24,409,353	74.6	42,851,337	10.0	6,167,833	14.2	2,214,727	5.4	2,878,520	10.6	21,813,047	57.2	727,490	1.7

THE UNION BANK OF AUSTRALIA, LIMITED
ESTABLISHED 1837

CAPITAL					Market Value	Year Ended Feb. 28	Net Profit	Dividend	To Reserve, &c.	Carried Forward
Subscribed	Paid up	Callible	Reserved							
£	£	£	£	£	£	£	£	%	£	£
12,000,000	4,000,000	Nil	8,000,000	5,600,000		1925	590,398	15(a)	100,000	92,902
						1926	627,611	15(a)	100,000	95,513
						1927	627,426	15(a)	100,000	97,939
						1928	638,966	15(a)	75,000	99,404
						1929	611,932	15(a)	25,000	86,336
						1930	525,656	12(a)	25,000	86,992
						1931	283,019	7(a)	...	90,010
						1932	160,954	5(a)	...	90,964
						1933	209,559	5(a)	...	100,523
						1934	203,509	5(a)	...	104,032
						1935*	106,999	5(a)	...	111,031
						1935†	214,985	5(a)	...	126,016

(a) Free of tax.

LIABILITIES												Total Liabilities or Assets	ASSETS											
Year ended February 28		Number of Branches	Paid up Capital and Reserves	Per Cent.	Un-divided Profits	Per Cent.	Notes	Per Cent.	Bills Payable, &c.	Per Cent.	Deposit and Current Accounts		Per Cent.	Cash in Hand and at Bankers, and in Transit	Money at Call and Short Notice in London	Per Cent.	Investments	Per Cent.	Remittances and Drafts in Transit, Discounts and Advances	Per Cent.	Premises	Per Cent.		
£	£											£											£	£
1925	192	7,650,000	16.4	355,402	0.8	721,031	1.5	4,005,166	8.6	33,995,484	72.7	46,727,083	4,928,678	10.5	1,435,000	5.1	2,200,000	4.7	37,771,652	80.9	391,553	0.8		
1926	197	7,700,000	17.3	358,013	0.8	772,245	1.7	3,568,443	8.2	32,038,237	72.0	44,536,338	6,711,087	15.1	1,070,000	4.4	2,201,000	4.9	34,164,673	78.7	330,190	0.7		
1927	196	7,750,000	17.0	350,439	0.8	572,084	1.3	4,378,574	9.6	32,548,478	71.3	45,826,573	6,992,465	15.2	1,000,000	4.2	2,201,075	4.9	35,477,932	77.7	338,750.9	0.7		
1928	207	8,850,000	18.8	399,404	0.8	572,394	1.2	3,343,909	7.1	33,978,542	72.2	47,144,283	7,388,787	15.7	750,000	2.6	2,212,017	4.5	38,925,578	73.8	345,745.9	0.7		
1929	216	8,850,000	18.0	384,336	0.8	579,729	1.2	3,507,051	7.2	35,644,350	72.8	48,967,466	6,373,144	13.0	1,050,000	2.6	2,263,062	6.0	35,745,165	75.9	347,275.0	0.7		
1930	218	8,850,000	19.0	336,992	0.7	603,109	1.3	2,386,052	5.1	34,584,517	73.9	46,760,670	6,973,304	14.9	589,500	1.3	2,353,199	4.5	38,925,578	73.8	345,745.9	0.7		
1931	220	8,850,000	20.0	170,010	0.4	544,041	1.2	1,451,091	3.3	33,184,413	75.1	44,199,555	7,799,603	18.1	440,000	1.0	2,407,597	5.0	35,459,903	78.0	384,161.1	0.7		
1932	221	8,850,000	19.0	170,964	0.4	463,480	1.0	1,457,276	3.1	35,844,650	76.6	46,786,370	7,581,089	22.6	425,000	0.9	2,393,019	5.1	35,352,829	74.0	384,526.0	0.7		
1933	212	8,850,000	19.3	220,523	0.5	495,304	1.1	985,735	2.3	35,215,930	76.9	45,767,492	8,281,198	18.1	400,000	0.9	2,442,718	5.3	33,263,737	73.4	380,845.0	0.7		
1934	212	8,850,000	18.0	224,032	0.5	551,434	1.1	1,045,432	2.1	38,448,449	78.3	49,119,347	10,082,451	20.5	325,000	0.7	2,442,060	5.0	35,892,793	74.0	379,107.0	0.7		
1935*	212	8,850,000	19.0	211,031	0.5	280,617	0.5	760,429	1.6	36,460,479	78.5	46,562,556	8,792,346	18.9	350,000	0.8	2,406,342	6.1	34,205,892	73.9	377,530.8	0.7		
1935†	212	8,850,000	20.3	226,016	0.5	352,456	0.1	1,116,666	2.6	33,429,249	76.9	43,674,387	4,680,475	10.7	330,000	0.8	786,251	11.0	33,505,075	76.6	374,486.0	0.7		

* Six months ended August 31, 1934.
† Year ended August 31.

THE COMMERCIAL BANKING COMPANY OF SYDNEY, LIMITED
ESTABLISHED 1834

INCORPORATED IN NEW SOUTH WALES WITH LIMITED LIABILITY
1927. Absorbed Bank of Victoria, Limited

CAPITAL					Market Value	Year Ended June 30	Net Profit	Dividend	To Reserve, &c.	Carried Forward
Subscribed	Paid up	Callible	Reserved							
\$	\$	\$	\$	\$	\$					
9,478,026	4,739,012	Nil	4,739,012			1925	480,261	10	130,000	90,227
						1926	485,069	10	170,000	55,297
						1927	556,705	10	150,000	60,184
						1928	653,243	10	175,000	65,215
						1929	655,195	10	175,000	71,508
						1930	637,619	10	150,000	85,226
						1931	441,816	8 1/2	...	124,226
						1932	253,866	5 1/2	...	117,446
						1933	259,077	5 1/2	20,000	119,573
						1934	256,731	5 1/2	20,000	119,353
						1935	263,937	5 1/2	25,000	121,340
						1936	298,227	6	25,000	110,226

LIABILITIES													ASSETS												
Year ended June 30	Number of Branches	Capital and Re- serves		Un- divi- ded Profits		Notes		Bills in Circulation		Deposit and Current Ac- counts		Total Liabi- lities or Assets		Cash in Hand, at Bankers and Aus- tralian Notes		Cash at Short Call in London		Invest- ments		Discounts, Advances, and Bills and Re- mittances in Transit		Build- ings and Sund- ries			
		Per Cent.	£	Per Cent.	£	Per Cent.	£	Per Cent.	£	Per Cent.	£	Per Cent.	£	Per Cent.	£	Per Cent.	£	Per Cent.	£	Per Cent.	£	Per Cent.	£		
1925..	236	6,200,000	13.7	395,227	0.9	8,661	...	1,682,794	3.7	36,930,963	81.7	45,217,645	8,002,848	17.7	4,950,000	10.9	3,473,036	7.7	7,274,814	761	6.16	950,000	2.1		
1926..	243	6,330,000	13.4	400,236	0.9	8,230	...	1,821,498	3.9	38,539,205	81.8	47,099,229	8,060,565	17.7	4,335,000	10.3	3,475,071	7.2	7,841,761	61	6.16	950,000	2.1		
1927..	248	6,560,413	13.6	437,002	0.8	14,377	...	2,520,179	4.0	51,239,268	81.7	62,771,239	8,181,640	17.7	4,169,000	10.3	3,475,071	7.2	7,841,761	61	6.16	950,000	2.1		
1928..	256	6,889,013	13.8	477,166	0.8	14,244	...	2,149,049	3.0	51,824,699	82.3	63,154,171	8,191,847	14.1	4,169,000	10.3	3,475,071	7.2	7,841,761	61	6.16	950,000	2.1		
1929..	265	8,114,012	13.4	483,459	0.7	14,130	...	2,104,183	3.2	54,420,876	82.7	65,836,660	8,216,291	14.0	4,169,000	10.3	3,475,071	7.2	7,841,761	61	6.16	950,000	2.1		
1930..	264	8,939,012	13.8	472,177	0.8	14,013	...	1,488,019	2.5	49,402,323	81.9	60,315,544	8,616,716	14.1	4,335,000	10.3	3,475,071	7.2	7,841,761	61	6.16	950,000	2.1		
1931..	265	8,939,012	16.6	313,786	0.6	13,868	...	971,105	1.8	44,014,106	81.0	54,351,877	8,098,750	14.9	700,000	1.5	2,100,000	4.5	1,357,144	2.6	1,357,144	2.6			
1932..	265	8,939,012	16.5	235,921	0.4	13,815	...	1,158,934	2.1	44,466,426	81.0	54,914,108	8,200,023	12.1	1,035,000	2.2	2,100,000	4.5	1,357,144	2.6	1,357,144	2.6			
1933..	265	8,939,012	16.5	235,921	0.4	13,793	...	1,043,988	1.9	45,071,545	81.4	55,406,386	8,395,157	12.1	1,035,000	2.2	2,100,000	4.5	1,357,144	2.6	1,357,144	2.6			
1934..	265	8,939,012	16.5	235,921	0.4	13,760	...	1,240,483	2.1	46,629,115	82.2	59,160,199	8,677,281	14.1	960,000	2.1	2,100,000	4.5	1,357,144	2.6	1,357,144	2.6			
1935..	265	8,939,012	15.5	239,815	0.4	13,703	...	1,173,911	2.0	49,191,296	82.4	59,657,737	8,792,626	13.1	1,250,000	2.7	2,100,000	4.5	1,357,144	2.6	1,357,144	2.6			
1936..	265	8,939,012	15.0	252,397	0.4	13,669	...	1,121,006	1.9	49,777,559	82.7	60,203,643	7,410,342	12.1	1,085,000	2.3	2,100,000	4.5	1,357,144	2.6	1,357,144	2.6			

(4) CANADIAN BANKS

CANADIAN BANKS WITH OFFICES IN LONDON

Year	Banks	No. of Branches	Capital and Reserves	% of Liabilities	Notes	% of Liabilities	Deposits	% of Liabilities	Total Assets or Liabilities	Cash in Hand, Money at Call and Short Notice	% of Liabilities	Investments	% of Liabilities	Discounts and Advances	% of Liabilities
1900	4	95	6,679,100	21.8	2,448,500	8.0	17,584,600	52.6	30,544,200	4,567,900	14.9	2,099,600	6.9	23,488,000	77.0
1905	4	254	9,541,500	16.2	4,221,500	7.2	40,706,900	69.2	58,981,200	18,677,200	31.8	4,814,500	8.2	34,721,100	58.8
1910	5	590	13,122,300	12.1	6,670,700	6.7	83,600,500	72.4	107,995,700	42,605,600	39.5	9,799,100	9.1	54,269,400	50.3
1915	7	1,473	23,730,164	12.3	12,034,445	6.3	145,911,275	75.8	192,384,515	64,458,514	33.5	14,516,943	7.5	103,977,449	52.4
1920	8	2,653	36,524,247	7.5	35,302,963	7.2	386,047,299	79.1	487,330,996	149,427,464	30.5	78,768,170	15.2	242,618,337	49.8
1925	5	2,474	38,415,858	8.1	25,939,835	5.4	385,393,155	80.8	477,841,903	154,047,581	32.3	90,122,316	18.9	205,901,531	43.1
1927	5	2,466	40,223,662	8.2	26,194,912	5.3	397,786,877	80.7	493,059,087	162,919,668	33.0	80,431,781	16.3	221,202,443	44.9
1928	5	2,505	41,185,858	7.4	26,385,035	4.7	450,992,247	81.2	554,038,983	185,633,263	33.5	86,622,130	15.6	251,172,326	45.3
1929	5	2,583	46,648,894	7.7	28,655,249	4.7	479,968,383	78.5	610,518,741	207,758,213	33.9	88,159,967	14.4	280,876,805	45.9
1930	5	2,855	50,244,170	8.5	27,176,974	4.6	460,794,286	77.9	591,477,354	185,319,528	31.4	70,001,712	11.8	299,788,584	50.4
1931	5	2,800	51,528,768	9.4	23,334,906	4.2	434,987,223	79.0	550,282,378	155,264,111	28.4	101,219,272	18.4	261,641,613	47.5
1932	5	2,751	51,528,768	10.1	22,196,438	4.2	399,146,897	81.0	512,415,243	126,421,723	24.7	111,403,912	21.8	248,318,486	48.5
1933	5	2,674	51,200,000	10.4	20,529,278	4.2	399,016,758	81.6	493,426,026	122,917,642	24.9	127,887,292	25.8	216,533,823	43.7
1934	5	2,594	45,800,000	9.4	20,820,657	4.3	398,855,136	80.3	489,169,559	120,468,149	24.6	143,971,125	29.4	198,829,782	40.7
1935	5	2,397	45,800,000	9.2	21,957,769	4.4	445,530,611	84.0	530,011,972	116,596,693	22.0	203,334,521	38.3	183,451,837	34.6
1936	5	2,301	45,800,000	8.6	20,711,811	3.9									

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A.D. 1720

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NORTH JOHN ST., LIVERPOOL

LONDON: LOMBARD STREET

Effect a **CASH BONUS POLICY**
with the **STANDARD** and secure
LIFE ASSURANCE protection at
MINIMUM COST.

The Standard declares its
profits annually and under
this

BANK OF MONTREAL

ESTABLISHED 1817

Acquired Exchange Bank of Yarmouth, 1903
Acquired People's Bank of Halifax, 1905
Acquired Ontario Bank, 1906
Acquired People's Bank of New Brunswick, 1907

Acquired Bank of British North America, October, 1918
Acquired Merchants' Bank of Canada, March, 1922
Acquired Molsons Bank, January, 1925

CAPITAL			
Subscribed	Paid-up	Callable	Reserve
\$	\$	\$	\$
36,000,000	36,000,000	...	36,000,000
Per Share	Per Share	Per Share	Per Share
\$100	\$100	...	\$100

Year Ended Oct. 31	Net Profit	Dividend	To Reserve, &c.	Carried Forward
1925	4,604,963	14	608,090	596,788
1926	4,978,133	14	619,167	767,416
1927	5,299,888	14	1,724,167	154,799
1928	5,847,327	14	1,100,000	713,789
1929	7,070,892	14	2,335,865	735,582
1930	6,519,032	12	1,311,439*	947,047
1931	5,386,380	12	910,000	1,103,427
1932	4,663,101	11	557,671	1,248,856
1933	4,005,154	8½	608,559	1,585,451
1934	4,105,024	8	1,000,000	1,809,821
1935	3,005,213	8	...	1,935,033

* Including \$51,460 premiums on new stock, carried to reserve.
(Dollars converted to sterling at rate of \$5 to £1.)

Year ended April 30	No. of Branches	LIABILITIES						Total Liabilities or Assets	ASSETS					
		Capital and Reserves	Un-divided Profits	Notes	Balances Due to Other Banks in Canada, &c.	Deposit and Current Accounts	Per Cent.		Cash in Hand and Due by Agents	Cash at Call and Short Notice in G. Britain & U.S.A.	Investments	Discounts and Advances	Premiums and Sundries	Per Cent.
1925	617	11,966,680	7-6	3,148,951	2-2	120,322,895	83-3	143,638,959	25,223,653	17-6	29,714,536	20-9	52,679,517	36-6
1926	614	11,966,680	8-0	3,148,951	2-2	120,322,895	83-3	143,638,959	25,223,653	17-6	29,714,536	20-9	52,679,517	36-6
1927	620	11,966,680	7-6	3,148,951	2-2	120,322,895	83-3	143,638,959	25,223,653	17-6	29,714,536	20-9	52,679,517	36-6
1928	626	12,166,680	7-6	3,148,951	2-2	120,322,895	83-3	143,638,959	25,223,653	17-6	29,714,536	20-9	52,679,517	36-6
1929	669	14,019,504	7-6	3,148,951	2-2	120,322,895	83-3	143,638,959	25,223,653	17-6	29,714,536	20-9	52,679,517	36-6
1930	675	14,000,000	9-0	3,148,951	2-2	120,322,895	83-3	143,638,959	25,223,653	17-6	29,714,536	20-9	52,679,517	36-6
1931	648	14,000,000	9-0	3,148,951	2-2	120,322,895	83-3	143,638,959	25,223,653	17-6	29,714,536	20-9	52,679,517	36-6
1932	656	14,000,000	9-0	3,148,951	2-2	120,322,895	83-3	143,638,959	25,223,653	17-6	29,714,536	20-9	52,679,517	36-6
1933	605	14,000,000	9-0	3,148,951	2-2	120,322,895	83-3	143,638,959	25,223,653	17-6	29,714,536	20-9	52,679,517	36-6
1934	574	14,000,000	9-0	3,148,951	2-2	120,322,895	83-3	143,638,959	25,223,653	17-6	29,714,536	20-9	52,679,517	36-6
1935	569	14,000,000	9-0	3,148,951	2-2	120,322,895	83-3	143,638,959	25,223,653	17-6	29,714,536	20-9	52,679,517	36-6

* Six months ended October 31

BANK OF NOVA SCOTIA

ESTABLISHED 1832

913.—Absorbed Bank of New Brunswick

1914.—Absorbed Metropolitan Bank

1919.—Absorbed Bank of Ottawa

CAPITAL			
Subscribed	Paid-up	Callable	Reserve
\$	\$	\$	\$
12,000,000	12,000,000	Nil	12,000,000
Per Share	Per Share	Per Share	Per Share
\$100	\$100	Nil	\$100

Year Ended Dec. 31	Net Profit	Dividend	To Reserve, &c.	Carried Forward
1925	427,584	16	85,000	90,129
1926	448,649	16	87,000	131,777
1927	473,064	16	189,000	95,841
1928	507,104	16	100,000	182,946
1929	552,223	16	122,000	293,168
1930	507,129	16	127,000	106,966
1931	515,960	16	326,090	111,926
1932	460,687	15	127,000	118,645
1933	407,180	12½	96,969	127,425
1934	370,066	12	73,000	136,491
1935	366,835	12	73,000	142,326

(Dollars converted to sterling at rate of \$5 to £1)

Year ended Dec. 31	No. of Branches	LIABILITIES						Total Liabilities or Assets	ASSETS					
		Capital and Reserves	Un-divided Profits	Notes	Due to Other Banks, &c.	Deposit and Current Accounts	Per Cent.		Cash in Hand and Due by Agents	Call and Short Loans	Investments	Discounts and Advances	Premiums and Sundries	Per Cent.
1925	304	5,800,000	12-1	170,589	0-3	2,940,062	6-0	1,989,148	4-1	37,891,368	77-5	48,891,167	11,154,115	22-8
1926	303	5,900,000	12-6	212,273	0-4	2,996,231	6-1	2,199,365	4-4	38,076,448	77-1	49,344,317	10,291,070	20-8
1927	309	6,000,000	11-5	176,007	0-3	3,038,033	5-8	2,433,642	4-7	40,699,714	77-7	52,347,777	10,474,742	20-9
1928	320	6,000,000	10-7	284,228	0-5	3,218,811	6-0	2,920,354	5-2	43,497,426	77-8	56,900,613	11,314,281	20-9
1929	327	6,000,000	10-9	373,671	0-7	3,240,463	6-0	3,886,872	5-3	42,347,478	77-2	54,848,275	10,896,159	19-9
1930	335	7,200,000	13-7	205,015	0-4	2,793,469	5-3	2,181,197	4-6	40,008,461	76-0	52,623,132	9,226,861	17-7
1931	324	7,200,000	13-7	208,367	0-4	2,540,566	4-1	1,860,965	3-5	40,689,392	77-6	52,499,290	8,484,170	16-7
1932	322	7,200,000	13-6	200,592	0-4	2,215,802	4-2	2,740,814	5-6	40,625,915	76-6	52,982,823	9,468,352	17-8
1933	317	7,200,000	13-3	200,221	0-4	2,300,209	4-2	2,764,449	5-1	41,598,472	77-0	54,063,361	10,437,588	19-9
1934	310	7,200,000	13-0	208,641	0-4	2,464,440	4-3	2,892,370	6-9	42,349,707	75-3	56,115,158	11,055,420	19-9
1935	303	7,200,000	12-4	214,738	0-4	2,142,879	3-8	2,164,943	3-7	46,242,018	80-1	57,764,578	10,278,087	17-8

THE CANADIAN BANK OF COMMERCE

INCORPORATED 1867 IN CANADA WITH LIMITED LIABILITY

Head office, Toronto, Canada.

CAPITAL			
Subscribed	Paid-up	Callable	Reserves
\$	\$	\$	\$
30,000,000	30,000,000	Nil	20,000,000
Per Share	Per Share	Per Share	Per Share
\$100	\$100	Nil	\$100

Year Ended Nov. 30	Net Profit	Dividend	To Reserve, &c.	Carried Forward
1925	716,551	13	178,915	253,679
1926	747,325	13	203,560	263,198
1927	765,815	13	249,765	292,891
1928	920,953*	13	302,572†	97,687
1929	1,041,006	13	337,637†	97,687
1930	1,105,155	12	337,637†	100,072
1931	981,149	11	199,121	103,908
1932	855,585	8½	199,121	132,433
1933	729,768	8	199,121	135,797
1934	682,731	8	200,522	133,079
1935	677,806	8	...	...

(Converted at par of exchange.)

* Includes profit and loss balance of the Standard Bank of Canada.
† Includes \$1,022,180 received as premiums on new shares issued.
‡ Includes \$41,505 premium on new stock.

Continued on page 37

THE CANADIAN BANK OF COMMERCE—Continued from page 36

Year ended Nov. 30	No. of Branches	LIABILITIES						Total Liabilities or Assets	ASSETS					
		Capital and Reserves	Un-divided Profits	Notes	Due to Other Banks, &c.	Deposit and Current Accounts	Per Cent.		Cash in Hand and Due by Agents	Call and Short Loans	Investments	Discounts and Advances	Premiums and Sundries	Per Cent.
1925	550	8,219,178	7-6	418,966	0-4	6,060,660	5-6	6,970,035	6-5	86,272,074	79-9	107,940,913	20,491,698	19-0
1926	552	8,219,178	7-2	428,556	0-4	5,927,959	5-6	6,852,823	6-5	83,900,980	79-7	105,329,495	16,750,612	15-9
1927	572	8,219,178	7-2	458,001	0-4	5,859,184	5-1	6,834,766	7-4	91,732,192	79-9	114,803,321	21,105,947	18-5
1928	588	10,201,398	6-6	248,984	0-2	7,453,374	4-9	15,937,026	10-3	119,176,184	78-0	153,016,976	26,305,338	17-2
1929	785	12,245,758	7-5	341,873	0-2	7,197,131	4-4	23,958,784	14-5	120,891,894	73-4	164,635,440	27,639,808	16-8
1930	782	12,328,768	8-7	353,543	0-2	5,994,748	4-1	7,993,475	6-1	105,634,509	80-2	131,668,237	23,105,430	17-5
1931	749	12,328,768	10-0	255,687	0-2	5,501,472	3-7	6,314,740	5-2	96,991,126	80-9	120,063,025	20,906,336	17-4
1932	735	12,000,000	10-0	254,420	0-2	7,468,961	4-1	7,494,377	6-5	92,401,442	80-5	114,839,200	18,347,285	16-0
1933	691	10,000,000	8-7	254,420	0-2	5,194,592	4-5	3,953,314	3-4	95,658,196	83-2	115,062,802	18,510,088	16-1
1934	636	10,000,000	8-7	256,700	0-2	5,194,592	4-5	3,953,314	3-4	95,658,196	83-2	115,062,802	18,510,088	16-1
1935	599	10,000,000	8-0	254,040	0-2	5,345,815	4-2	3,429,759	2-7	105,877,688	84-9	125,907,302	21,537,925	17-1

† Figures for these years are converted at rate of \$5 to £1.

THE DOMINION BANK

ESTABLISHED 1871

CAPITAL			
Subscribed	Paid-up	Callable	Reserve
\$	\$	\$	\$
7,000,000	7,000,000	Nil	7,000,000
Per Share	Per Share	Per Share	Per Share
\$100	\$100	Nil	\$100

Reserve fund, \$7,000,000

(Dollars converted to sterling at rate of \$5 to £1)

Year Ended Dec. 31	No. of Branches	LIABILITIES								Total Liabilities or Assets	ASSETS											
		Capital and Reserves	Un- divi- ded Profits	Notes	Miscel- laneous Credits, Rebates, &c.	Per Cent.	Deposit and Current Accounts	Per Cent.	Cash in Hand and at Bank		Loans on Call	Invest- ments	Dis- counts and Advances	Build- ings and Sundries including Deposit for Note Issue	Per Cent.							
		Per Cent.	Per Cent.	Per Cent.	Per Cent.	Per Cent.	Per Cent.	Per Cent.	Per Cent.		Per Cent.	Per Cent.	Per Cent.	Per Cent.								
1924	116	2,600,000	10-6	228,202	0-9	1,336,919	5-5	2,067,088	8-4	18,275,657	74-6	24,507,866	5,390,657	22-0	3,587,818	14-6	4,333,545	17-7	9,356,717	38-2	2,839,129	7-5
1925	120	2,600,000	10-2	240,874	0-9	1,423,479	6-6	2,076,841	8-1	19,245,433	75-2	25,586,627	5,223,659	20-3	4,037,753	15-8	5,056,825	19-8	8,716,738	34-0	2,551,652	10-0
1926	118	2,600,000	10-2	254,618	1-0	1,491,115	6-8	2,148,338	8-5	19,712,116	77-4	25,556,172	5,230,232	19-3	2,494,784	9-8	5,887,853	17-9	11,546,370	45-2	2,006,933	7-8
1927	120	2,800,000	9-9	72,526	1-1	1,564,963	5-4	2,103,678	7-4	21,751,384	77-8	28,296,551	5,370,417	18-9	3,414,907	15-3	3,409,947	15-2	12,370,472	48-2	2,008,403	7-8
1928	120	2,800,000	9-2	103,134	0-3	1,641,447	5-8	2,548,331	8-3	23,461,177	77-8	30,561,029	5,462,087	21-1	14,564,015	14-6	5,450,326	19-4	12,784,087	41-8	2,219,334	7-3
1929	145	3,158,412	10-1	131,836	0-4	1,536,062	8-0	1,987,818	5-6	23,970,317	77-7	30,844,770	5,870,557	17-4	2,216,081	13-7	3,368,237	12-9	15,021,175	48-2	2,569,809	7-9
1930	145	3,200,000	13-3	144,958	0-8	1,315,443	4-6	1,797,888	6-3	22,886,481	77-8	32,381,705	5,092,814	17-9	3,551,750	12-6	5,334,705	15-9	13,369,135	47-7	2,196,366	7-0
1931	145	3,200,000	12-0	135,321	0-5	1,252,461	4-7	897,505	5-2	21,089,819	79-4	26,575,016	5,205,535	15-8	2,839,016	10-7	5,270,735	19-8	12,622,968	47-7	2,365,762	6-2
1932	138	3,200,000	13-0	97,340	0-4	1,168,446	4-7	907,493	5-3	21,121,229	78-5	26,583,048	4,248,277	17-3	3,083,882	7-3	5,996,652	24-0	10,975,447	44-6	1,559,150	5-6
1933	135	3,800,000	12-4	122,845	0-2	1,242,009	5-2	1,136,678	4-6	20,533,153	78-5	26,583,048	4,248,277	17-3	3,083,882	7-3	5,996,652	24-0	10,975,447	44-6	1,559,150	5-6
1934	133	3,800,000	11-1	143,344	0-4	1,356,726	5-4	1,227,595	4-9	19,653,337	78-8	25,161,425	4,352,863	17-2	2,018,955	8-0	9,824,217	39-2	10,198,975	40-4	1,727,100	5-3
1935	130	2,800,000	10-4	153,637	0-6	1,180,446	4-4	874,844	3-4	22,815,848	81-4	26,824,761	4,981,192	18-6	2,107,965	7-9	7,903,526	29-8	15,021,175	48-2	2,569,809	7-9

(5) INDIAN BANKS

INDIAN BANKS WITH OFFICES IN LONDON

Year	Banks	No. of Branches	Capital and Reserves	% of Liabilities	Notes	% of Liabilities	Deposits	% of Liabilities	Total Assets or Liabilities	Cash in Hand, Money at Call and Short Notice	% of Liabilities	Investments	% of Liabilities	Discounts and Advances	% of Liabilities
1890	5	50	£ 4,347,200	12.1	£ 1,241,000	3.4	£ 17,964,400	50.0	£ 36,003,400	£ 4,321,200	12.0	£ 2,930,500	8.1	£ 27,541,300	76.5
1900	5	54	3,186,800	10.5	699,800	2.3	18,084,800	58.9	30,207,600	4,704,900	15.5	2,794,600	9.3	22,147,300	72.5
1905	4	63	3,735,100	10.6	639,100	1.8	23,473,900	66.5	35,268,500	6,507,100	18.4	3,119,500	8.8	23,634,900	69.6
1910	5	87	6,100,000	12.9	515,600	1.1	34,547,000	72.9	47,339,600	8,312,300	17.6	4,139,400	8.7	32,101,200	67.8
1915	5	91	7,323,485	11.1	1,085,514	1.6	48,782,482	73.8	66,017,462	12,512,987	18.9	8,002,065	12.1	42,085,918	63.6
1920	4	94	14,171,476	8.9	2,995,124	1.9	118,352,583	74.1	159,492,420	28,521,284	17.9	10,424,084	6.5	108,740,228	68.0
1926	4	109	15,665,000	11.5	2,424,847	1.8	102,987,832	75.7	135,837,427	20,018,291	14.7	39,554,406	29.1	68,514,158	50.5
1927	4	110	15,770,000	11.6	2,218,870	1.8	99,421,137	73.0	136,121,504	12,722,522	9.3	36,496,821	26.8	76,954,934	56.5
1928	4	113	15,875,000	11.9	1,977,396	1.5	97,756,492	73.4	133,222,009	14,267,964	10.7	35,275,577	25.6	75,669,243	56.8
1929	4	113	15,980,000	12.4	2,351,788	1.8	95,286,461	74.0	128,696,924	13,485,072	10.5	33,001,599	25.6	74,758,105	58.1
1930	4	113	16,030,000	13.3	2,184,761	1.8	91,250,356	75.6	120,695,667	14,444,621	12.0	36,683,818	30.4	62,450,479	51.8
1931	4	109	13,780,000	12.2	2,139,984	1.9	83,246,489	73.8	112,789,023	12,225,970	10.8	35,545,820	31.5	59,248,666	52.5
1932	4	108	13,825,000	11.5	2,056,662	1.7	92,788,140	70.1	120,564,299	16,499,083	13.7	42,023,461	34.9	55,816,505	46.4
1933	4	106	13,825,000	11.2	2,006,743	1.6	94,132,318	78.4	120,691,066	19,982,509	16.6	45,400,997	37.6	49,200,923	40.8
1934	4	106	13,825,000	11.2	2,006,743	1.6	94,132,318	78.4	120,691,066	19,982,509	16.6	45,400,997	37.6	49,200,923	40.8
1935	4	106	13,825,000	11.3	1,844,564	1.5	96,085,622	78.5	122,536,137	14,840,777	12.0	46,081,291	37.4	56,670,306	45.9
										13,096,416	10.7	49,184,472	40.1	54,863,374	44.8

IMPERIAL BANK OF INDIA

LIABILITIES						ASSETS									
Year ended Dec. 31	Capital and Reserves	Per cent.	Deposits	Per cent.	Sundries	Per cent.	Total Liabilities or Assets	Cash	Per cent.	Investments	Per cent.	Loans	Per cent.	Cash Credits	Per cent.
1931	Rs. 10,62,50,000	12.3	Rs. 72,17,75,158	83.5	Rs. 95,30,017	1.1	Rs. 86,25,55,175	Rs. 11,03,94,575	12.8	Rs. 30,26,65,032	35.1	Rs. 10,41,91,885	12.1	Rs. 28,54,89,807	30.8
1932	10,80,00,000	12.4	75,43,30,390	86.8	85,09,553	1.0	87,08,39,943	20,96,90,755	24.1	32,03,63,432	36.8	6,61,90,287	7.6	19,01,54,638	21.8
1933	10,35,00,000	11.8	80,36,88,012	87.1	1,88,16,596	1.0	92,30,04,608	18,59,75,841	20.2	47,02,96,327	51.0	4,16,07,899	4.5	15,29,47,893	16.3
1934	10,97,50,000	11.7	81,00,14,616	87.2	2,93,47,907	1.0	92,91,12,524	18,97,37,908	20.4	41,55,69,581	44.7	5,83,04,399	6.3	15,59,39,780	16.8
1935	11,10,00,000	12.2	79,09,16,810	87.0	66,69,478	0.7	90,85,86,288	19,42,28,012	21.4	46,87,72,818	51.6	3,69,82,412	4.1	14,87,64,501	16.4
June 1936	11,12,50,000	12.3	78,94,89,186	87.0	67,30,929	0.7	90,74,70,116	19,64,43,408	21.6	42,54,25,712	46.9	4,16,38,707	4.6	18,40,80,068	20.3
														3,21,44,495	3.5
															49,08,471

CHARTERED BANK OF INDIA, AUSTRALIA, AND CHINA

INCORPORATED 1853

CAPITAL						LIABILITIES									
Subscribed	Paid-up	Callable	Reserve	Market Value, Sept. 30, 1936	Year	Net Profit	Dividend and Bonus	To Reserve, &c.	Carried Forward	ASSETS					
£ 3,000,000	£ 3,000,000	Nil	£ 3,000,000	£ 9,150,000	1925	756,154	20%	150,000	209,278	Cash in Hand, at Bankers, and in Transit	Per cent.	Investments	Per cent.	Bills of Exchange	Per cent.
					1926	778,576	20%	166,000	215,354					Discounts and Loans	Per cent.
					1927	724,039	20%	125,000	206,893					Buildings and Sundries, including Cover for Acceptances	Per cent.
					1928	627,263	20%	40,000	186,656						
					1929	661,598	20%	50,000	190,754						
					1930	634,343	20%	30,000	187,597						
					1931	381,787	14	...	149,384						
					1932	454,499	14	...	183,884						
					1933	467,467	14	25,000	206,351						
					1934	466,044	14	75,000	177,395						
					1935	498,643	14	75,000	181,038						
						Free of tax.		Of which 7% free of tax.							

THE EASTERN BANK, LIMITED

REGISTERED 1909

CAPITAL				LIABILITIES									
Subscribed	Paid-up	Reserve Liability of Shareholders	Market Value, Sept. 30, 1936	Year	Net Profit	Dividend	To Reserve, &c.	Carried Forward	ASSETS				
£ 2,000,000	£ 1,000,000	£ 1,000,000	£ 1,350,000	1925	122,503	9	30,000	37,903	Cash in Hand, at Bankers, and in Transit	Per cent.	Investments	Per cent.	Bills of Exchange
				1926	120,538	9	30,000	38,441					Discounts and Loans
				1927	121,911	9	30,000	40,351					Buildings and Sundries, including Cover for Acceptances
				1928	124,119	9	30,000	44,470					
				1929	123,621	9	30,000	47,991					
				1930	116,694	9	25,000	49,685					
				1931	119,607	6	75,000	34,292					
				1932	121,944	6	55,000	41,236					
				1933	125,525	6	55,000	51,761					
				1934	130,006	6	40,000	62,153					
				1935	125,386	6	55,000						

Continued on page 40

ESTD.

1829

DISTRICT BANK LIMITED

EVERY FACILITY FOR
BRITISH, COLONIAL, AND
FOREIGN BANKING BUSINESS

PRINCIPAL LONDON OFFICE

75, Cornhill, E.C.3

FOREIGN DEPARTMENT

13, Spring Gardens, Manchester, 2
76, Cornhill, London, E.C. 3
2, Castle Street, Liverpool, 2HEAD OFFICE:
SPRING GARDENS, MANCHESTER, 2

Member of the London Bankers' Clearing House

Established
1833

NATIONAL PROVINCIAL BANK LIMITED

Subscribed Capital . . £43,617,080
Total Resources over £325,000,000

Banking Business of Every Description

HEAD OFFICE:
15 Bishopsgate, London, E.C.2Affiliated Banks:
Coutts & Co. Grindlay & Co., Ltd.

SWISS BANK CORPORATION

(A COMPANY LIMITED BY SHARES, INCORPORATED IN SWITZERLAND)

1872

BASLE, ZURICH, ST. GALL,
GENEVA, LAUSANNE,
LA CHAUX-DE-FONDS,
NEUCHÂTEL, SCHAFFHOUSECapital paid-up - S.Fcs. 160,000,000
Reserves - S.Fcs. 32,000,000

LONDON OFFICE - 99, GRESHAM STREET, E.C.2

WEST END BRANCH: 11, REGENT STREET (WATERLOO PLACE), S.W.1

All descriptions of Banking and
Exchange Business Transacted.Correspondents in all
Parts of the World

MARTINS BANK LIMITED

1563

1831

Banking Service for all Trade
and Personal requirementsCapital Paid Up and Reserves - £7,493,508
Deposits, etc., at 30th June, 1936 - £91,951,096
Total Assets over £100,000,000

LONDON OFFICE: 68 LOMBARD STREET, E.C.3.

HEAD OFFICE:
WATER STREET, LIVERPOOL, 2

550 Offices. Agents throughout the world.

THE EASTERN BANK, LTD.—Continued from p. 38.

Year Ended Dec. 31	Number of Branches	LIABILITIES							Total Liabilities or Assets	ASSETS						
		Capital and Reserves	Per Cent.	Un-divided Profits	Per Cent.	Bills Payable (including Acceptances)	Per Cent.	Miscellaneous Credits, &c.		Cash in Hand, at Bankers, and in Transit	Per Cent.	Investments	Per Cent.	Bills Receivable	Per Cent.	Advances
1925	11	1,360,000	13.6	117,903	1.2	1,421,572	14.2	1,437,652	14.3	10,030,267	10.0	3,320,002	33.1	1,146,368	11.4	2,420,837
1926	11	1,380,000	12.8	118,441	1.1	1,459,463	13.5	1,425,577	16.9	10,772,517	10.8	3,083,978	28.6	1,626,913	15.1	2,921,228
1927	11	1,400,000	11.8	120,351	1.0	1,621,513	13.7	2,458,220	20.9	11,801,668	11.8	3,521,075	29.8	1,709,355	14.6	3,264,526
1928	12	1,425,000	12.3	124,470	1.1	1,408,332	12.2	2,473,992	21.3	12,170,098	12.1	3,617,098	30.5	1,770,528	15.7	3,152,868
1929	12	1,450,000	12.9	127,991	1.1	1,477,478	13.2	2,959,804	17.4	12,591,892	12.5	3,722,247	32.1	1,605,919	13.8	3,609,821
1930	12	1,480,000	14.0	124,685	1.2	1,789,414	16.9	1,603,973	15.2	12,576,819	12.5	3,851,330	32.5	1,688,427	15.0	3,953,521
1931	12	1,480,000	15.2	139,292	1.4	1,246,163	12.8	1,256,001	12.9	12,505,915	12.5	3,161,022	30.0	1,587,637	15.0	2,678,263
1932	12	1,500,000	15.4	126,236	1.3	1,304,855	13.4	804,600	8.3	12,600,795	12.6	3,285,156	33.7	1,350,527	13.9	2,624,477
1933	12	1,500,000	15.6	136,761	1.4	1,226,928	12.7	1,153,368	12.0	12,604,674	12.6	3,695,751	31.7	1,383,392	14.0	2,366,746
1934	12	1,500,000	14.0	151,767	1.4	998,555	9.3	1,595,689	14.9	12,645,017	12.6	3,805,336	31.7	1,371,616	14.2	2,371,616
1935	12	1,500,000	14.1	147,153	1.4	982,000	9.2	1,209,960	11.3	12,799,954	12.8	3,649,321	31.3	1,219,582	14.2	2,371,616

THE MERCANTILE BANK OF INDIA, LIMITED

REGISTERED 1892

Absorbed the Bank of Mauritius, Limited, as from January 1, 1916
 Absorbed the Bank of Calcutta, Limited, as from March 31, 1906

Year Ended Dec. 31	Number of Branches	CAPITAL					Year	Net Profit	Dividend	To Reserve, Premiums, Pension Fund, &c.	Carried Forward
		Subscribed	Paid-up	Callible	Reserved	Market Value					
"A" Shares		£750,000	£375,000	£187,500	£187,500		1925	257,663	16	85,000	162,885
Per Share		£25	£12 10s.	£6 5s.	£6 5s.		1926	250,782	16	85,000	160,667
"B" Shares		£750,000	£375,000	£187,500	£187,500		1927	257,180	16	85,000	164,846
Per Share		£25	£12 10s.	£6 5s.	£6 5s.		1928	250,201	16	85,000	162,047
"C" Shares		£1,500,000	£300,000				1929	213,340	16	85,000	166,506
Per Share		£5	£5				1930	152,081	12	85,000	166,845
							1931	179,809	12	85,000	167,927
							1932	161,697	12	35,000	171,736
							1933	173,598	12	35,000	173,433
							1934	174,266	12	47,000	237,097
							1935				

* Premiums and Pension Fund only. £450,000 was transferred from Reserve Fund to Inner Reserve.

Year Ended Dec. 31	Number of Branches	LIABILITIES							Total Liabilities or Assets	ASSETS						
		Capital and Reserves	Per Cent.	Un-divided Profits	Per Cent.	Notes in Circulation	Per Cent.	Acceptances		Cash in Hand, at Bankers, and at Call	Per Cent.	Investments	Per Cent.	Discounts and Advances	Per Cent.	Buildings and Sundries, including Cover for Acceptances
1925	23	2,400,000	13.0	246,885	1.3	209,971	1.1	295,470	1.6	14,717,982	80.0	18,418,528	2,595,811	14.6	5,384,311	29.2
1926	24	2,435,000	12.9	244,667	1.3	217,491	1.2	253,815	1.3	14,957,987	79.6	18,800,720	2,311,850	14.9	5,384,311	29.2
1927	24	2,470,000	13.2	248,846	1.3	234,536	1.3	188,317	1.0	14,442,526	78.7	18,387,226	2,049,246	11.0	5,384,311	29.2
1928	25	2,500,000	13.5	246,047	1.3	228,271	1.2	300,160	1.2	13,493,253	71.8	18,939,409	2,089,454	11.0	5,384,311	29.2
1929	25	2,530,000	14.2	250,506	1.4	245,546	1.3	247,024	1.4	13,905,194	10.7	17,857,416	2,152,479	12.0	5,384,311	29.2
1930	25	2,550,000	14.4	250,846	1.4	275,227	1.6	149,109	0.8	13,979,269	7.3	17,645,624	2,666,012	15.1	5,384,311	29.2
1931	24	2,100,000	14.3	220,427	1.5	174,825	1.2	122,724	0.8	12,276,768	5.7	16,211,829	1,458,044	9.9	5,384,311	29.2
1932	24	2,125,000	13.1	234,736	1.4	162,110	1.0	187,681	1.2	13,034,948	8.4	16,211,829	1,458,044	9.9	5,384,311	29.2
1933	24	2,125,000	13.9	235,432	1.6	103,990	0.9	125,134	0.8	12,285,678	4.8	15,281,862	1,567,613	12.8	5,384,311	29.2
1934	22	2,125,000	13.6	235,831	1.4	155,637	0.9	214,212	1.3	12,274,356	7.7	16,730,419	1,567,613	12.8	5,384,311	29.2
1935	23	2,125,000	12.4	237,097	1.4	160,412	0.9	171,583	1.0	13,916,615	8.1	17,160,163	2,024,631	11.8	5,384,311	29.2

NATIONAL BANK OF INDIA, LIMITED

ESTABLISHED 1863

Year Ended Dec. 31	Number of Branches	CAPITAL					Year	Net Profit	Dividend	To Reserve, &c.	Carried Forward
		Subscribed	Paid-up	Callible	Reserved	Market Value					
1925	28	4,800,000	11.8	561,085	1.4	1,062,856	2.6	1,136,824	2.8	33,168,283	81.4
1926	29	4,850,000	12.2	575,401	1.5	932,625	2.4	1,286,504	3.2	31,973,704	80.7
1927	29	4,900,000	11.8	596,500	1.5	1,091,118	2.6	1,247,043	3.0	33,636,120	81.2
1928	29	4,950,000	11.9	607,329	1.4	953,448	2.3	1,040,331	2.6	34,088,230	81.9
1929	29	5,000,000	13.0	588,462	1.5	860,127	1.7	813,116	2.1	31,467,328	81.7
1930	29	5,000,000	13.5	558,791	1.5	491,788	1.3	763,679	2.0	30,860,478	81.9
1931	29	4,200,000	11.7	529,007	1.5	297,748	0.8	748,896	2.1	30,113,142	83.9
1932	29	4,200,000	11.8	499,790	1.4	388,996	1.1	760,818	2.2	28,636,208	83.6
1933	29	4,200,000	12.2	500,100	1.5	351,561	1.0	755,190	2.2	28,703,042	83.1
1934	29	4,200,000	12.0	527,668	1.5	408,110	1.2	660,259	1.9	29,382,941	83.4
1935	29	4,200,000	12.0	527,668	1.5	408,110	1.2	660,259	1.9	29,382,941	83.4

P. AND O. BANKING CORPORATION, LIMITED

Year ended March 31	Number of Branches	LIABILITIES							Total Liabilities or Assets	ASSETS						
		Capital and Reserves	Per cent.	Current and Deposit Accounts	Per cent.	Loans payable against Securities	Per cent.	Acceptances and Bills for Collection		Cash at Bankers and in Hand	Per cent.	Bills receivable	Per cent.	Investments	Per cent.	Loans receivable against Securities
1931	2,774,160	14.9	7,712,779	41.3	7,550,000	40.4	470,064	0.3	18,685,974	659,009	0.4	3,405,339	18.2	5,033,627	26.8	4,695,000
1932	2,774,160	19.3	6,897,715	47.8	4,073,158	28.3	433,280	0.3	14,386,537	2,374,536	16.5	2,102,179	14.6	4,346,876	30.2	4,127,759
1933	2,774,160	20.4	7,071,906	51.8	3,089,017	22.6	467,010	0.3	13,626,737	1,496,345	11.0	2,233,194	16.1	4,584,795	33.8	1,650,000
1934	2,774,160	18.5	6,433,294	43.0	5,165,763	34.4	400,827	0.3	14,959,484	1,957,887	13.1	2,134,364	14.3	4,584,795	33.8	1,650,000
1935	2,774,160	18.9	7,169,970	43.5	5,165,763	34.4	400,827	0.3	14,959,484	1,957,887	13.1	2,134,364	14.3	4,584,795	33.8	1,650,000
1936	2,774,160	18.9	6,818,404	46.4	4,475,000	30.4	463,883	0.3	14,713,867	1,467,355	10.1	3,200,943	21.7	4,561,761	31.0	1,945,824

JOINT-STOCK BANKS OF ENGLAND AND WALES

BANK OF ENGLAND

The profits for the half year ended August 31, 1936, after providing for a dividend of 6 per cent. less income tax, the making provision for all contingencies, were £677,040. After "Rest" was £3,022,337.

Returns for week ended OCTOBER 7, 1936

ISSUE DEPARTMENT				BANKING DEPARTMENT			
Notes Issued:—	£	Government Debt	11,015,100	Proprietors' Capital	14,553,000	Government Securities	79,753,337
In Circulation	450,842,095	Other Government Securities	248,387,815	Rest	3,083,750	Other Securities—	3,083,750
In Banking Department	57,818,251	Other Securities	332,062	Public Deposits*	24,751,671	Discounts and Advances...	£9,290,887
		Silver Coin	265,023	Other Deposits:—		Securities ...	£19,569,046
				Bankers' ...	£84,192,276	Notes	28,859,933
				Other Accounts	£40,941,591	Gold and Silver Coin	57,818,251
							1,090,767
							167,522,288
							167,522,288

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

BARCLAYS BANK LIMITED

Dec. 31	Number of Branches	LIABILITIES							Total Liabilities or Assets	ASSETS											
		Capital and Reserves	Per Cent.	Acceptances and Endorsements	Per Cent.	Deposit and Current Accounts (c)	Per Cent.			Cash in Hand and at Bank, &c. (a)	Per Cent.	Cash at Call and Short Notice	Per Cent.	Investments (b)	Per Cent.	Discounts	Per Cent.	Advances	Per Cent.	Buildings and Sundries, including Cover for Acceptances	Per Cent.
1925	1837	24,842,372	7.1	17,175,922	4.9	309,258,816	88.0		348,278,110	55,490,009	15.9	19,864,335	5.7	65,639,709	18.8	32,028,847	9.2	133,028,485	44.0	22,226,725	6.4
1926	1844	26,108,217	7.5	12,448,160	3.6	309,883,690	88.9		348,438,067	55,248,882	15.9	21,284,818	6.1	62,172,082	17.8	38,817,279	10.5	155,454,785	44.6	17,860,231	5.1
1927	1845	26,108,217	7.3	12,830,669	3.6	318,373,472	87.5		357,513,358	60,914,638	15.9	23,983,400	6.2	60,914,638	16.2	38,258,596	9.9	161,387,908	45.3	18,239,605	5.1
1928	1879	26,108,217	6.8	24,874,317	6.5	335,081,221	86.7		386,063,756	62,668,721	15.9	23,582,200	6.2	60,910,603	15.6	36,866,668	9.6	174,454,852	45.2	27,856,512	7.2
1929	2032	26,108,217	6.8	29,911,923	5.7	337,439,211	87.5		388,992,074	63,109,418	15.9	23,216,100	5.7	60,861,611	15.6	50,901,977	13.1	169,672,248	43.7	19,030,670	4.9
1930	2090	26,108,217	6.7	12,710,524	3.3	348,273,283	90.0		388,992,074	63,109,418	15.9	23,216,100	5.7	60,861,611	15.6	50,901,977	13.1	169,672,248	43.7	19,030,670	4.9
1931	2080	26,108,217	7.0	10,798,794	2.9	335,565,144	90.1		372,470,155	58,910,345	15.9	21,768,450	5.8	63,257,960	17.0	40,791,393	10.9	172,197,631	46.3	17,546,875	4.7
1932	2200	26,108,217	6.8	6,279,470	1.9	336,846,610	92.2		414,234,287	62,344,878	15.9	21,817,559	5.8	60,846,108	12.2	66,289,257	16.0	153,558,668	37.0	13,575,838	3.3
1933	2080	26,108,217	6.7	7,121,747	2.1	335,659,712	92.2		414,234,287	62,344,878	15.9	21,817,559	5.8	60,846,108	12.2	66,289,257	16.0	153,558,668	37.0	13,575,838	3.3
1934	2091	26,108,217	6.7	7,205,564	1.9	338,000,759	92.2		413,407,530	58,906,862	14.2	25,837,900	6.0	61,110,883	22.7	47,572,778	11.5	155,770,234	37.1	13,575,838	3.3
1935	2116	26,108,217	6.7	7,857,821	1.8	340,786,720	92.2		440,748,308	65,304,917	14.8	25,604,250	5.8	61,113,489	25.7	60,695,872	13.8	160,549,222	36.2	15,459,154	3.5
Jun. 30, '36		26,108,217	5.8	7,731,781	1.4	344,236,680	92.3		448,076,678	61,852,254	13.8	23,593,250	5.2	61,110,883	26.1	54,622,409	12.2	175,548,442	39.2	15,401,791	3.4

MARTINS BANK LIMITED

December 31	Number of Branches	LIABILITIES							Total Liabili- ties or Assets	ASSETS													
		Capital and Re- serves	Per Cent.	Un- divided Profits	Per Cent.	Accept- ances, Endorse- ments, etc.	Per Cent.	Deposit and Current Accounts		Per Cent.	Cash in Hand and at Bank, etc. a	Per Cent.	Cash at Call and Short Notice	Per Cent.	Invest- ments	Per Cent.	Bills of Ex- change	Per Cent.	Short Loans on Stocks and Ad- vances	Per Cent.	Buildings and Sundries including Cover for Accept- ances	Per Cent.	
1925	379	4,198,890	5.9	327,355	0.5	6,618,372	8.3	59,819,627	84.3	70,964,244	9.9	9,693,871	13.7	4,741,132	6.7	8,877,097	12.2	4,315,722	6.1	35,413,245	49.9	8,123,177	11.4
1926	389	4,348,890	6.2	294,189	0.4	6,078,122	8.6	59,819,326	84.3	70,540,527	9.8	8,046,100	11.4	5,826,728	8.3	9,349,219	13.2	2,981,480	4.2	35,702,937	52.1	7,634,086	10.8
1927	417	4,698,890	6.3	298,731	0.4	6,389,255	8.6	62,890,872	84.7	74,277,748	9.7	8,976,920	13.4	6,879,533	9.0	10,421,738	14.0	2,948,294	4.2	35,572,971	49.3	7,980,284	10.7
1928	560	7,617,914	7.5	445,913	0.4	10,849,841	10.7	79,832,881	81.4	101,962,502	12.1	12,116,804	11.9	5,420,745	5.3	25,104,788	24.6	2,946,294	3.9	42,806,479	41.8	13,017,750	12.8
1929	564	7,667,914	7.8	464,935	0.4	7,184,181	7.4	82,829,484	84.4	97,939,957	11.9	13,308,171	13.6	6,278,861	6.4	17,807,868	18.2	2,232,087	7.4	43,942,731	44.8	9,382,811	9.6
1930	571	7,667,914	7.8	464,935	0.4	5,599,786	6.1	78,862,604	85.1	92,289,957	11.9	12,968,514	13.0	6,278,861	6.4	17,807,868	18.2	2,232,087	7.4	43,942,731	44.8	9,382,811	9.6
1931	578	7,060,042	8.0	422,027	0.5	4,750,674	5.4	75,827,392	86.1	88,176,777	11.9	11,166,374	12.7	5,852,126	5.7	18,677,148	20.2	2,382,145	3.1	43,942,731	44.8	9,382,811	9.6
1932	555	7,060,042	7.2	476,371	0.6	4,752,518	5.4	83,832,338	87.5	98,121,469	12.8	12,586,850	12.8	6,178,814	6.3	18,947,309	21.7	3,133,983	8.3	43,942,731	44.8	9,382,811	9.6
1933	555	7,060,042	6.7	499,106	0.6	4,714,436	5.0	81,578,545	86.8	93,952,129	12.8	12,323,624	13.1	5,291,162	5.3	32,181,908	34.3	1,050,989	1.0	43,942,731	44.8	9,382,811	9.6
1934	550	7,160,042	6.7	513,938	0.5	4,893,136	4.9	82,829,484	87.1	94,987,188	12.8	12,619,902	13.3	5,671,209	5.6	32,235,451	33.9	6,083,785	7.3	43,942,731	44.8	9,382,811	9.6
1935	550	7,260,042	6.7	524,669	0.5	5,695,696	5.6	87,287,563	86.6	100,767,970	13.1	13,785,457	13.1	4,945,000	4.9	34,905,292	34.6	6,836,980	8.3	43,942,731	44.8	9,382,811	9.6
June 30, 1936	560	7,260,042	6.9	534,000	0.5	5,401,587	5.2	91,951,096	87.9	104,612,725	13.0	13,610,299	13.0	5,025,000	4.8	35,854,685	34.3	5,585,495	5.3	43,942,731	44.8	9,382,811	9.6

* Includes balances with, and cheques in course of collection on, other banks in the United Kingdom.
† Includes an amount of Treasury Bonds and first-class securities maturing within six months.

* Exclusive of Lancashire and Yorkshire Branches.
‡ Included with deposit and current accounts.

GLYN, MILLS AND CO.

Year Ended Dec. 31	LIABILITIES										Total Liabilities or Assets	ASSETS									
	Capital and Reserve	Per Cent.	Reduction of Pre- mises Account	Per Cent.	Accept- ances	Per Cent.	Deposit and Current Accounts	Per Cent.	Cash in Hand and at Bank, etc. (a)	Per Cent.		Cash at Call and Short Notice	Per Cent.	Invest- ments	Per Cent.	Discounts, Loans and Other Securities	Per Cent.	Premises and Cover for Ac- ceptances	Per Cent.		
1925.....	1,590,000	4.6	174,541	0.5	1,906,262	5.5	31,026,458	89.4	34,697,250	10.0	6,066,732	20.1	6,066,732	17.6	8,578,291	24.7	10,469,724	30.2	2,601,262	7.6	
1926.....	1,590,000	4.7	183,493	0.5	1,428,288	4.2	30,706,210	90.6	33,867,096	10.0	6,066,732	19.9	6,066,732	17.6	7,499,649	22.1	11,485,203	33.8	2,123,288	6.2	
1927.....	1,590,000	4.2	191,116	0.5	1,560,975	4.1	34,875,008	91.2	38,217,087	10.0	7,064,378	19.5	7,064,378	18.3	8,327,100	21.8	11,485,203	33.8	2,123,288	6.2	
1928.....	1,590,000	4.0	200,000	0.5	2,081,205	5.2	85,923,161	90.3	89,799,366	10.0	7,368,432	18.5	7,368,432	18.5	7,820,280	19.1	11,062,583	30.1	2,555,975	5.9	
1929.....	1,590,000	3.6	210,000	0.5	2,699,728	6.1	36,453,633	89.8	43,858,361	10.0	8,639,319	19.7	8,639,319	19.7	7,651,500	18.0	14,415,388	36.2	2,276,074	7.0	
1930.....	1,590,000	3.6	220,000	0.5	2,552,658	5.8	39,535,809	90.1	43,898,167	10.0	8,725,397	19.9	8,725,397	19.9	8,430,410	19.2	16,442,044	37.4	3,394,723	7.7	
1931.....	1,590,000	4.4	230,000	0.6	2,339,280	6.5	32,104,080	88.5	36,283,370	10.0	7,356,292	20.3	7,356,292	20.3	6,102,450	16.8	17,133,450	39.0	3,247,658	7.4	
1932.....	1,590,000	4.0	240,000	0.6	1,767,023	4.5	35,731,879	90.9	39,328,902	10.0	7,129,281	18.1	7,129,281	18.1	5,565,800	16.7	12,674,572	34.4	3,034,290	8.4	
1933.....	1,590,000	4.0	250,000	0.6	1,531,925	3.9	36,835,218	91.4	39,927,141	10.0	7,356,292	18.1	7,356,292	18.1	7,241,000	18.1	11,485,887	29.4	2,462,023	6.8	
1934.....	1,590,000	3.8	260,000	0.6	1,750,479	4.2	38,137,375	91.1	41,737,854	10.0	7,354,089	17.8	7,354,089	17.8	8,251,950	18.8	11,079,889	27.7	2,291,926	6.5	
1935.....	1,590,000	3.8	270,000	0.6	1,533,582	3.7	38,200,591	91.9	41,594,173	10.0	8,151,909	19.6	8,151,909	19.6	8,733,300	21.1	11,879,180	28.5	2,490,479	6.9	
June, 1936	1,590,000	3.8	275,000	0.6	2,010,186	4.8	38,208,958	90.8	42,084,144	10.0	6,721,763	16.0	6,721,763	16.0	8,059,000	19.1	10,566,222	25.1	2,273,582	5.9	

* Includes balances with, and cheques in course of collection on, other banks in the United Kingdom.

LLOYDS BANK LIMITED

December 31	Number of Offices	LIABILITIES						Total Liabilities or Assets	ASSETS														
		Paid-up Capital and Reserves	Per Cent.	Un- divided Profits	Per Cent.	Accept- ances and Endorse- ments	Per Cent.		Current, Deposit and Other Accounts	Per Cent.	Cash in Hand and at Bank, etc.	Per Cent.	Cash at Call and Short Notice	Per Cent.	Invest- ments	Per Cent.	Bills of Ex- change	Per Cent.	Advances	Per Cent.	Buildings and Sundries, including Cover for Accept- ances	Per Cent.	
												(b)						(c)					
1925	1,685	24,372,956	6.4	1,492,492	0.4	20,686,775	5.4	337,178,515	87.8	383,736,738	10.0	51,548,595	13.5	20,507,062	5.3	60,363,790	15.7	41,624,130	10.9	183,370,726	47.7	26,416,435	6.9
1926	1,712	25,810,252	6.6	1,520,935	0.4	16,950,606	4.3	346,132,523	88.7	390,414,316	10.0	55,641,977	14.2	16,458,305	4.2	25,038,139	13.7	47,182,971	12.1	194,757,519	49.9	28,435,405	7.3
1927	1,772	25,810,252	6.6	1,472,723	0.4	13,768,116	3.5	343,768,116	88.1	397,930,378	10.0	57,945,501	14.6	17,977,328	4.6	25,038,139	13.7	47,182,971	12.1	194,757,519	49.9	28,435,405	7.3
1928	1,813	25,810,252	6.9	1,476,980	0.4	13,768,116	3.5	343,768,116	88.1	397,930,378	10.0	57,945,501	14.6	17,977,328	4.6	25,038,139	13.7	47,182,971	12.1	194,757,519	49.9	28,435,405	7.3
1929	1,853	25,810,252	6.9	1,495,178	0.4	13,768,116	3.5	343,768,116	88.1	397,930,378	10.0	57,945,501	14.6	17,977,328	4.6	25,038,139	13.7	47,182,971	12.1	194,757,519	49.9	28,435,405	7.3
1930	1,947	25,810,252	6.9	1,261,649	0.3	13,768,116	3.5	343,768,116	88.1	397,930,378	10.0	57,945,501	14.6	17,977,328	4.6	25,038,139	13.7	47,182,971	12.1	194,757,519	49.9	28,435,405	7.3
1931	1,963	25,810,252	6.9	1,267,652	0.3	13,768,116	3.5	343,768,116	88.1	397,930,378	10.0	57,945,501	14.6	17,977,328	4.6	25,038,139	13.7	47,182,971	12.1	194,757,519	49.9	28,435,405	7.3
1932	1,974	25,810,252	6.9	1,116,614	0.3	13,768,116	3.5	343,768,116	88.1	397,930,378	10.0	57,945,501	14.6	17,977,328	4.6	25,038,139	13.7	47,182,971	12.1	194,757,519	49.9	28,435,405	7.3
1933	1,975	25,810,252	6.9	1,179,836	0.3	13,768,116	3.5	343,768,116	88.1	397,930,378	10.0	57,945,501	14.6	17,977,328	4.6	25,038,139	13.7	47,182,971	12.1	194,757,519	49.9	28,435,405	7.3
1934	1,977	25,810,252	6.9	1,211,420	0.3	13,768,116	3.5	343,768,116	88.1	397,930,378	10.0	57,945,501	14.6	17,977,328	4.6	25,038,139	13.7	47,182,971	12.1	194,757,519	49.9	28,435,405	7.3
1935	1,913	24,310,252	5.3	1,211,825	0.3	3,741,415	9.6	340,403,775	87.1	344,145,230	9.0	58,055,817	17.1	33,053,075	9.6	112,068,319	32.7	63,377,093	18.4	149,784,184	43.8	50,044,152	14.3
June 30, 1936	2,036	24,310,252	5.4	...	...	29,284,379	6.3	3,595,581,000	88.1	449,175,631	9.4	57,348,949	12.8	25,154,147	5.6	110,497,245	24.5	56,279,693	12.5	149,784,184	32.8	50,044,152	14.3

(a) Includes balances with, and cheques in course of collection on, other banks in the United Kingdom, and balances with Banks abroad.
(b) Includes investments in affiliations.
(c) Includes balances in account with subsidiary companies, items in transit, and other assets and accounts.
(d) Includes with current, deposit and other accounts.

MIDLAND BANK LIMITED

December 31	Number of Offices, Dec. 31.	LIABILITIES						Total Liabilities or Assets	ASSETS																		
		Paid-up Capital and Reserve Fund	Per Cent.	Profit Balance and Dividend Payable	Per Cent.	Accept- ances, etc.	Per Cent.		Current, Deposit and Other Accounts	Per Cent.	Cash in Hand and at Bank of England	Per Cent.	Money at Call and Short Notice	Per Cent.	Invest- ments	Per Cent.	Bills Dis- counted	Per Cent.	Ad- vances	Per Cent.	Premises, Cover for Accept- ances, etc. and Invest- ment in Affili- ations	Per Cent.					
1925	1,855	25,330,768	6	1,725,074	0	35,747,790	8	7	348,682,135	84	41,485,767	13	13,570,5,406	8	7	34,791,276	8	5	41,888,022	10	2	196,747,548	47	7	48,765,911	11	8
1926	1,904	25,331,596	5	1,736,929	0	37,065,445	8	6	374,375,147	85	43,052,711	12	13,409,343	9	5	38,853,582	8	5	44,743,312	10	9	206,459,993	46	7	49,595,829	11	7
1927	1,969	25,331,596	5	1,736,929	0	37,065,445	8	6	374,375,147	85	43,052,711	12	13,409,343	9	5	38,853,582	8	5	44,743,312	10	9	206,459,993	46	7	49,595,829	11	7
1928	2,034	26,865,936	6	1,826,432	0	37,474,366	8	7	379,622,758	85	44,789,492	13	14,928,380	9	6	36,868,698	7	6	46,344,778	12	2	206,459,993	46	7	51,299,737	11	7
1929	2,090	28,496,024	6	1,845,068	0	38,510,193	9	6	399,805,549	87	45,236,852	14	16,363,679	8	7	38,671,571	7	6	48,783,567	13	2	214,050,972	43	9	50,077,563	11	2
1931	2,128	25,748,012	6	1,704,897	0	39,222,725	4	7	360,247,498	86	46,237,979	15	17,922,886	9	8	40,262,960	12	8	53,922,584	14	2	212,338,674	47	6	54,773,916	12	1
1932	2,103	25,748,012	6	1,704,897	0	39,222,725	4	7	360,247,498	86	46,237,979	15	17,922,886	9	8	40,262,960	12	8	53,922,584	14	2	212,338,674	47	6	54,773,916	12	1
1933	2,103	25,748,012	6	1,704,897	0	39,222,725	4	7	360,247,498	86	46,237,979	15	17,922,886	9	8	40,262,960	12	8	53,922,584	14	2	212,338,674	47	6	54,773,916	12	1
1934	2,103	25,748,012	6	1,704,897	0	39,222,725	4	7	360,247,498	86	46,237,979	15	17,922,886	9	8	40,262,960	12	8	53,922,584	14	2	212,338,674	47	6	54,773,916	12	1
1935	2,103	25,748,012	6	1,704,897	0	39,222,725	4	7	360,247,498	86	46,237,979	15	17,922,886	9	8	40,262,960	12	8	53,922,584	14	2	212,338,674	47	6	54,773,916	12	1
June 30	36,125	748,012	5	1,706,351	3	46,742,184	91	3	467,452,184	91	51,026,347	13	13,570,5,406	8	7	34,791,276	8	5	41,888,022	10	2	196,747,548	47	7	48,765,911	11	8

NATIONAL PROVINCIAL BANK, LIMITED

Year 31	Number of branches	LIABILITIES						Total Liabilities or Assets	ASSETS												
		Capital and Reserves	Per Cent.	Un-divided Profits	Per Cent.	Acceptances	Per Cent.		Deposit and Current Accounts	Per Cent.	Cash in Hand and at Bank, etc.	Per Cent.	Cash at Call and Short Notice	Per Cent.	Investments	Per Cent.	Discounts and Advances	Per Cent.	Buildings and Sundries including Cover for Acceptances	Per Cent.	
1925	1,132	18,958,832	6.7	816,950	0.3	10,025,131	3.5	282,737,817	88.5	282,737,817	88.5	38,188,682	13.5	18,338,838	6.5	42,113,503	14.9	169,498,176	60.0	14,477,551	5.1
1926	1,172	18,958,832	6.6	876,319	0.3	9,166,822	3.2	258,249,807	89.9	258,249,807	89.9	37,930,824	13.2	18,789,631	6.5	40,099,804	13.9	177,290,836	61.5	14,161,643	4.9
1927	1,220	18,958,832	6.2	863,476	0.3	12,024,766	3.9	273,587,292	89.8	273,587,292	89.8	41,816,515	13.7	21,817,485	7.7	39,846,611	12.7	185,708,632	66.8	17,461,503	5.7
1928	1,262	18,958,832	5.8	865,849	0.3	19,503,740	5.9	271,510,233	88.0	271,510,233	88.0	44,170,801	13.4	25,920,942	7.9	40,217,186	12.7	194,071,259	59.8	25,318,371	7.7
1929	1,306	18,958,832	5.8	849,255	0.3	15,174,188	5.0	271,712,337	88.5	271,712,337	88.5	44,170,801	13.4	25,920,942	7.9	40,217,186	12.7	184,844,867	60.3	21,251,068	6.9
1930	1,363	18,958,832	5.8	873,814	0.2	10,089,723	3.1	282,379,783	90.8	282,379,783	90.8	44,170,801	13.4	25,920,942	7.9	40,217,186	12.7	184,844,867	60.3	21,251,068	6.9
1931	1,374	17,479,416	6.0	804,116	0.3	8,222,529	2.2	261,925,549	90.5	261,925,549	90.5	44,170,801	13.4	25,920,942	7.9	40,217,186	12.7	184,844,867	60.3	21,251,068	6.9
1932	1,371	17,479,416	5.8	775,522	0.2	6,294,501	2.0	261,925,549	90.5	261,925,549	90.5	44,170,801	13.4	25,920,942	7.9	40,217,186	12.7	184,844,867	60.3	21,251,068	6.9
1933	1,361	17,479,416	5.8	857,043	0.3	6,395,008	2.0	283,397,118	92.1	283,397,118	92.1	44,170,801	13.4	25,920,942	7.9	40,217,186	12.7	184,844,867	60.3	21,251,068	6.9
1934	1,350	17,479,416	5.4	879,881	0.3	5,833,022	1.9	297,368,848	92.5	297,368,848	92.5	44,170,801	13.4	25,920,942	7.9	40,217,186	12.7	184,844,867	60.3	21,251,068	6.9
1935	1,343	17,479,416	5.3	922,406	0.3	8,519,824	2.6	302,703,843	91.8	302,703,843	91.8	44,170,801	13.4	25,920,942	7.9	40,217,186	12.7	184,844,867	60.3	21,251,068	6.9
June 30 '36	1,374	17,479,416	5.2	870,850	0.3	8,702,850	2.6	308,223,868	92.2	308,223,868	92.2	44,170,801	13.4	25,920,942	7.9	40,217,186	12.7	184,844,867	60.3	21,251,068	6.9

* Includes balances with, and cheques in course of collection on other banks in the United Kingdom. † Included with deposit and current accounts. ‡ Includes investments in a filiations.

WESTMINSTER BANK LIMITED

Dec. 31	Number of Branches	LIABILITIES								Total Liabilities or Assets	ASSETS										
		Capital and Reserves	Per Cent.	Un-divided Profits	Per Cent.	Acceptances and Endorsements	Per Cent.	Notes*	Per Cent.		Deposit and Current Accounts	Per Cent.	Cash in Hand and at Bank, etc. a	Per Cent.	Cash at Call and Short Notice	Per Cent.	Investments b	Per Cent.	Discounts and Advances	Per Cent.	Buildings and Sundries, Including Cover for Acceptances
1925 ...	909	18,103,436	5.9	1,695,158	0.6	13,562,790	4.5	15,497 ...	271,379,668	39.0	304,756,539	42,343,822	13.9	28,301,235	9.3	49,930,231	16.4	166,515,556	54.6	17,665,695	5.8
1926 ...	932	18,640,314	5.9	1,186,660	0.4	11,543,630	3.6	13,728 ...	235,406,068	90.1	316,790,430	42,657,508	13.5	27,370,851	8.7	43,859,390	15.4	182,147,935	57.5	15,754,716	5.0
1927 ...	956	18,640,314	6.0	1,213,203	0.4	12,572,859	4.0	13,934 ...	230,612,020	89.6	313,052,337	42,727,338	13.5	27,370,851	8.7	43,859,390	15.4	182,147,935	57.5	15,754,716	5.0
1928 ...	1,009	18,640,314	5.5	1,230,333	0.4	26,533,040	7.8	13,038 ...	294,036,580	35.1	340,538,305	47,313,929	13.9	34,813,607	10.2	41,430,490	12.7	173,893,812	55.6	16,886,460	5.4
1929 ...	1,050	18,640,314	5.6	1,184,442	0.4	27,599,579	8.3	17,794 ...	235,160,311	85.7	372,592,440	45,939,673	13.8	33,169,823	10.0	40,915,352	12.2	185,725,635	54.5	31,224,444	9.2
1930 ...	1,075	18,640,314	5.7	1,121,246	0.3	17,814,552	5.4	16,223 ...	291,579,675	88.6	379,794,440	45,939,673	13.8	33,169,823	10.0	40,915,352	12.3	185,725,635	54.5	31,224,444	9.2
1931 ...	1,083	18,640,314	5.7	1,013,977	0.3	18,551,389	6.0	16,144 ...	272,405,692	83.7	308,817,359	46,027,035	13.8	33,169,823	10.0	40,915,352	12.3	185,725,635	54.5	31,224,444	9.2
1932 ...	1,073	18,640,314	5.7	1,043,705	0.3	22,327,235	6.6	15,187 ...	294,739,761	85.6	344,465,547	45,330,165	12.2	21,107,837	6.7	54,483,075	17.6	165,572,678	53.6	24,315,339	7.6
1933 ...	1,072	18,640,314	5.7	1,043,217	0.3	31,847,225	9.2	16,432 ...	305,653,206	84.3	362,768,478	45,407,151	12.8	21,107,837	6.7	54,483,075	17.6	165,572,678	53.6	24,315,339	7.6
1934 ...	1,082	18,640,314	5.7	1,083,230	0.3	37,377,075	10.3	16,432 ...	305,653,206	84.3	362,768,478	45,407,151	12.8	21,107,837	6.7	54,483,075	17.6	165,572,678	53.6	24,315,339	7.6
1935 ...	1,090	18,640,314	5.7	1,081,595	0.3	22,460,265	6.2	13,444 ...	322,675,384	88.4	364,871,032	51,565,635	14.2	18,565,513	5.1	58,673,663	16.2	144,946,680	42.0	37,425,878	10.1
June 30 '36	1,090	18,640,314	5.7	1,081,595	0.3	22,460,265	6.2	13,330 ...	356,416,370	89.4	393,774,851	49,119,325	13.2	29,006,513	7.8	108,165,537	29.7	138,675,709	39.8	42,807,117	11.0

* In circulation in the Isle of Man. † Includes balances with, and cheques in course of collection on, other banks in the United Kingdom. ‡ Includes investments in a filiations.

WILLIAMS DEACON'S BANK, LIMITED

Dec. 31	Number of Branches	LIABILITIES						Total Liabilities or Assets	ASSETS											
		Capital and Reserves	Per Cent.	Un-divided Profits	Per Cent.	Acceptances, etc.	Per Cent.		Deposit and Current Accounts	Per Cent.	Cash in Hand and at Bank, etc.	Per Cent.	Cash at Call and Short Notice	Per Cent.	Investments	Per Cent.	Discounts and Advances	Per Cent.	Buildings and Sundries, including Cover for Acceptances	Per Cent.
1925	187	3,175,000	8.3	171,417	0.4	2,359,452	6.1	32,787,683	85.2	38,493,332	5,543,461	14.4	2,993,794	7.8	4,745,249	12.3	22,008,462	57.2	8,210,628	8.3
1926	193	3,225,000	8.6	173,488	0.5	1,800,918	4.8	32,438,363	86.1	37,637,799	5,481,713	14.6	2,837,223	7.9	5,049,670	13.4	21,425,722	56.9	7,723,421	7.2
1927	198	3,225,000	8.6	155,188	0.4	1,383,259	3.7	32,682,587	87.3	37,436,014	6,082,211	16.3	2,952,915	7.9	5,049,670	13.4	21,425,722	56.9	7,723,421	7.2
1928	200	3,225,000	8.7	156,686	0.4	1,520,117	4.1	32,221,395	86.8	37,123,208	6,082,211	16.3	2,952,915	7.9	5,049,670	13.4	21,425,722	56.9	7,723,421	7.2
1929	202	2,875,000	8.0	151,123	0.4	1,923,094	2.9	31,792,589	88.7	35,842,006	6,208,218	14.5	3,142,190	8.6	5,049,670	13.4	21,425,722	56.9	7,723,421	7.2
1930	202	2,875,000	8.0	144,565	0.4	1,735,522	2.1	32,009,087	89.5	35,765,174	5,156,125	14.5	2,480,807	7.0	5,049,670	13.4	21,425,722	56.9	7,723,421	7.2
1931	202	2,875,000	8.0	145,405	0.4	1,581,497	4.7	29,049,586	89.9	33,423,488	4,211,102	12.6	3,274,807	9.8	5,049,670	13.4	21,425,722	56.9	7,723,421	7.2
1932	202	2,875,000	7.1	154,035	0.4	1,164,066	3.1	33,812,463	96.4	37,995,564	5,861,087	15.8	4,816,463	12.7	5,049,670	13.4	21,425,722	56.9	7,723,421	7.2
1933	202	2,875,000	6.9	167,654	0.4	2,430,038	6.2	33,493,484	84.5	38,771,174	5,336,485	16.5	5,918,939	14.1	5,049,670	13.4	21,425,722	56.9	7,723,421	7.2
1934	208	2,875,000	6.9	177,459	0.5	2,068,097	5.3	33,742,876	87.3	38,963,432	6,172,435	15.5	5,918,939	14.1	5,049,670	13.4	21,425,722	56.9	7,723,421	7.2
1935	205	2,875,000	6.6	191,620	0.5	2,047,759	5.1	33,429,629	87.8	40,344,098	6,172,435	15.5	5,918,939	14.1	5,049,670	13.4	21,425,722	56.9	7,723,421	7.2
June 30 '36	205	2,875,000	6.6	183,224	0.4	1,863,224	4.6	35,920,257	88.8	40,458,491	6,121,636	15.1	7,337,359	18.1	5,049,670	13.4	21,425,722	56.9	7,723,421	7.2

* Includes balances with, and cheques in course of collection on, other banks in the United Kingdom.

YORKSHIRE PENNY BANK, LIMITED

December 31	LIABILITIES				ASSETS					
	Capital and Reserves	Deposits and other Accounts, etc.	Uncalled Capital	Cash in Hand, at Bank of England, and at Short Notice	British Govt. Securities	Colonial Govt. and English Corp. Stocks	Loans to Local Authorities	Loans on Security and other Accounts	Premises	
1931	2,000,000	28,305,769	500,000	8,122,721	18,130,897	1,022,802	2,397,997	2,081,852	550,000	
1932	2,000,000	30,382,289	500,000	8,907,527	17,895,398	631,779	2,359,748	2,087,842	550,000	
1933	2,000,000	31,838,494	500,000	8,543,833	20,539,025	321,177	1,894,605	1,987,854	550,000	
1934	2,000,000	33,363,019	500,000	9,167,873	21,659,087	293,103	1,829,231	2,083,725	550,000	
1935	2,000,000	35,400,246	500,000	9,607,552	23,334,204	260,413	1,281,083	2,388,985	550,000	
June 30, 1936	2,000,000	36,615,980	500,000	9,237,363	25,784,283	140,871	728,823	2,174,280	550,000	

PRIVATE BANKS

GRACE BROTHERS AND COMPANY, LIMITED

ESTABLISHED 1889. INCORPORATED 1899

ISSUED CAPITAL

Shares of £1 each..... £1,015,000

December 31	Number of Branches	LIABILITIES						Total Liabilities or Assets	ASSETS							
		Capital and Reserves	Per Cent.	Acceptances	Per Cent.	Deposit, Current, and Other Accounts	Per Cent.		Cash at Call, at Bankers, and in Hand	Per Cent.	Foreign Bankers' Balances on Loan, Current, & Deposit Accounts	Per Cent.	Investments, including Treasury Bills	Per Cent.	Bills Receivable	Per

BANK OF ATHENS

The report of the directors for the year ended December 31, 1935, states that net profits, after making the necessary provisions for amortisation, general expenses, taxes, installations and repairs to premises, and the payment of Drs. 2,751,232 into the

staff pension fund, amount to Drs. 18,790,541. It was proposed to declare a dividend of Drs. 10 per share, and to carry forward the balance of Drs. 5,303,109.

LIABILITIES								ASSETS					
December 31	Capital and Reserves	Sight Deposits	Fixed Deposits	Deposits in Guarantee	Savings Bank	Current Accounts	Cheques Payable	Cash in Hand, at Bank and Treasury Bills	Due from Banks Abroad	Bills Receivable	Loans, Advances, Discounts, etc.	Current Accounts	Securities
	Drs.	Drs.	Drs.	Drs.	Drs.	Drs.	Drs.	Drs.	Drs.	Drs.	Drs.	Drs.	Drs.
1931	250,000,000	2,363,400,501					68,987,533	288,086,845	141,977,115	399,594,907	1,439,443,630		
1932	176,000,000	682,423,518	572,272,375	28,951,208	514,337,718	392,344,515	52,781,905	218,427,138	110,232,077	278,015,239	1,000,920,390	523,945,090	348,625,466
1933	176,000,000	857,464,758	558,468,769	37,396,885	653,101,421	304,659,734	52,392,444	431,743,198	82,033,728	325,698,998	899,861,485	615,013,064	215,835,781
1934	176,000,000	900,419,519	529,680,677	40,367,579	713,525,171	282,912,596	35,684,350	290,609,654	58,742,859	492,363,818	928,581,409	593,925,999	207,991,710
1935	176,000,000	878,179,945	450,565,388	38,321,310	682,818,617	289,309,334	32,394,305	263,800,560	68,709,082	476,246,778	905,882,225	538,848,341	213,894,828
													221,152,733

* Included in previous column.

BANCO DE CHILE

The report for the half-year ended June 30, 1936, shows that after writing off and providing for bad and doubtful debts the net profit is \$9,184,107, which, added to the shareholders' fund of \$9,325,511, gives an available total of \$18,509,618.

The board proposes to distribute this sum in the following form. To pay a dividend of \$9.00 per share, \$9,000,000, and to carry forward to shareholders' fund \$9,509,618.

LIABILITIES								ASSETS						
Dec. 31	Capital and Reserves	Current Accounts	Sight Deposits, etc.	Term Deposits	Guarantees	Obligations to Banks Abroad	Cash in Hand and at Bank	Cheques on Local Banks	Foreign Banks and Correspondents	Current Loans and Advances	Discounts	Obligations against Guarantees and Other Advances	Investments	Exchange Operations
1931	\$ 228,216,324	\$ 128,221,265	\$ 13,780,255	\$ 126,283,791	\$ 19,489,584	\$ 2,705,115	\$ 29,684,063	\$ 5,609,905	\$ 9,726,807	\$ 333,938,928	\$ 31,397,102	\$ 99,591,050	\$ 88,390,251	\$ 4,184,189
1932	201,527,141	221,428,456	14,478,756	125,208,527	11,865,101	4,740,068	101,140,376	6,627,855	5,695,049	320,340,630	35,369,155	58,222,727	115,521,204	884,468
1933	201,987,136	324,776,691	20,098,354	106,699,068	11,863,127	2,986,508	68,183,130	11,239,252	8,253,667	375,162,832	120,714,261	33,678,260	106,841,574	1,780,535
1934	202,566,019	383,090,404	23,709,716	116,085,982	14,703,514	3,296,403	75,168,757	20,232,456	6,049,876	461,982,184	123,403,372	33,528,140	90,446,844	12,036,688
1935	239,493,992	437,103,914	*	178,845,257	18,570,739	20,117,750	96,975,542	13,910,596	28,552,931	474,142,843	141,788,716	98,226,446	101,699,412	40,223,035
June, 1936	239,718,651	517,852,394	*	167,111,738	18,846,547	6,833,075	105,711,889	15,614,520	33,708,896	467,663,717	158,975,484	104,865,023	110,628,157	49,424,013

* Not shown separately.

BANCO DI ROMA

The net profits for the year 1935 were 5,139,040 lire.

LIABILITIES								ASSETS					
December 31	Capital and Reserves	Deposits on Current and Savings Accounts	Balances Due to Correspondents	Circular Cheques	Acceptances on behalf of Customers	Guarantees for Third Parties	Sundry Deposits	Cash in Hand and with Banks	Portfolio Treasury Bills, and Sight Funds	Balances Due by Correspondents	Secured Advances	Investments	Securities on Deposit
	Lire	Lire	Lire	Lire	Lire	Lire	Lire	Lire	Lire	Lire	Lire	Lire	Lire
1931	259,000,000	422,870,237	1,692,201,345	84,206,639	58,604,289	105,193,965	1,104,761,871	478,981,284	768,946,737	578,855,934	110,832,794	225,641,725	109,106,700
1932	282,000,000	441,259,451	1,772,517,955	87,267,030	88,659,099	92,354,927	1,261,534,378	510,316,868	712,291,378	692,025,639	113,445,516	237,083,583	128,591,100
1933	240,000,000	611,777,778	1,833,805,906	96,934,020	60,717,051	75,334,695	1,943,010,322	434,170,948	1,102,228,999	694,982,819	211,868,837	126,012,122	139,156,500
1934	241,280,840	688,274,377	1,766,815,436	95,254,530	69,186,774	102,095,859	2,722,524,207	421,615,789	1,103,550,152	774,292,691	277,425,699	106,135,451	154,839,500
1935	242,280,840	685,129,453	1,843,532,080	108,099,152	7,136,290	108,431,121	3,415,778,790	461,127,147	1,204,025,967	708,364,073	233,488,454	107,654,456	164,938,500

BANK OF LONDON AND SOUTH AMERICA, LIMITED

The profit for the year ended September 30, 1935, after deducting all expenses and charges, and after providing for bad and doubtful debts and legal reserves in South America, amounts to £209,913. To this sum has to be added £163,561 brought forward from last year, making a total of £373,474. From this

unappropriated balance the directors recommend the following distribution:—To dividend of 3 per cent., payable December 23, 1935, subject to income tax, £106,200; to contingency reserve, £100,000; to profit and loss carried forward, £167,274. A transfer of £500,000 has been made from contingency reserve to published reserve.

LIABILITIES						ASSETS			
September 30	Capital and Reserves	Current and Deposit Accounts, and Contingency Reserve	Bills Payable	Acceptances on behalf of Customers	Bills for Collection on account of Customers	Cash in Hand, at Bankers, and at Call	Bills Receivable	Advances Securities, etc.	Premises
1931	£ 5,040,000	£ 34,311,628	£ 2,212,261	£ 1,513,097	£ 8,569,100	10,575,052	£ 9,473,798	20,155,699	£ 1,925,214
1932	5,040,000	41,868,197	629,962	1,152,747	7,823,294	17,069,414	10,354,868	18,304,984	1,880,584
1933	5,040,000	42,738,822	474,383	1,353,840	7,546,067	17,511,304	9,227,403	20,187,013	1,961,888
1934	5,040,000	31,862,686	625,478	1,611,076	7,624,610	9,632,729	6,661,702	19,362,388	1,936,000
1935	5,540,000	28,288,764	660,544	1,719,341	6,350,249	7,144,293	6,025,981	19,862,878	1,915,705

BANCO ESPANOL DEL RIO DE LA PLATA

LIABILITIES				ASSETS										
June 30	Capital, Reserve and Contingency Fund	Deposits	Re-discounts	Securities deposited	Cash	Discounts, Bills for Collection, Advances	Advances on Mortgages	Accounts Overdue and in Liquidation	Properties received in Payment of Advances	Securities	Argentine Government Treasury Bills	Bills for Collection on Account of Third Parties	Mortgage Loans for Account of Third Parties	Premises
1931	5,699,231	27,045,197	6,459,726	34,801,680	3,397,149	24,682,636	2,601,534	2,588,770	1,532,714	1,725,727	2,837,301	2,985,116	1,070,478	1,181,912
1932	5,806,681	23,952,661	7,817,143	34,988,662	2,713,187	22,414,855	3,201,107	2,620,982	1,988,873	2,301,725	3,710,317	2,221,380	1,207,699	1,192,968
1933	5,810,738	24,799,994	6,791,232	36,821,498	3,025,599	21,032,670	3,711,069	2,155,689	2,981,073	3,710,317	2,708,866	1,278,027	1,263,949	1,263,949
1934	5,830,348	27,218,457	6,666,690	43,255,870	3,979,971	20,982,048	4,008,408	2,579,483	3,112,269	3,710,317	3,054,766	1,214,861	1,384,449	1,384,449
1935	5,839,959	23,198,658	7,226,342	29,099,983	1,365,706	19,971,969	4,163,675	2,529,656	2,661,570	2,925,140	1,930,841	744,282	924,715	924,715

THE BANK OF ROUMANIA, LIMITED

The report for the year 1935 states that after meeting current expenses and depreciation of investments, there is a deficit of £5,857. This figure is arrived at before, bringing in the balance

of the Bucharest profit and loss account of £6,715, which is not transferable under existing exchange regulations and has been passed to provision for bad and doubtful accounts in Roumania.

LIABILITIES					ASSETS						
December 31	Capital and Reserves	Current Accounts, etc.	Guarantees, etc., for Account of Customers	Subsidiary Companies' Current Accounts	Cash in Hand and at Bankers	Balances with Banks Abroad	Money at Call and Short Notice in London	British Treasury Bills	Investments	Bills Receivable, Loans, Current and Other Accounts	Property Account
1931	£ 310,000	£ 714,099	£ 69,655	£ 6,895	£ 128,749	£ 81,329	£ 70,000	£ 155,000	£ 163,782	£ 425,020	£ 4,012
1932	300,000	844,286	44,477	5,449	238,264	44,934	285,000	100,000	23,985	430,863	4,369
1933	300,000	872,363	77,050	7,799	280,282	21,060	39,000	350,000	26,688	461,436	4,311
1934	300,000	1,412,071	87,122	3,051	791,739	10,259	125,000	250,000	31,823	482,802	17,258
1935	300,000	1,246,401	32,636	3,958	436,806	7,416	25,000	*	386,618	665,141	17,632

* Not shown separately.

THE BRITISH BANK FOR FOREIGN TRADE, LIMITED

The directors' report for the year ended April 30, 1935, shows a loss, after charging the sums shown to the debit of the profit and

loss account, of £9,252, to which is added the debit brought forward from the previous year of £58,244, making a total of £67,496.

LIABILITIES				ASSETS					
April 30	Capital	Current Deposit and Other Accounts	Investment Depreciation Reserve	Cash in Hand, at Bankers in London and Abroad	Investments	Loans and Advances	Subsidiary Company	Profit and Loss Account	Premises
1931	£ 340,000	£ 348,749	£ 42,031	£ 21	£ 43,641	£ 533,693	£ 77,924	£ 29,581	£ 46,000
1932	351,600	271,785	85,530	659	305,737	161,378	71,675	33,466	46,000
1933	351,600	276,837	85,433	59	395,319	157,629	70,813	44,050	46,000
1934	351,600	253,506	85,433	358	392,314	123,957	69,665	58,245	46,000
1935	351,600	236,391	86,049	384	392,195	99,031	68,934	67,496	46,000

THE BANK OF TAIWAN, LIMITED

LIABILITIES								ASSETS						
Dec.	Capital and Reserves	Notes in Circulation	Deposits, etc.	Bills Payable	Bills Rediscounted	Acceptances and Guarantees, etc.	Due to Correspondents	Cash in Hand and at Banks	Bullion	Discounts, Loans, etc.	Interest Bills, Bills Bought and Export Advances	Government Bonds, etc.	Due from Correspondents	Premises and Estate
1931	Yen 16,214,000	Yen 44,419,504	Yen 236,425,814	Yen 54,731,963	Yen 85,458,212	Yen 6,636,390	Yen 1,509,525	Yen 14,922,725	Yen 12,057,392	Yen 262,343,957	Yen 50,948,889	Yen 87,229,743	Yen 1,081,612	Yen 8,730,281
1932	16,744,000	52,626,450	259,282,364	38,074,998	86,909,635	6,096,188	4,690,253	22,364,614	20,091,388	245,393,428	69,233,233	89,162,890	2,071,952	8,154,304
1933	17,354,000	48,993,959	256,576,207	43,995,261	49,615,985	4,324,724	3,014,182	16,437,511	20,161,352	228,380,415	53,623,425	90,835,549	1,946,591	6,983,874
1934	18,104,000	62,653,877	264,470,798	36,050,000	33,725,308	4,326,675	2,638,177	16,262,787	19,857,496	212,951,387	71,427,871	89,055,178	2,191,499	4,782,699
1935	19,004,000	70,190,978	255,783,541	48,811,280	11,766,647	6,316,551	1,957,809	12,162,956	15,469,212	212,765,357	59,572,815	100,094,852	1,665,043	4,838,691

BANQUE BELGE POUR L'ETRANGER, S.A., BRUSSELS

At the end of last year the Eastern Branches of this bank were formed into a separate company, the Banque Belge pour l'Etranger (Extrême-Orient), S.A., while the then remaining assets, etc., of the Banque Belge pour l'Etranger were taken over by the Société Générale de Belgique. Profits for the year

1934-1935 amount to Frs. 8,670,842. Of the Frs. 9,051,947 carried forward from last year, Frs. 4,730,592 were utilised for writing down assets, and the remainder brings the total of profit and loss to Frs. 12,992,197

BRITISH AND CONTINENTAL BANKING COMPANY LIMITED

The report of the directors for the year ended September 30, 1935, shows a net profit of £13,587, of which, however, an amount of £1,577, representing income tax retained at source, in excess of tax due this year, must be deducted, thus leaving £12,010, to which must be added the balance brought forward

from last year £1,476, making an available total of £13,486. The directors propose to appropriate this balance as follows: Payment of a dividend of 4 per cent., free of tax, on December 31, 1935, £4,000; to be placed to reserve (thus increased to £92,500), £7,500; to be carried forward, £1,986—£13,486.

September 30	LIABILITIES					ASSETS				
	Capital and Reserve	Current Accounts	Deposit and Other Accounts, etc.	Acceptances		Cash in Hand, at Bankers and at Call	British Treasury Bills and Government Bonds	Other Bills	Investments	Deposits in London and Paris, Advances, Guarantees, etc.
1931	£410,005	£241,203	£136,284	£		£371,507	£139,258	£	£68,000	£195,782
1932	410,005	280,038	186,897	28,801		241,877	120,210		207	317,392
1933	165,000*	214,332	405,343	...		130,771	154,231	197,254	109,269	164,880
1934	175,000	184,491	403,135	133,835		156,436	45,371	249,755	184,212	106,852
1935	185,000	119,247	471,188	80,467		180,627	35,000	199,899	159,597	200,313

* After cash repayment of £250,000.

† Included in previous column.

BANQUE COMMERCIALE DU CONGO

The report of the board of directors for the year 1934-35 announces a dividend of 7 per cent. (free of tax) amounting to Frs. 3,244,977 (dividend: Frs. 2,100,347; net profit: Frs. 3,244,977). Frs. 900,000 are allotted to the reserve, and Frs. 5,512

are carried forward. Owing to certain transfers of shares between the bank and the Société Immobilière et Immobilière Congolaise, to be distributed among the shareholders, the bank's capital has been written down from Frs. 25,000,000 to Frs. 20,000,000.

June 30	LIABILITIES						ASSETS					
	Capital and Reserve	Dividend Due	Sundry Creditors	Advances against Securities	Bills Payable	Sundry Accounts	Cash in Hand and at Bank	Government Securities	Sundry Debtors	Bills Receivable	Investments	Debtors for Acceptances
1931 ...	Frs. 40,000,000	Frs. 3,012,048	Frs. 117,411,326	Frs. 1,010,034	Frs. 7,724,789	...	Frs. 23,763,473	Frs. 59,337,000	Frs. 51,679,765	Frs. 13,475,157	Frs. 10,524,166	Frs. 6,802,000
1932 ...	40,500,000	2,409,689	176,703,304	270,896	8,331,324	...	19,081,002	149,214,521	42,150,463	3,537,373	10,488,401	...
1933 ...	41,000,000	2,108,434	247,297,554	285,446	1,867,729	3,972,950	14,477,632	231,825,925	33,162,484	2,804,500	10,803,722	...
1934 ...	41,500,000	2,108,434	277,757,124	285,446	1,249,908	3,176,794	11,830,639	195,887,411	29,155,447	5,733,277	9,906,768	...
1935 ...	35,000,000	2,100,347	107,369,940	361,500	1,905,369	1,689,381	26,727,663	84,806,315	25,592,006	6,326,877	...	1,233,250

BANQUE DU CONGO BELGE

The report of the directors for the year 1934-35 shows a net profit of Frs. 5,920,416. This permits the maintenance of a

dividend of 10 per cent.* The reserves are increased by Frs. 500,000, and Frs. 2,352,464 go to the Trésor Colonial.

June 30	LIABILITIES						ASSETS					
	Capital and Reserves	Notes	Due to Colonial Treasury	Dividend Due	Creditors	Bills Payable	Sundry Accounts	Cash in Hand and at Bank	Gold and Exchange	Government Securities	Bills Receivable	Sundry Debtors
1931	Frs. 67,900,000	Frs. 184,983,424	Frs. 2,001,837	Frs. 2,409,639	Frs. 640,562,367	Frs. 14,577,725	...	Frs. 459,159,002	Frs. 80,017,723	Frs. 58,815,526	Frs. 196,018,458	Frs. 88,149,419
1932	58,300,000	186,307,666	2,048,246	2,409,639	557,252,866	12,478,029	...	283,142,420	81,046,904	212,724,146	104,299,389	78,129,711
1933	58,600,000	116,044,336	2,118,723	2,409,639	559,690,105	11,706,575	3,855,629	405,569,314	61,794,212	139,955,968	74,725,624	53,370,143
1934	59,000,000	110,984,588	2,233,192	2,409,639	500,033,312	8,047,355	2,825,247	345,685,557	61,794,212	130,604,834	82,613,822	52,002,802
1935	59,500,000	116,920,015	2,352,464	2,409,639	543,801,619	14,425,155	27,650,821	413,967,298	85,825,248	52,792,871	145,238,481	58,764,595

* Free of tax.

THE BRITISH BANK OF SOUTH AMERICA, LIMITED

The directors' report for the financial year ended December 31, 1935, states that the gross profits, after allowing for rebate of interest on current bills and drafts, for interest on deposits, and after making provision for bad and doubtful debts, amount to £123,106; this, with the balance of £119,744 brought forward from the previous year, makes £242,850. After deducting all charges at the head office and branches, including directors' remuneration, Government taxes in Brazil, etc., amounting to

£91,956, there remains available the sum of £150,894. The directors now recommend that a dividend of 2 per cent., amounting to £20,000, be now declared, payable on May 28, 1936, subject to income tax, on the paid-up capital of the bank of £1,000,000. After paying this dividend, there will remain the sum of £130,894, of which the directors propose to transfer the sum of £11,000 to contingencies account and to carry forward the balance of £119,894.

December	LIABILITIES					ASSETS				
	Capital and Reserves	Current, Deposit and Other Accounts	Dissentient Shareholders' Account	Bills Payable	Bills for Collection	Cash in Hand and at Bankers	Bills Receivable	Investments	Advances and Other Accounts	Subsidiary Company
1931	£2,000,000	£5,808,309	£2,202	£2,561	£839,850	£2,322,712	£612,052	£102,242	£4,162,043	£16,724
1932	2,000,000	5,652,041	2,138	6,067	829,177	3,117,704	771,390	90,736	3,278,764	21,244
1933	2,000,000	3,900,480	2,139	4,947	804,005	2,129,709	829,118	70,896	2,582,642	24,367
1934	2,000,000	4,542,034	1,575	9,670	854,492	2,582,517	611,004	63,943	2,881,273	28,086
1935	2,000,000	3,043,137	963	3,438	680,723	1,974,226	395,681	43,778	2,209,737	18,973

BRITISH OVERSEAS BANK, LIMITED

The directors' report states that the profit, after allowing rebate of interest and providing for all bad and doubtful debts (other than provided for out of contingencies account), for the year ended October 31, 1935, amounts to £60,131; balance available from last account, £66,633, making a total of £126,770,

which has been appropriated as follows: In payment of a dividend on the "A" ordinary shares at the rate of 6 per cent. 1935, which together with income tax thereon amounts to £60,000, leaving a net balance to be carried forward to next year of £66,770.

October 31	LIABILITIES				ASSETS						
	Capital and Reserves	Current Deposit and other Accounts	Acceptances, etc.		Cash in Hand and at Bankers	Money at Call and Short Notice	Balances with Bankers Abroad	Bills Discounted	Government Securities	Investments	Advances, etc.
1931	£2,225,000	£3,046,880	£4,277,291	£	£196,844	£1,266,850	£201,258	£	£205,056	£469,628	£
1932	2,175,000	2,531,990	3,448,932	£	252,400	595,792	192,830	£	647,496	450,467	£
1933	2,250,000	2,599,182	2,988,843	£	216,638	685,576	150,442	£	662,732	396,771	£
1934	2,250,000	2,964,622	3,121,136	£	229,368	845,996	145,423	£	498,095	379,936	£
1935	2,250,000	2,636,403	2,988,526	£	247,417	869,929	208,471	£	553,525	370,829	£

THE ANGLO-PALESTINE BANK LTD.

Established 1902

10/12 WALBROOK, LONDON, E.C.4

GENERAL MANAGEMENT: TEL-AVIV

EVERY BANKING FACILITY FOR BUSINESS WITH PALESTINE

BRANCHES IN PALESTINE:

TEL-AVIV JAFFA JERUSALEM HAIFA TIBERIAS
SAFAD PETAH-TIKVAH HEDERA HADAR HACARMEL REHOVOTH

THE BANK OF AUSTRALASIA

(Incorporated by Royal Charter 1835.)

Head Office: 4 THREADNEEDLE STREET, LONDON, E.C.2

West End Branch: 17 NORTHUMBERLAND AVENUE, W.C.2.

Paid-up Capital	...	...	...	...	...	...	...	£4,500,000
Reserve Fund	...	...	...	...	...	...	...	2,475,000
Currency Reserve	...	...	...	...	...	...	...	2,000,000
Reserve Liability of Proprietors under the Charter	...	...	...	...	...	...	...	4,500,000
								£13,475,000

DIRECTORS:

D. F. ANDERSON, Esq. KENNETH GOSCHEN, Esq. RIGHT HON. THE EARL OF MIDDLETON, K.P., P.C.
CHARLES EDWARD BARNETT, Esq. CHARLES GIPPS HAMILTON, Esq. HORACE PEEL, Esq.
HON. GREGORY C. GIBBS. FREDERICK V. C. LIVINGSTONE. JOHN SANDERSON, Esq.
J. F. G. GILLIAT, Esq. LEARMONTH, Esq., D.S.O. ARTHUR WHITWORTH, Esq.

Numerous Branches throughout the States of VICTORIA, NEW SOUTH WALES, QUEENSLAND, SOUTH AUSTRALIA, WESTERN AUSTRALIA, TASMANIA, and the Dominion of NEW ZEALAND.
Letters of Credit and Bills of Exchange granted. Bills Negotiated or sent for Collection. Telegraphic Transfers made. Banking Business of every description transacted with Australia and New Zealand.
Deposits received in London at interest for fixed periods on terms which may be ascertained at the Office.

BANQUE DE LA SOCIÉTÉ GÉNÉRALE DE BELGIQUE

SOCIÉTÉ ANONYME

3 Montagne du Parc, BRUSSELS

FONDS SOCIAL:

Capital: frs. 500,000,000.— Reserves: frs. 60,000,000.—

EVERY DESCRIPTION OF BANKING BUSINESS TRANSACTED

375 branches and agencies in the Country

The London correspondent of the "BANQUE DE LA SOCIÉTÉ GÉNÉRALE DE BELGIQUE" is the
"BANQUE BELGE POUR L'ETRANGER (OVERSEAS), LTD.," 4 Bishopsgate, London, E.C.2

BANQUE BELGE POUR L'ETRANGER (OVERSEAS), Ltd.

Affiliated to the Société Générale de Belgique

CAPITAL - - - - £2,000,000
entirely subscribedLONDON:
4 Bishopsgate, E.C.2NEW YORK:
67 Wall Street

BOARD OF DIRECTORS:
A. CALLENS (Chairman), Sir THOMAS J. STRANGMAN, P. RAMLOT, E. TERROIR, A. DONNAY (Managing Director)
Manager: M. SMITS

British and Foreign Banking Business of every description transacted

LETTERS OF CREDIT - COMMERCIAL CREDITS - COLLECTION OF CLEAN AND DOCUMENTARY DRAFTS
SPOT AND FORWARD FOREIGN EXCHANGE TRANSACTIONS, ETC.

CORRESPONDENTS THROUGHOUT THE WORLD
AGENTS IN THE UNITED KINGDOM FOR THE BELGIAN POSTAL CHEQUE SERVICE

CITY BANK FARMERS TRUST COMPANY

Dec. 31	LIABILITIES				ASSETS							
	Capital and Surplus	Undivided Profits	Reserves	Deposits	Cash and Due from Banks and Bankers	Loans and other Secured Advances	U.S. Government Obligations (Direct or Fully Guaranteed)	Other Bonds Mortgages and Securities	Stock in Federal Reserve Bank	Bank Premises	Other Assets	
1931	20,000,000	941,870	2,668,116	46,870,430	20,153,106	13,300,245	7,254,439	20,651,184	...	5,521,375	3,560,867	
1932	20,000,000	1,797,536	143,502	50,752,702	25,748,422	8,284,599	14,636,172	15,803,696	...	5,563,380	2,657,491	
1933	20,000,000	1,748,152	176,799	47,399,612	15,129,669	21,699,349	8,079,696	16,383,178	...	5,414,092	2,618,279	
1934	20,000,000	2,223,691	279,955	45,654,182	14,957,414	12,913,684	17,894,870	14,843,070	800,000	4,728,509	2,424,281	
1935	20,000,000	2,805,961	1,057,513	87,528,709	36,275,953	9,409,432	39,771,668	18,513,843	800,000	4,577,240	2,182,045	

THE CHASE NATIONAL BANK OF THE CITY OF NEW YORK

The directors report that there has been an increase of \$3,057,966 in the undivided profits account during the year ended December 31, 1935, as shown herewith:—Undivided profits January 1, 1935, \$18,839,363; add earnings for 1935, \$15,340,189; totalling \$34,179,552; less dividends paid during 1935, \$12,282,223; making the undivided profits at December 31, 1935, \$21,897,329.

Dec. 31	LIABILITIES				ASSETS									
	Capital and Reserves	Deposits	Certified and Cashier's Cheques	Circulating Notes	Acceptances	Liability for Acceptances and Foreign Bills	Other Liabilities	Cash and Due from Banks	Securities and Investments	Loans, Discounts and Bankers' Acceptances	Real Estate	Mortgages	Customers' Acceptance Liability	Other Assets
1931	\$16,550,431	\$1,459,114,896	...	16,176,650	139,740,879	39,183,156	10,503,178	333,571,055	328,102,442	1,154,633,726	34,065,298	...	133,292,897	4,194,130
1932	275,067,730	1,466,038,619	...	...	89,507,435	1,217,624	20,758,974	391,297,429	446,701,815	887,187,429	32,716,426	...	85,812,421	12,574,864
1933	211,303,363	1,338,699,324	25,640,125	18,120,000	99,716,312	389,045	18,730,134	304,790,578	454,572,716	795,192,027	42,672,453	...	94,506,178	22,204,353
1934	239,896,119	1,639,086,387	70,705,988	...	43,836,820	408,055	6,117,478	514,781,534	734,634,393	651,069,796	41,570,414	4,055,282	41,436,542	11,552,918
1935	241,858,177	2,075,121,091	...	...	20,518,920	7,771,009	5,279,997	855,637,783	775,522,673	636,002,917	43,647,738	2,550,793	18,674,106	17,115,783

THOS. COOK AND SON (BANKERS), LIMITED

October 31	LIABILITIES				ASSETS									
	Capital and Reserves	Current Deposit and other Accounts, etc.	Balances due to Subsidiary Companies	Liability to Customers on account of Engagements, etc.	Cash in Hand and with Bankers on Account	Deposits with Bankers	Currencies in Hand	Remittances in Transit	Money at Call and Short Notice	Discounts	Investments	Advances	Premises	
1931	£250,000	2,823,890	...	13,590	398,136	...	22,229	345,486	120,000	1,078,628	620,139	£224,551	£64,693	
1932	250,000	2,974,165	4,706	17,221	603,051	885,732	25,693	290,186	295,000	331,753	519,039	216,876	61,571	
1933	250,000	2,904,761	38,184	14,661	599,613	1,207,500	26,332	129,651	185,000	341,457	494,300	148,076	58,615	
1934	250,000	3,182,993	55,201	14,394	416,258	1,798,750	25,715	134,154	180,000	163,664	571,460	160,403	57,789	
1935	250,000	3,241,664	66,048	18,699	613,978	1,784,182	27,369	162,121	95,000	102,896	506,530	206,510	56,327	

* Included in previous column.

COMPTOIR NATIONAL D'ESCOMPTE DE PARIS

The report of the directors for the year ended December 31, 1935, shows that net profit, after the necessary reductions for expenses, taxes, and other charges, amounts to Fr. 44,213,301. A dividend was announced of Frs. 50 for each share, and Frs. 10-45 for each founders' share. This leaves Frs. 275,429, which increases the amount carried forward into the shareholders' account to Frs. 6,515,371.

Dec. 31	LIABILITIES				ASSETS									
	Capital and Reserves	Current and Deposit Accounts	Fixed Deposits	Acceptances	Cash in Hand and at Banks	Discounts and French Treasury Bills	Loans and Advances	Current Accounts	Branches Abroad	Investments	Credit Balances with Correspondents	Sundry Accounts		
1931	Fr. 833,687,542	Fr. 9,416,190,891	Fr. 89,756,210	Fr. 114,875,454	Fr. 3,372,239,923	Fr. 4,346,043,339	Fr. 320,249,244	Fr. 1,319,888,195	Fr. 21,119,078	Fr. 13,134,734	Fr. 1,030,890,168	Fr. 18,751,572		
1932	835,651,968	9,055,428,638	47,680,890	89,901,222	1,537,722,465	5,999,200,094	294,227,118	1,264,774,170	29,301,183	13,190,898	890,378,755	18,783,772		
1933	837,844,517	7,834,497,008	35,765,640	47,412,213	1,432,127,402	4,754,723,334	316,069,880	1,342,204,472	48,511,933	13,283,918	872,727,261	21,714,477		
1934	836,672,636	7,572,546,062	29,680,270	65,007,490	1,429,055,170	4,424,836,984	395,371,799	1,255,190,228	25,426,808	7,651,788	979,144,244	20,508,722		
1935	841,968,358	6,708,728,681	25,004,920	114,590,433	1,430,756,631	3,779,641,237	346,680,341	1,192,860,774	39,463,784	13,336,103	961,277,638	18,805,980		

COMMERCIAL BANK OF THE NEAR EAST, LIMITED

The following is a statement of the results for the year 1935: Profit for the year after making provision for bad and doubtful debts, rebate and directors' fees, £3,569; less balance of provision for depreciation of investments, £2,221—£1,348. Add balance brought forward from the year ended December 31, 1934, £1,628—£2,976. As well as the amount mentioned above, the sum of £5,000, transferred last year to contingency account to provide for any subsequent depreciation in investments, has had to be appropriated for the investment reserve in order to reduce the value of the securities to market value as at the date of the balance sheet. In view of the unsettled inter-decided to carry forward the above balance of profit and loss account of £2,976 to the current year.

December 31	LIABILITIES				ASSETS									
	Capital and Reserves	Current, Deposits and other Accounts	Bills for Collection	Acceptances, Endorsements, etc.	Cash in Hand and at London Bankers	Money at Call	Remittances in Transit	Balances with Foreign Banks	Bills Discounted	Investments	Advances to Customers, etc.	Furniture and Fittings		
1931	£200,000	£432,335	£145,523	£52,570	£27,299	£20,000	£1,030	£6,518	£64,477	£120,078	£204,277	£1,743		
1932	200,000	381,039	101,813	26,841	17,008	30,000	1,241	17,773	89,340	73,852	201,886	1,583		
1933	200,000	308,672	111,721	22,288	14,041	15,000	2,025	27,925	76,828	111,050	193,998	1,489		
1934	207,000	270,288	94,611	20,824	14,109	95,000	486	14,142	46,116	140,353	167,297	1,414		
1935	207,000	323,711	135,304	34,963	44,578	...	2,555	48,080	74,512	177,176	185,528	1,200		

English, Scottish & Australian Bank, Limited

Head Office: 5 GRACECHURCH ST., E.C.3
and 379 Branches and Agencies throughout Australia.

Subscribed Capital - £5,000,000
Paid-up Capital - £3,000,000
Further Liability of Proprietors £2,000,000
Reserve Fund - £1,665,000
Special Currency Reserve - £1,585,000

Board of Directors:

ANDREW WILLIAMSON, Esq., Chairman.
C. L. BAILLIEU, Esq., C.M.G. SIR GEORGE SCHUSTER, K.C.S.I., K.C.M.G., C.B.E., M.C.
LORD HUNSDON. SIDNEY M. WARD, Esq.
E. M. JANION, Esq. SIR FREDERICK W. YOUNG.

Manager & Secretary—A. A. SHIPSTON

Asst. Mgr.—F. C. HOUNSFIELD Sub-Mgr.—J. JAMIE
Accountant—R. J. ALLEN

Bankers: Bank of England: Westminster Bank Limited

Chief Office in Australia:

COLLINS STREET, MELBOURNE

Drafts issued on the Branches and Agencies of the Bank throughout Australia. Circular Letters of Credit and Travellers' Cheques issued. Remittances made by Telegraphic Transfer. Bills Negotiated or forwarded for Collection. Wool and Produce Credits arranged. Banking and Exchange Business of every description transacted with Australia.

National Central Savings Bank of Hungary

UNGARISCHE LANDES CENTRAL SPARKASSA

Budapest IV
Deák Ferenc-utca 7

Cable Address: MOKTAR

Foreign Department:

'Phone: Budapest Automat 1-825-18

Established 1872

Every description of Banking Business transacted. Compensation transactions in connection with exports and imports. Our foreign department furnishes all kinds of information

Sale and payment of Pengoe Travellers' Cheques

Eleven Branches in Budapest, and Branches in Debrecen, Miskolc and Diösgyör

Exchange Offices:

Central [Exchange Office, Limited, Budapest, IV. Apponyi-tér 1, and V. Szabadság-tér 3 (opposite the Stock Exchange Building), and

Central Wechselstuben A.G. Niederlassung
Vienna, I. Kärntnerstrasse 43

The NATIONAL BANK of NEW ZEALAND

Estd. 1872

Limited

DIRECTORS:

SIR AUSTIN E. HARRIS, K.B.E. (CHAIRMAN).
THE RIGHT HON. LORD BALFOUR OF BURLEIGH.
THE RIGHT HON. VISCOUNT HAMPDEN, G.C.V.O., K.C.B., C.M.G.
SYDNEY PARKES, Esq.
RICHARD DURANT TROTTER, Esq.
SIR THOMAS M. WILFORD, K.C.M.G., K.C.
ARTHUR WILLIS, Esq.

HEAD OFFICE: 8 MOORGATE, LONDON, E.C.2.
(Manager & A. O. Norwood.)

CHIEF OFFICE IN NEW ZEALAND: WELLINGTON,
(General Manager: Sir James Grose.)

Subscribed Capital - £6,000,000
Paid-up Capital - £2,000,000
Reserve Fund - £1,000,000
Currency Reserve - £500,000

The Bank conducts every description of banking business connected with New Zealand.

Increase your Trade with Australia, New Zealand and Pacific Islands

The Bank of New South Wales through its 771 Branches is in a position to assist business men in their trade with above countries. Facilities include:—Letters of Credit; Negotiation and Collection of Bills; Forward Exchange Quotations; Issuing Drafts and Making Mail and Cable Transfers; Dealings in all Currencies, etc. Full details of the Bank's services may be obtained from the London Offices.



HEAD OFFICE, SYDNEY, AUSTRALIA

BANK of NEW SOUTH WALES

ESTABLISHED 1817

Incorporated in New South Wales with Limited Liability

(With which the Western Australian Bank and The Australian Bank of Commerce Limited are amalgamated)

AGGREGATE ASSETS, 30th September, 1935—£115,559,000

London Offices: 29 Threadneedle Street, E.C.2
47 Berkeley Square, W.1

CRÉDIT FONCIER D'ALGÉRIE ET DE TUNISIE

December 31	LIABILITIES						ASSETS						
	Capital and Reserves	Joint Account with Crédit Foncier de France*	Current and Deposit Accounts	Time Deposits	Correspondents and Creditors	Acceptances, etc.	Cash	Bills	Correspondents	Investments	Advances Against Securities	Current Accounts	Syndicates
1931	Francs 180,857,771	Francs 369,163,108	Francs 1,495,840,323	Francs 450,941,031	Francs 197,160,630	Francs 19,669,514	Francs 125,753,388	Francs 1,422,229,401	Francs 113,573,290	Francs 48,175,505	Francs 160,071,320	Francs 372,479,315	Francs 52,827,089
1932	181,599,425	515,524,320	1,780,897,540	354,742,839	147,494,253	24,348,563	130,716,841	1,409,397,838	80,112,086	51,200,704	253,556,937	408,284,414	49,228,373
1933	182,331,502	579,501,156	1,654,649,422	366,258,238	131,459,227	18,999,973	140,942,924	1,291,180,807	89,676,367	54,567,667	292,708,567	398,482,344	50,648,586
1934	183,068,368	595,831,784	1,580,675,010	306,401,920	149,499,240	17,791,300	104,759,970	1,207,413,112	68,546,708	53,062,950	365,985,185	358,352,824	48,805,225
1935	183,800,828	583,270,290	1,291,188,258	315,639,922	146,057,784	17,665,814	102,473,372	885,365,691	72,350,932	53,449,364	374,068,528	382,701,259	50,554,521

* Offset by equal assets.

CREDITO ITALIANO

At the annual general meeting held on March 31, 1936, it was decided to allocate the net profit of 29,122,486 lire and the profits of 7,825,142 lire brought forward from 1934, as follows:—to

ordinary reserve, 2,912,249 lire; to be set aside for depreciation of securities, 31,470,000 lire; to balance carried forward, 2,565,379 lire, making a total of 36,947,628 lire.

Dec. 31	LIABILITIES						ASSETS						
	Capital and Reserves	Deposits and Savings Accounts	Current Accounts	Acceptances on behalf of Customers	Cheques Outstanding	Sundry Creditors	Guarantees on Account of Customers	Cash in Hand and at Call	Bills Receivable	Loans Against Collateral	Current Accounts	Investments	Sundry Debtors
1931...	Lire 800,000,000	Lire 1,140,188,624	Lire 5,324,674,020	Lire 176,425,118	Lire 181,843,218	Lire 72,885,375	Lire 393,020,307	Lire 383,158,121	Lire 4,031,229,736	Lire 392,959,811	Lire 1,909,573,061	Lire 580,153,068	Lire 299,082,034
1932...	800,000,000	1,232,374,346	4,884,842,563	144,007,819	166,965,491	69,697,910	359,066,894	410,902,892	3,876,254,898	298,513,506	1,725,732,096	639,633,096	251,083,224
1933...	800,000,000	1,501,758,150	4,390,802,673	127,323,950	174,184,457	59,467,515	228,747,147	470,708,132	4,022,483,618	232,613,241	1,128,024,849	791,913,451	109,170,550
1934...	802,989,372	1,538,498,598	4,211,070,341	117,098,788	156,658,020	74,567,442	228,446,542	539,885,887	3,877,522,182	105,740,834	1,371,342,958	752,186,576	180,739,120
1935...	805,880,040	1,498,886,161	4,260,164,875	8,395,220	202,811,189	106,490,493	200,846,798	559,269,560	3,880,283,243	67,754,803	1,525,338,167	714,103,677	86,544,535

CRÉDIT LYONNAIS

LIABILITIES							ASSETS					
Dec. 31	Capital and Reserves	Deposits at Call	Current Accounts	Accounts Payable after Collection	Acceptances	Fixed Deposits	Cash in Hand and at Banks	Discounts and French Treasury Bills	Loans and Advances	Current Accounts	Investments	Sundries
	Frs.	Frs.	Frs.	Frs.	Frs.	Frs.	Frs.	Frs.	Frs.	Frs.	Frs.	Frs.
1931	1,208,000,000	5,525,897,714	9,051,137,971	268,107,276	253,968,769	390,456,437	5,041,814,943	7,309,074,430	261,216,121	4,187,250,688	4,626,965	5,972,329
1932	1,208,000,000	5,687,803,452	8,385,089,612	227,954,483	169,497,325	341,340,339	5,440,409,976	7,103,757,424	258,627,124	3,310,108,484	4,508,942	347,265,584
1933	1,208,000,000	5,769,745,457	7,989,895,845	199,911,092	124,193,914	308,852,222	4,526,697,834	7,803,462,344	370,686,954	2,978,720,540	4,636,019	372,462,789
1934	1,208,000,000	5,267,941,710	8,778,734,225	177,842,035	58,128,610	356,342,811	2,809,468,577	7,640,960,454	385,709,486	3,088,604,245	4,077,402	347,722,174
1935	1,200,000,000	4,851,798,609	5,881,350,423	161,258,089	73,556,677	154,293,702	1,963,606,180	7,424,110,862	332,660,222	2,680,988,595	3,766,973	343,935,035

GUARANTY TRUST COMPANY OF NEW YORK

Dec. 31	LIABILITIES						ASSETS						
	Capital and Surplus Fund	Un-divided Profits	Accrued Interest, Misc. Accounts, etc.	Acceptances	Deposits	Out-standing Cheques	Cash in Hand and with Banks	U.S. Govt. Securities	Notes of R.F.C.	Other Securities	Loans and Bills Purchased	Real Estate Bonds and Mortgages	Accrued Interest and Accounts Receivable
1931.....	\$ 280,000,000	\$ 24,959,038	\$ 8,112,103	\$ 96,715,795	\$ 1,025,049,551	\$ 44,972,365	\$ 257,806,419	\$ 274,349,207	\$...	\$ 85,082,077	\$ 778,505,669	\$ 1,445,273	\$ 14,554,843
1932.....	280,000,000	11,233,494	6,512,829	85,968,777	1,018,987,670	19,810,548	197,891,874	527,071,010	...	112,618,493	456,157,498	2,391,701	14,322,480
1933.....	280,000,000	7,985,636	5,708,549	106,189,769	994,126,731	25,455,921	202,490,022	393,785,190	29,637,838	107,121,584	541,914,198	2,393,977	14,071,405
1934.....	280,000,000	7,294,720	10,267,571	94,908,218	1,237,089,329	22,975,118	333,576,269	464,507,036	20,000,000	96,053,087	579,712,918	2,579,303	13,821,691
1935.....	280,000,000	7,368,412	15,076,421	71,334,590	1,485,303,641	28,627,522	620,600,528	474,466,017	...	80,907,459	592,238,764	2,990,699	13,547,352
June 30/36	280,000,000	7,649,440	22,647,310	83,508,430	1,545,500,495	93,102,502	443,872,937	813,381,632	...	78,142,905	558,034,466	2,481,282	13,413,434

SOCIÉTÉ GÉNÉRALE

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ESTABLISHED 1864

(Incorporated in France with Limited Liability)

SUBSCRIBED CAPITAL - - - - - Frs. 625,000,000
PAID-UP CAPITAL - - - - - Frs. 322,267,000
RESERVE FUND & UNDIVIDED PROFITS - - - - - Frs. 417,465,396
DEPOSITS (31st December, 1935) - - - - - Frs. 8,815,078,627

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HAMBROS BANK, LIMITED

The directors' report for the year ending March 31, 1936, shows that after payment of all expenses, making provision for rebate on bills discounted, bad and doubtful debts, and income tax, the accounts show a profit of £339,784. Deducting the directors' remuneration of £14,961, and adding the balance brought forward from last year of £94,192, there remains an available total of £419,014. After transferring £170,000 to contingency reserve account and allowing the sum of £50,375 for interim dividend

on the £10 shares and £9,390 for interim dividend on the £1 "A" shares paid on October 31, 1935, the directors now recommend the payment of a further dividend of 11½ per cent., less income tax, on the £10 shares, making a total of 18 per cent. for the year, less income tax, and a further dividend of 3 per cent., less income tax, on the £1 "A" shares, making a total of 6 per cent. for the year, less income tax, and that the balance of £92,502 be carried forward.

March 31	LIABILITIES				ASSETS				
	Capital and Reserves	Profit and Loss Account	Current, Deposit and Other Accounts	Acceptances	Cash in Hand, at Bankers and at Call	Bills of Exchange	Investments	Loans, Advances and Other Accounts	Premises
1932	£ 2,400,000	£ 187,696	£ 10,651,788	£ 9,202,701	£ 4,450,657	£ 1,526,404	£ 2,943,241	£ 3,867,259	£ 453,487
1933	2,400,000	189,543	10,643,073	7,825,292	3,276,042	1,543,721	3,404,969	3,556,473	453,487
1934	2,400,000	190,695	12,863,548	10,179,976	3,366,624	2,552,497	4,555,051	4,529,106	453,487
1935	2,400,000	192,617	13,564,998	10,940,561	4,083,332	2,272,481	4,618,411	4,732,886	453,487
1936	2,800,000	189,339	14,523,037	10,031,923	4,859,083	2,976,793	4,903,012	4,776,978	...

THE HONGKONG AND SHANGHAI BANKING CORPORATION, LIMITED

The directors report that the net profits for the year ending December 31, 1935, together with \$3,294,701 balance brought forward from last account, after paying all charges, deducting interest paid and due, and making provision for bad and doubtful accounts and contingencies, amount to \$15,383,543. They recommend writing off bank premises account the sum of \$1,000,000, in addition to a transfer already made from allocations accumulated in previous years for a contingency which

has now become non-existent. After deducting \$1,000,000, the interim dividend of £2 10s. per share, paid on August 12th last, viz.: £400,000 at 2s. 2½d.—\$3,622,641, and remuneration to directors, there remains for appropriation \$10,699,860, out of which the directors recommend the payment of a final dividend of £3 per share, viz., £480,000 which, at 1s. 3½d., the rate of the day, will absorb \$7,372,800. The balance \$3,327,060 to be carried to new profit and loss account.

Dec. 31	LIABILITIES						ASSETS					
	Capital and Reserves	Notes in Circulation	Current Accounts	Fixed Deposits	Bills Payable	Acceptances	Profit and Loss Account	Cash	Bullion in Hand and in Transit	British Government, Indian, Colonial and other Securities	Discounts, Loans and Credits	Bills Receivable, etc.
1931...	\$ 120,434,783	\$ 129,235,330	\$ 558,024,701	\$ 215,456,693	\$ 15,073,578	\$ 1,090,711	\$ 10,599,772	\$ 141,758,661	\$ 72,648,225	\$ 244,227,624	\$ 432,236,333	\$ 138,293,739
1932...	134,000,000	137,449,255	694,379,175	237,258,655	15,659,063	2,484,897	12,619,033	203,097,871	130,373,972	289,987,610	439,250,174	148,981,297
1933...	119,784,173	146,535,175	666,364,833	207,588,822	13,728,117	2,860,122	11,592,944	217,695,778	166,864,943	229,569,958	388,313,575	144,490,831
1934...	108,097,561	138,946,215	504,204,989	179,192,461	9,690,000	4,916,689	9,914,213	137,918,708	177,390,735	194,414,110	318,955,251	92,248,247
1935...	129,840,000	119,010,770	568,131,918	208,027,823	12,424,354	2,366,587	11,699,860	154,181,307	41,909,294	262,233,304	435,863,291	132,776,563

THE SUMITOMO BANK, LIMITED

(INCORPORATED IN JAPAN).
Head Office: OSAKA, JAPAN

Capital Subscribed - - - - - Yen 70,000,000.00
Capital Paid-up - - - - - Yen 50,000,000.00
Reserve Fund - - - - - Yen 47,410,000.00

HOME OFFICES:—Fukuoka (2), Hiroshima (2), Kobe (2), Kokura, Kumamoto, Kure, Kurume (2), Kyoto (2), Moji, Nagoya (2), Niigata, Okayama, Oomori, Osaka (27), Shimonoseki, Tokyo (19), Wakamatsu, Wakayama, Yanai and Yokohama.
FOREIGN OFFICES:—Shanghai, London, New York, San Francisco, and Los Angeles.
AFFILIATED BANKS:—The Sumitomo Bank of California, Sacramento, California, U.S.A. The Sumitomo Bank of Hawaii, Honolulu, Hawaii, U.S.A. The Sumitomo Bank of Seattle, Seattle, Washington, U.S.A.

OFFICES IN PACIFIC LINES:—M.S. "Asama Maru," M.S. "Chichibu Maru" and M.S. "Tatsuta Maru."
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GENERAL BANKING AND EXCHANGE BUSINESS.

London Office: 67 BISHOPSGATE, E.C.2.

Telephone: London Wall 4955 (2 lines).

Cable Address: "Sumitbank, London."

THE MITSUI BANK, LIMITED

(The oldest Banking Institution in Japan—Founded in 1683)

Capital subscribed - - - - - Yen 100,000,000.00
Capital paid-up - - - - - Yen 60,000,000.00
Reserve Fund - - - - - Yen 59,800,000.00
Deposit - - - - - Yen 824,777,837.96

Head Office: TOKYO, JAPAN

Home Branches:
Fukuoka, Hiroshima, Kobe, Kyoto, Moji, Nagoya (2), Osaka (5), Otaru, Wakamatsu, Tokyo (2), Yokohama.

Foreign Branches:
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General Banking and Exchange Business

London Office: WINCHESTER HOUSE, OLD BROAD STREET, E.C.2

TELEPHONE: LONDON WALL 3221
3222, 4239

CABLE ADDRESS: "MITSUIGINK, LONDON"

THE IMPERIAL BANK OF IRAN

The profits for the year ended March 20, 1936, after making provision for expenses of management, general charges in London and at chief office and branches, income tax, and bad and doubtful debts, amount to £75,786, to which has to be added £49,818 brought forward from last account, making a total of £125,604. The assets and liabilities of the branches in Iran have been converted at the rate of exchange of Rials 80 per £ sterling,

being the rate on March 20, 1936. The rate last year was Rials 66. The directors now recommend payment of a final dividend of 7s. per share, and a bonus of 2s. per share, making with the interim dividend of 4s. per share a total for the year of 13s., free of income tax. It is also proposed to add £10,000 to reserve, which is thereby increased to £740,000, and to carry forward £50,604.

LIABILITIES						ASSETS				
March 20	Capital and Reserves	Current and Fixed Deposits, etc.	Bills Payable, Provision for Contingencies, Endorsements, etc.	Acceptances, etc.	Profit and Loss Account	Cash in Hand, at Bankers, at Call, and Short Notice, and Bullion	British Government and Other Securities	Discounts, Loans, Advances, etc.	Bills Receivable	Premises
1931	1,520,800	2,895,227	1,897,244	103,937	87,893	3,030,434	3,306,309	1,010,285	532,154	2,963
1932	1,540,000	2,555,647	1,379,834	80,420	91,087	2,256,089	3,354,209	846,933	514,282	8,520
1933	1,560,000	2,730,969	1,551,180	150,622	91,889	1,059,772	3,545,805	989,787	450,910	7,744
1934	1,570,000	3,128,793	1,655,914	278,159	94,058	1,053,273	3,467,919	1,268,583	653,617	5,873
1935	1,580,000	3,065,478	2,009,720	620,325	94,818	1,278,923	3,552,066	1,222,183	694,194	2,670
1936	1,580,000	3,587,912	1,827,578	970,266	95,604	1,102,424	3,259,738	2,082,757	654,581	1,592

INTERNATIONAL BANKING CORPORATION

LIABILITIES									ASSETS				
December 31	Capital and Surplus	Undivided Profits	Deposits	Notes in Circulation in China	Items in Transit with Branches	Acceptances	Reserves	Other Liabilities	Cash and Due from Banks and Bankers	Loans, Discounts and Advances	Bonds and Securities	Customers' Liability Account of Acceptances	Other Assets
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
1931	5,000,000	4,826,400	9,311,882	1,678,014	76,773	1,817,609	798,408	11,062	11,603,503	4,132,835	5,820,815	1,817,609	145,385
1932	5,000,000	4,836,481	6,244,083	1,419,381	150,449	930,131	1,640,499	3,015	5,748,305	2,681,598	10,867,509	969,169	57,449
1933	5,000,000	3,166,032	7,563,124	980,957	154,112	1,476,486	4,305,554	3,456	6,688,912	3,069,323	11,423,031	1,397,254	71,181
1934	5,000,000	3,223,533	11,325,714	679,979	396,893	1,558,770	4,403,135	2,192	10,057,749	3,510,676	11,416,678	1,526,438	78,675
1935	6,000,000	2,173,144	12,044,103	453,671	213,944	3,076,316	406,064	2,466	9,285,434	4,792,330	7,166,085	3,067,000	88,889

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SIR PETER BARK, G.C.V.O. (Managing Director)

E. W. H. BARRY, Esq.

JULIAN DAY, Esq., M.C.

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IONIAN BANK, LIMITED

ESTABLISHED 1839

CAPITAL AUTHORISED - - - £1,000,000 | RESERVE FUND - - - £100,000
CAPITAL PAID UP - - - £600,000 | TOTAL ASSETS - - - £4,325,163

HEAD OFFICE: 25/31 Moorgate, LONDON, E.C.2

EGYPT:
Central Office—ALEXANDRIA
8 Branches and Agencies

GREECE:
Central Office—ATHENS
31 Branches and Agencies

CYPRUS:
Central Office—NICOSIA
4 Branches and Agencies

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Head Office: ATHENS

(Incorporated in Greece with Limited Liability)

Paid-up Capital and Reserves, Drs. 176,000,000

With 117 offices, in all the principal towns in Greece, Egypt and Cyprus, the Bank extends Facilities for Export and Import Trade between Great Britain and the Near East generally.

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ESTABLISHED IN 1899

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Organised to act as Correspondents for Foreign Banks

IONIAN BANK, LIMITED

The directors' report for the year ended August 31, 1935, shows a net profit of £12,079, to which has to be added balance brought forward from last accounting year £14,567, leaving available for distribution £26,646. This, the directors propose,

should be disposed of as follows: Dividend for the year at 2s. per share, subject to income tax, £12,000; leaving a balance to be carried forward of £14,646.

LIABILITIES

ASSETS

August 31	Capital and Reserves	Current and Deposit Accounts, Outstanding Advances, Letters of Credit, etc.	Bills Payable	Profit and Loss	Cash in Hand, at Bankers, in Transit	Balances with Banking Correspondents	Investments	Bills receivable	Loans and Advances, Outstanding Advances, Exchange Contracts, etc.	Liability of Customers for Acceptances	Mortgaged Property in Possession	Premises
1931	700,000	3,865,916	94,903	20,703	478,148	138,348	1,256,458	517,538	2,161,908	121,822	13,447	222,878
1932	700,000	2,934,099	236,851	23,795	592,281	52,644	1,073,400	159,040	1,883,512	99,492	32,442	219,260
1933	700,000	2,927,052	36,907	28,825	620,243	78,282	952,476	182,365	1,696,478	118,364	43,128	218,085
1934	700,000	3,329,365	103,078	28,567	533,558	39,132	871,048	433,998	2,125,437	204,449	42,407	217,990
1935	700,000	3,269,850	40,706	28,646	414,365	33,285	851,946	601,318	1,990,124	182,131	34,002	217,992

ITALO-BELGIAN BANK

The directors report for the year ended June 30, 1935, states that the net profit was Frs. 9,114,912, which, together with the balance of Frs. 10,186,128 makes a total of Frs. 19,305,040. They propose to pay a dividend of 8 per cent. per annum net

free of Belgian tax, Frs. 8,000,000; directors' fees, Frs. 617,837; provisions for taxes, Frs. 400,000; and to carry forward the balance of Frs. 10,287,203.

LIABILITIES

ASSETS

June 30	Capital and Reserves	Current and Deposit Accounts	Bankers and Correspondents	Bills Payable	Re-discount on Bills	Depositors and Sundry Accounts	Cash in Hand and with Bankers	Bills Receivable	Investments	Bankers and Correspondents	Current Accounts	Premises
1931	Frs. 200,000,000	Frs. 1,144,680,827	Frs. 895,605,218	Frs. 229,782,471	Frs. 3,779,892	Frs. 3,238,293,339	Frs. 363,148,384	Frs. 859,376,313	Frs. 83,095,712	Frs. 353,375,827	Frs. 813,047,944	Frs. 21,000,000
1932	200,000,000	771,431,755	333,483,407	97,446,145	1,055,821	1,718,593,735	207,609,034	389,598,548	30,022,101	281,971,020	493,466,722	21,000,000
1933	200,000,000	700,876,198	182,381,823	83,851,796	1,109,644	2,597,424,544	203,520,741	386,999,774	25,366,016	220,728,939	329,280,207	21,000,000
1934	200,000,000	682,184,881	192,243,586	46,148,864	1,183,393	2,290,128,504	211,692,091	391,912,133	25,237,985	204,691,735	286,132,415	21,000,000
1935	200,000,000	712,870,234	88,814,177	95,664,121	568,320	2,634,664,453	196,303,690	281,631,241	25,514,656	242,403,450	350,547,358	21,000,000

THE LONDON AND EASTERN TRADE BANK, LIMITED

The directors' report for the year ended September 30, 1935, shows a loss of £5,782, to which must be added the balance brought forward from last year £276,893 and the additional

provision for doubtful debts and depreciation of securities £56,497, making a total of £339,172 to be carried forward to next year.

LIABILITIES

ASSETS

September 30	Capital	Current Deposit and Other Accounts	Acceptances	Guarantees, Rediscouints, etc.	Cash in Hand and at Bankers in London	Money at Call	Discounts	Securities	Loans, Overdrafts, etc.	Profit and Loss Account
1931*	£600,000	£1,004,796†	£1,200,950	£132,096	£204,705‡	£650,000	£14,114	£81,177	£889,999	£35,200
1932†	600,000	251,287	92,951	80,397	46,859	70,000	...	19,411	485,094	— 199,393
1933	600,000	169,957	52,191	130,557	46,965	75,000	...	35,924	344,241	— 245,337
1934	600,000	152,859	17,503	39,157	76,684	35,000	11,859	63,363	256,101	— 276,894
1935	600,000	158,785	8,488	29,598	111,688	20,000	2,246	64,330	209,378	— 339,172

* June 30th.

† For 15 months.

‡ Including £100,000 Treasury bills.

THE MITSUI BANK, LIMITED

LIABILITIES

ASSETS

December 31	Capital and Reserves	Deposits	Due to Foreign Banks	Liabilities under L/C, etc.	Interest Accrued on Deposits	Rebate on Bills not Due	Cash in Hand and at Bankers	Money at Call and Short Notice	Govt., Municipal and other Bonds	Loans and Discounts	Foreign Bills purchased	Due from Foreign Banks	Capital Uncalled	Premises
1931	Yen 150,800,000	Yen 687,443,079	Yen 15,941,401	Yen 3,547,241	Yen 6,871,747	Yen 2,103,537	Yen 58,310,094	Yen 17,150,000	Yen 189,325,834	Yen 434,993,809	Yen 33,823,053	Yen 33,501,285	Yen 40,000,000	Yen 16,473,750
1932	151,800,000	687,648,845	17,169,435	8,428,738	7,045,349	2,776,412	49,045,968	42,660,000	235,579,197	429,888,703	62,776,945	7,084,356	40,000,000	15,061,961
1933	153,800,000	715,288,952	17,803,730	10,418,911	7,020,534	2,369,698	55,485,939	42,640,000	281,047,837	409,395,376	67,438,154	3,982,277	40,000,000	14,219,501
1934	155,800,000	748,556,286	8,440,426	4,721,761	7,480,426	1,948,548	56,608,695	35,510,000	218,948,210	383,834,027	89,275,354	2,980,434	40,000,000	14,261,777
1935	157,800,000	796,293,049	19,098,263	9,234,652	5,966,671	2,092,741	55,985,859	29,630,000	338,209,571	451,788,280	63,540,862	3,154,919	40,000,000	14,882,181
June 30, 1936	158,800,000	824,777,838	12,231,426	12,834,053	7,511,397	1,866,757	60,834,997	52,540,000	341,831,099	437,179,938	66,648,618	4,622,644	40,000,000	14,372,616

THE MITSUBISHI BANK, LIMITED

LIABILITIES

ASSETS

December 31	Capital and Reserves	Deposits	Acceptances and Guarantees	Interest accrued on Deposits	Cash on Hand and in Banks	Money at Call and Short Notice	Government, Municipal and other Bonds	Stocks and Shares	Discounts and Loans	Foreign Bills Purchased	Due from Foreign Banks	Money in Trust	Capital Uncalled	Premises, etc.
1931	Yen 134,180,325	Yen 609,451,616	Yen 3,332,001	Yen 6,399,587	Yen 34,018,895	Yen 11,232,727	Yen 250,432,240	Yen 35,005,780	Yen 339,324,581	Yen 20,607,280	Yen 15,538,141	Yen 2,278,380	Yen 37,500,000	Yen 15,024,532
1932	136,743,725	640,378,987	1,589,417	6,835,618	47,016,643	52,990,000	272,554,158	32,319,980	317,705,251	10,462,187	7,141,367	2,592,777	37,500,000	14,978,560
1933	141,185,735	661,368,857	2,007,213	7,067,161	53,427,347	54,965,880	180,334,291	184,169,733	274,278,306	22,281,570	3,875,661	3,013,080	37,500,000	16,226,498
1934	145,786,210	722,648,160	4,802,162	5,388,816	54,938,773	44,369,302	389,075,672	34,449,142	265,344,161	38,293,286	5,011,879	3,487,913	37,500,000	15,804,056
1935	145,786,210	722,648,160	4,802,162	5,388,816	54,938,773	44,369,302	389,075,672	34,449,142	265,344,161	38,293,286	5,011,879	3,487,913	37,500,000	15,804,056

THE NATIONAL BANK

LIMITED

ESTABLISHED 1835

CAPITAL SUBSCRIBED £7,500,000

RESERVE FUND - £1,110,000

CAPITAL PAID-UP £1,500,000

DEPOSITS (30.6.36) £37,716,000

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INCOME TAX MATTERS DEALT WITH ON BEHALF OF CUSTOMERS
EXECUTOR AND/OR TRUSTEESHIPS UNDERTAKEN

The Bank has been a member of the London Bankers' Clearing House for over three-quarters of a century

HEAD OFFICES: 13-17 OLD BROAD STREET, LONDON, E.C.2

and 272 Branches and Sub-Offices in Great Britain and Ireland.

AGENTS AND CORRESPONDENTS THROUGHOUT THE WORLD



World-wide facilities
for banking business of
every description

EXECUTORSHIPS
AND TRUSTEESHIPS UNDERTAKEN

WILLIAMS DEACON'S
BANK LTD.

MEMBERS OF THE LONDON BANKERS' CLEARING HOUSE

Principals
London Offices:
20 BIRCHIN LANE, E.C.3
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Principal
Manchester Offices:
MOSLEY STREET
ST. ANN STREET

ASSOCIATED BANK:
THE ROYAL BANK
OF SCOTLAND

STOCKHOLMS ENSKILDA BANK

AKTIEBOLAG

STOCKHOLM

Established in 1856

Capital: 100,000,000 Kronor

TELEGRAPHIC ADDRESS:
NITTON-STOCKHOLM

HEAD OFFICE:
STOCKHOLM 16

THE MOSCOW NARODNY BANK, LIMITED

LIABILITIES							ASSETS							
Dec. 31	Capital and Reserves	Current and Deposit Accounts	Correspondents of the Bank	Bills Redis-counted	Miscellaneous Creditors	Liabilities in respect of Guarantees	Cash at Banks on Current Accounts and in hand	Investments	Correspondents of the Bank	Bills Discounted	Advances	Miscellaneous Debtors	Bills for Collection	Premises
1931	2,070,000	787,597	1,285,616	1,296,684	146,497	3,018,961	943,843	331,268	931,898	1,653,188	2,377,918	9,990	998,799	6,127
1932	2,113,186	513,883	624,199	803,946	68,949	2,381,553	871,158	283,891	489,212	991,696	2,377,918	9,990	998,799	5,401
1933	2,083,186	500,925	676,273	808,507	67,228	2,210,396	1,558,541	302,130	143,710	308,507	2,286,413	7,913	821,320	4,837
1934	1,835,000	904,873	284,302	556,677	84,891	2,040,384	822,774	247,078	249,544	556,877	2,311,513	3,527	287,874	4,837
1935	1,835,000	669,819	191,818	11,119	37,227	1,550,388	820,536	...	192,624	11,708	1,600,000	116,785	11,531	5,448
June 30, '36	1,835,000	430,464	116,121	57,587	27,199	155,420	864,642	...	177,963	57,587	1,753,484	3,745	14,346	4,616

THE NATIONAL BANK OF EGYPT

The report for the year ending December 31, 1935, shows the following statement: Gross profit for the year, after providing for depreciation on the bank's buildings and furniture, for rebate of discount, and for doubtful debts, amounts to £906,529. After deducting from this for directors' fees £15,223, and for

current expenses £464,621, the remainder is divided between the statutory dividend of 4 per cent., amounting to £120,000, and an additional dividend of 11 per cent., amounting to £330,000. By adding the balance brought forward from last year, £230,299, there remains £206,984 to be carried forward.

LIABILITIES							ASSETS							
Dec. 31	Capital and Reserves	Current, Deposit and other Accounts	Egyptian Govt.	Sudan Govt.	Mixed Tribunals	Cheques and Bills Payable	Acceptances, etc.	Bankers' Accounts	Cash in Hand	Money at Call and Short Notice	Securities	Advances	Bills of Exchange	Bankers' Accounts
1931	£st. 6,000,000	£st. 17,151,677	£st. 2,826,381	£st. 200,482	£st. 1,669,840	£st. 203,192	£st. 873,214	£st. 1,195,285	£st. 2,398,927	£st. 1,680,000	£st. 14,435,023	£st. 8,428,934	£st. 1,249,751	£st. 297,397
1932	6,000,000	19,784,026	3,300,569	600,900	1,953,950	153,116	873,537	834,578	2,368,234	2,045,000	21,143,653	6,049,223	898,329	285,322
1933	6,000,000	18,658,956	3,487,435	871,196	1,821,116	161,069	1,406,311	682,988	2,208,045	2,065,000	19,198,622	5,493,730	2,418,151	441,140
1934	6,000,000	16,428,830	4,978,103	563,542	1,681,486	155,109	1,583,027	509,699	2,392,631	1,900,000	18,359,189	5,511,446	2,361,831	275,472
1935	6,000,000	21,855,049	6,220,582	958,364	1,810,345	229,140	1,107,923	1,103,622	2,551,852	1,955,000	23,826,189	7,150,069	2,400,016	467,060

THE NATIONAL CITY BANK OF NEW YORK

LIABILITIES							ASSETS							
Dec. 31	Capital and Surplus	Undivided Profits	Reserves	Circulation	Liability as Acceptor, Endorser or Maker on Acceptances and Bills	Deposits	Cash and Due from Banks and Bankers	U.S. Govt. Obligations	State, Municipal and other Bonds and Securities	Loans, Discounts and Bankers' Acceptances	Customers' Liability Account of Acceptances	Stock in Federal Reserve Bank and Ownership of International Banking Corp.	Items in Transit	Premises
1931...	\$ 214,000,000	\$ 11,347,466	\$ 47,203,843	\$...	\$ 166,721,252	\$ 1,418,702,860	\$ 358,194,606	\$ 250,611,951	\$ 115,378,425	\$ 913,237,064	\$ 128,849,743	\$ 14,800,000	\$ 9,846,619	\$ 61,523,248
1932...	200,000,000	5,454,098	36,795,206	2,000,000	71,633,555	1,299,377,710	300,619,219	384,536,876	173,179,979	619,791,302	68,296,877	14,600,000	10,349,480	59,842,065
1933...	157,500,000	5,087,506	8,213,694	25,000,000	73,878,590	1,117,159,221	384,531,932	228,936,154	131,195,652	497,027,471	68,838,596	14,600,000	20,000,542	56,653,629
1934...	157,500,000	8,273,298	10,576,359	...	65,779,526	1,394,604,308	450,285,755	431,938,339	135,518,004	482,834,614	56,878,257	14,600,000	3,377,340	58,162,279
1935...	157,500,000	10,644,279	16,111,607	...	57,444,517	1,652,398,244	527,491,424	510,764,888	179,786,459	547,223,821	30,634,183	12,725,000	10,670,332	54,215,505
Jun. '36	170,000,000	10,805,481	13,595,005	...	45,432,421	1,730,019,147	482,847,279	622,644,698	207,744,142	551,930,592	25,024,316	12,725,000	13,352,403	53,583,624

OTTOMAN BANK

LIABILITIES							ASSETS							
Dec. 31	Capital and Reserves	Notes in Circulation	Bills Payable and Sight Drafts	Current Accounts of Sundries	Deposits for Fixed Terms	Acceptances	Profit and Loss Account	Cash in Hand and at Banks	Money at Call and Notice	Bills receivable	Investments	Current Accounts of Sundries	Advances on Securities	Premises
1931	£ 6,250,000	£ 417,754	£ 235,788	£ 13,089,367	£ 1,593,486	£ 1,322,101	£ 100,854	£ 6,082,423	£ 479,375	£ 6,004,479	£ 1,664,964	£ 4,929,875	£ 1,864,645	£ 661,488
1932	6,250,000	883,867	265,665	11,224,164	1,718,663	1,017,167	100,338	3,928,108	1,533,791	5,601,522	2,109,609	4,315,254	1,817,859	637,554
1933	6,250,000	862,302	260,136	11,655,549	1,486,303	787,087	102,159	4,291,754	1,136,040	5,558,002	1,471,545	5,111,137	1,897,918	637,054
1934	6,250,000	374,991	265,293	12,395,128	1,512,748	637,755	104,542	3,801,705	1,203,307	5,674,154	1,973,088	5,304,790	2,316,722	628,307
1935	6,250,000	351,418	252,955	12,849,731	1,639,177	587,656	104,764	3,806,526	872,678	4,740,036	2,897,728	6,286,767	2,256,222	618,077

SOCIÉTÉ BELGE DE CRÉDIT INDUSTRIEL ET COMMERCIAL ET DE DÉPÔTS

LIABILITIES					ASSETS								
December 31	Capital and Reserves	Deposit and Current Accounts	Profit and Loss	Other Accounts	Cash	Due from other Banks	Bills receivable	Coupons for Collection	Current Accounts	Sundry Assets	Loans and Advances	Uncalled Capital	Premises
	Frs.	Frs.	Frs.	Frs.	Frs.	Frs.	Frs.	Frs.	Frs.	Frs.	Frs.	Frs.	Frs.
1931	28,500,000	103,767,118	2,006,816	403,249	3,136,659	21,278,096	74,445,187	83,607	6,950,067	3,813,038	10,433,330	13,507,200	1,030,286
1932	28,700,000	98,688,097	2,029,433	425,512	2,638,786	26,885,863	61,899,956	118,942	11,709,089	2,619,500	9,706,799	13,391,200	1,024,533
1933	28,900,000	97,130,202	1,768,745	424,708	3,594,492	18,716,157	70,484,022	226,366	8,456,557	2,574,503	9,743,542	12,895,200	1,022,140
1934	28,900,000	74,422,863	1,722,111	140,658	1,706,810	17,685,154	44,190,350	368,474	8,606,291	7,645,895	15,578,901	12,873,600	1,019,982

PROVINCIAL BANK OF IRELAND LTD.

ESTABLISHED 1825

Subscribed Capital - £4,080,000
Paid-up - £540,000
Divided into 500,000 Shares of £8 each, £1 paid; and 40,000 Shares of £2 each, £1 paid
Reserve Fund - £505,000

DIRECTORS:

RICHARD DURANT TROTTER, Esq., Chairman
Hon. DAVID FRANCIS BRAND
G. BROCK, Esq., F.C.A.
JOHN CHARLES DENTON CARLISLE, Esq.
JAMES MARMION CARROLL, Esq.
JOHN WM. FREEMAN, Esq.
Hon. Sir WILLIAM HENRY GOSCHEN, K.B.E.
HENRY SAMUEL HOWARD GUINNESS, Esq.
ALEXANDER BRODRICK LESLIE-MELVILLE, Esq.

Head Office: 8 THROGMORTON AVENUE, LONDON, E.C.2.

Telephone: Metropolitan 0311 Secretary's Office
Metropolitan 0323

Secretary: FRANCIS S. FORDE Assistant Secretary: GEORGE A. KENNEDY Manager: F. W. BROWN

128 Branches and Sub-Branches throughout Ireland

Chief Officer in Ireland: PATRICK BOURKE

CORRESPONDENTS AND AGENTS. The Bank has Correspondents and Agents throughout the British Isles and in all parts of the world, and conducts Overseas business of all kinds, including Collection of Foreign Bills and Cheques.
CURRENT ACCOUNTS OPENED; DEPOSITS RECEIVED, and general Banking business transacted.
INCOME TAX. Claims for recovery and for adjustment of Income Tax undertaken.
DIVIDENDS, ANNUITIES, COUPONS, etc., collected. Duties of Executor and Trustee undertaken.

THE BANK OF ADELAIDE

(Incorporated with Limited Liability in Australia)
EST. 1865

Paid-up Capital - £1,250,000
Reserve Fund - 1,000,000
Reserve Liability of Shareholders - £2,250,000
£3,500,000

Head Office: Adelaide, South Australia
MELBOURNE OFFICE: 267, COLLINS STREET
SYDNEY OFFICE: 279, GEORGE STREET
BRISBANE OFFICE: 305, QUEEN STREET
PERTH (Western Australia) OFFICE: ST. GEORGE'S TERRACE
FREMANTLE OFFICE: 78/80, HIGH STREET

London Office:
11, LEADENHALL STREET, E.C.3

Bills on Australia purchased or collected.
Drafts and Letters of Credit issued, and Remittances cabled. Accounts opened in Australia for Overseas Banks. Every other description of Banking and Exchange business transacted.
Enquiries regarding Australian Trade invited.
A. BUTTERWORTH, Manager

THE
PIONEER LIFE
ASSURANCE COMPANY LTD.

Chief Offices:
31 Dale Street, LIVERPOOL

Established
1891

Funds Exceed:
£900,000
Claims Paid Exceed:
£1,800,000

THE
MOSCOW NARODNY
BANK
LIMITED

(with which is amalgamated)
The Bank for Russian Trade Limited)
ESTABLISHED 1919

Head Office:
Thornton House, Finsbury Square,
London, E.C.2

Telegraphic Address:
NARODNY, LONDON
Telephone:
METRO 1686-7

SHANGHAI BRANCH:
Hamilton House, 170, Kiangse Road

Authorised Capital - £1,750,000
Capital Paid Up - £1,635,000
Reserve Fund - £200,000

All classes of Banking Business transacted in connection with Anglo-Russian Trade. Drafts, Letters of Credit, Mail and Telegraphic transfers, etc., effected on the principal places in the U.S.S.R. Correspondents and Agents in all the principal centres abroad.

SOCIÉTÉ GÉNÉRALE Pour Favoriser le Développement du Commerce et de l'Industrie en France

The directors' report for the year ended December 31, 1935, states that net profits amount to Frs. 60,575,621. It was proposed to declare a dividend of 5 per cent., i.e., of Frs. 12.50, on 1,210,932 shares half paid up, and Frs. 25 on 39,068 fully-paid shares, amounting to Frs. 16,113,350. A statutory payment of Frs. 3,508,727 to the directors and auditors leaves a surplus of Frs. 40,953,544, to which is added Frs. 27,134,853 carried forward from last year. A further dividend was proposed of Frs. 32.50, the same as last year, amounting to Frs. 40,625,000, leaving Frs. 27,465,396 to be carried forward.

LIABILITIES						ASSETS									
Feb. 28	Capital and Reserves	Cheque Accounts	Deposits for Fixed Periods	Sundry Current Accounts	Acceptances	Cash in Hand and at Banks	Bills and National Defence Bonds	Coupons for En-cashment and Contangoes	Advances on Security	Sundry Current Accounts	Govt. Stocks, Shares, etc., and Investments	Real Estate, etc.	Calls on Shares		
1932	1,012,000,000	3,423,532,301	429,532,400	7,708,170,357	137,391,056	3,925,238,177	5,071,021,168	99,241,559	385,710,081	2,952,753,374	59,841,634	71,397,039	303,990,250		
1933	1,015,000,000	3,513,988,754	291,974,500	7,299,725,069	127,127,852	2,619,219,032	6,339,384,793	103,186,513	377,014,590	2,575,958,501	60,430,088	71,397,039	303,990,250		
1934	1,015,000,000	3,166,382,818	284,678,800	6,360,311,378	128,235,636	1,923,118,908	5,139,786,824	157,057,541	446,999,158	2,833,347,773	62,267,488	71,397,039	303,990,250		
1935	1,015,000,000	3,151,589,247	257,045,500	6,215,399,734	73,097,007	2,175,894,472	5,025,683,238	184,067,765	434,555,687	2,548,240,651	59,566,795	71,381,788	302,955,000		
Dec 31 1935	1,015,000,000	2,769,754,206	254,149,000	5,791,175,422	106,200,601	1,899,654,145	4,645,216,991	142,313,613	518,992,213	2,430,560,762	52,759,716	71,381,788	302,738,000		

SOCIÉTÉ GÉNÉRALE DE CRÉDIT INDUSTRIEL ET COMMERCIAL

LIABILITIES						ASSETS									
Dec. 31	Capital and Reserves	Deposit Accounts	Current Accounts	Fixed Deposits	Acceptances	Transitory and Sundry Accounts	Cash in Hand and due from Other Banks	Bills Receivable and "Bons de la Défense Nationale"	Current Accounts	Advances Guaranteed	Transitory and Sundry Accounts	Investments	Shares of Affiliated Societies	Premises	
1931	170,000,000	380,000,527	631,897,323	301,280,021	39,420,905	23,270,775	230,426,470	1,079,002,729	135,715,621	95,238,587	2,229,873	54,599,827	105,892,693	20,000,000	
1932	170,000,000	449,187,159	1,062,568,459	498,103,335	25,279,823	17,537,343	246,592,122	1,465,450,397	147,397,190	94,624,792	5,785,583	54,982,703	106,017,068	20,000,000	
1933	170,000,000	409,354,199	790,473,674	338,577,312	55,411,698	16,520,450	242,772,829	960,574,094	181,983,260	97,998,177	10,842,496	54,386,395	106,028,622	20,000,000	
1934	170,000,000	398,643,487	695,141,557	342,557,532	29,598,148	19,896,060	185,894,759	901,703,540	207,533,427	82,567,753	12,836,153	53,797,255	109,143,630	20,000,000	
1935	170,000,000	351,676,889	768,130,772	287,663,984	24,420,409	20,655,360	210,859,567	771,028,745	231,476,340	104,763,108	14,353,246	52,095,283	109,425,950	20,000,000	

THE SUMITOMO BANK, LIMITED

The profit for the half-year ended December 31, 1935, amounts to Yen 4,623,278. To this sum has to be added Yen 4,443,268 brought forward from last half-year making a total of Yen 9,066,546. From this the directors propose to make the following distribution: To dividend, Yen 1,750,000; to bonus, Yen 150,000; to pension reserve, Yen 1,000,000; to reserve fund, Yen 1,500,000. The balance of Yen 4,666,546 is to be carried forward to the next half-year.

LIABILITIES						ASSETS									
December 31	Capital and Reserves and Pension Reserve	Deposits	Exchange Sold	Due to Other Banks	Foreign Credits, Acceptances and Guarantees	Accrued Interest, Unearned Discount, etc.	Cash in Hand	Money at Call and Short Notice	Securities	Discounts	Loans	Exchange Purchased	Bank Premises	Capital Unpaid	
1931	95,880,837	667,131,547	10,888,164	4,187,625	5,951,194	10,281,848	49,793,511	11,900,000	247,840,677	49,170,111	365,322,879	17,740,653	19,740,472	20,000,000	
1932	97,396,658	735,187,166	13,217,770	4,174,738	9,910,925	11,940,057	49,382,829	24,350,000	261,486,211	61,526,338	386,151,430	40,053,080	19,662,151	20,000,000	
1933	101,080,694	798,157,383	9,025,324	5,129,529	14,565,827	11,634,638	62,618,630	37,550,000	293,141,656	71,093,928	390,308,121	31,748,224	19,535,329	20,000,000	
1934	107,641,903	872,527,563	11,594,988	5,538,755	9,629,913	12,610,427	76,830,668	43,950,000	355,172,588	79,245,019	386,648,505	28,413,887	18,998,649	20,000,000	
1935	112,592,459	952,297,545	16,364,646	6,475,428	10,899,809	12,258,979	70,712,194	33,550,000	409,067,083	92,987,219	429,035,431	32,080,825	18,952,469	20,000,000	
June 30, 1936	114,914,178	970,008,992	18,685,183	4,438,747	13,570,088	12,585,421	61,752,310	30,300,000	421,245,051	85,817,091	457,197,212	31,449,800	18,687,484	20,000,000	

SWISS BANK CORPORATION

After deduction of expenses and taxes, and making provision for bad and doubtful debts, etc., the net profit for the year ended December 31, 1935, amounts to S.Fcs. 7,116,142, which together with the amount carried forward from last year, viz., S.Fcs. 1,139,943, makes a total of S.Fcs. 8,256,085. The board propose to pay a dividend of 4½ per cent. on the paid-up capital, which will absorb S.Fcs. 7,200,000, and to carry forward S.Fcs. 1,056,085.

LIABILITIES						ASSETS									
December 31	Capital	Reserves	Sight Deposits	Time Deposits	Fixed Deposits (obligations)	Acceptances	Profit and Loss	Cash	Banks and Bankers	Bills receivable	Advances	Govt. and other Securities	Syndicates	Bank Premises and other Property	
1931	180-0	53-0	596-9	341-9	247-4	57-5	13-6	354-1	142-0	228-8	639-2	72-0	15-3	18-0	
1932	180-0	53-0	597-6	258-2	243-4	17-8	11-8	319-3	105-7	240-0	578-0	68-6	13-0	18-1	
1933	180-0	53-0	573-6	217-8	224-1	20-0	10-9	290-2	112-6	184-6	576-5	64-5	13-0	18-1	
1934	180-0	39-0	476-5	246-9	243-6	24-2	8-3	244-5	84-1	213-4	576-2	51-6	10-6	18-1	
1935	180-0	32-0	437-6	205-4	175-6	25-2	8-2	117-1	108-6	161-6	554-2	71-7	10-5	20-0	

THE YOKOHAMA SPECIE BANK, LIMITED

The directors' report for the half-year ending December 31, 1935, shows that the net profit of the bank, after providing for all bad and doubtful debts, rebate on bills, etc., was Yen 16,760,937, inclusive of Yen 9,503,102 brought forward from last account. The directors propose that Yen 1,700,000 be added to the reserve fund, and recommend a dividend at the rate of 10 per cent. per annum, which will absorb Yen 5,000,000. The balance, Yen 10,060,937, will be carried forward to the credit of next account.

LIABILITIES						ASSETS									
Dec. 31	Capital and Reserve	Reserve for Doubtful Debts	Notes in Circulation	Deposits	Bills Payable, Discounts, Acceptances, etc.	Balance of Profit and Loss Brought Forward	Net Profit for Half-year	Cash in Hand	Cash at Bankers	Investments	Discounts, Loans, Advances, etc.	Bills Receivable, etc.	Bullion and Foreign Money	Premises and Properties	
1931	216,200,000	3,739,500	11,329,974	570,589,377	484,018,520	5,637,980	5,339,946	21,831,563	95,506,469	344,548,685	400,068,580	412,613,317	405,646	22,968,210	
1932	218,450,000	3,810,301	6,598,139	680,156,578	552,988,706	5,077,293	7,082,171	36,821,552	97,583,084	451,042,150	394,924,811	470,556,698	686,484	21,212,685	
1933	221,250,000	3,602,382	4,265,022	600,507,592	694,200,637	6,890,039	7,278,128	40,027,697	54,142,090	460,368,757	465,037,228	494,465,397	1,836,965	20,911,223	
1934	224,250,000	3,639,943	4,244,099	593,463,255	703,273,282	8,258,943	7,234,380	25,850,939	45,337,978	369,163,627	494,168,773	677,632,746	11,832,988	19,043,184	
1935	227,450,000	3,724,454	3,840,085	651,780,676	755,522,697	9,503,102	7,257,835	19,684,697	124,630,447	494,515,174	352,354,374	646,742,288	757,270	19,577,646	

THE BRITISH LINEN BANK

Incorporated by Royal Charter 1746

LONDON OFFICES:

City Office - - - 38 Threadneedle Street, E.C.2

West End Branch - - 198 Piccadilly, W.1

where accounts may be opened on usual London terms

Head Office: 38 St. Andrew Square, Edinburgh

Over 210 Branches throughout Scotland

THE FIRST BRITISH AMERICAN CORPORATION LIMITED

EUROPEAN CORRESPONDENTS OF
THE FIRST BOSTON CORPORATION, NEW YORK

3 LOMBARD STREET, LONDON, E.C.3

Telephone :
Avenue 4926 (6 Lines)Telegrams :
Firstcorp Stock, LondonCables :
Firstcorp, London

PAŃSTWOWY BANK ROLNY

(STATE LAND BANK)

Chairman: SEWERYN LUDKIEWICZ

General Manager: WACŁAW STANISZEWSKI Assistant General Managers: PIOTR BERDECKI, JÓZEF BOROWSKI

Head Office: Warsaw, POLAND

BRANCHES THROUGHOUT POLAND

Capital - - - - - Zlotys 100,000,000

Reserve Funds as at 1st January, 1936 - - - - - Zlotys 37,350,184

Balance-Sheet total as at 1st January, 1936 - - - - - Zlotys 1,950,375,515

Telegraphic Address: "CENTROPEBROL" for Head Office.
"PEBROL" for Branches.

The State Land Bank transacts every description of Banking business.
The Bank grants long term loans to small and medium-sized rural holdings and short term advances through the intermediary of local credit institutions.
The Bank's Mortgage Bonds and Land Improvement Debentures are guaranteed by the Polish Treasury.

HUNGARIAN GENERAL CREDITBANK

MAGYAR ÁLTALÁNOS HITELBANK.

Founded in
1867.

BUDAPEST—V. József-tér 3.

Telegrams :
"Credit."

Share Capital and Reserves - 70,200,000 pengő

Eight Branches in Budapest.

Branches in Baja, Debrecen, Eger, Győr, Kecskemét, Miskolc, Pécs, Sátorajauhely, Sopron, Székesfehérvár, Szekszárd, Brasov, Oradea, Timisoara, Fiume.

Banking business of all descriptions transacted.

Correspondents throughout the world.

NATIONAL DISCOUNT COMPANY, LIMITED

ESTABLISHED 1856.

35 CORNHILL, LONDON, E.C.3

Telegraphic Address: "NATDIS, STOCK, LONDON." Telephones: MANSION HOUSE 5241 (3 lines)

SUBSCRIBED CAPITAL - £2,153,335
PAID-UP CAPITAL - £1,000,000
RESERVE FUND - £1,000,000

DIRECTORS:

Col. The Hon. Sir SIDNEY PEEL, BART., C.B., D.S.O., Chairman
Lt.-Col. The Hon. GEORGE AKERS-DOUGLAS
The Hon. ARTHUR M. ASQUITH, D.S.O.
FRANCIS GOLDSMITH
FREDERICK W. GREEN
H. S. H. GUINNESS
Sir SIGISMUND F. MENDEL, K.B.E.
Sir CHARLES D. SELIGMAN

Manager—FRANCIS GOLDSMITH

Sub-Manager—ROBERT E. de B. BATE

Asst. Sub-Manager—HARRY R. W. BROWN

Chief Accountant & Secretary—SEYMOUR S. JOHNSON

Registrar—GERALD H. ELLIARD.

Auditors:

PRICE, WATERHOUSE & Co.

Bankers:

BANK OF ENGLAND
NATIONAL PROVINCIAL BANK, LIMITED

Treasury Bills, Bank and Mercantile Bills negotiated.
Money received on Deposit at Call and Short Notice at the Current Market Rates of Interest, and for longer periods upon specially agreed terms.

Loans granted upon approved securities.

All communications to be addressed to the Manager.

The Hongkong and Shanghai Banking Corporation

(Incorporated in the Colony of Hongkong. The liability of members is limited to the extent and in manner prescribed by Ordinance No. 6 of 1929 of the Colony)

AUTHORISED CAPITAL ... \$50,000,000
ISSUED AND FULLY PAID UP ... \$20,000,000
RESERVE FUNDS (STERLING ... £6,500,000
HONGKONG CURRENCY ... \$10,000,000
RESERVE LIABILITY OF PROPRIETORS ... \$20,000,000

Head Office - HONGKONG

BOARD OF DIRECTORS:

Hon. Mr J. J. PATERSON, Chairman
G. MISKIN, Deputy-Chairman
Hon. Mr W. H. BELL
A. H. COMPTON
Hon. Mr S. H. DODWELL
Hon. Mr M. T. JOHNSON
J. R. MASSON
K. S. MORRISON
T. E. PEARCE
A. L. SHIELDS
V. M. GRAYBURN

BRANCHES:

Amoy, Bangkok, Batavia, Bombay, Calcutta, Canton, Chefoo, Colombo, Dairen (Dalny), Foochow, Haiphong, Hamburg, Hankow, Harbin, Hongkew (Shanghai), Ipoh, Johore, Kobe, Kowloon, Kuala Lumpur, London, Lyons, Malacca, Manila, Moukden, Muar, New York, Peiping (Peking), Penang, Rangoon, Saigon, San Francisco, Shanghai, Singapore, Sourabaya, Sungei Patani, Tientsin, Tokyo, Tsingtao, Yokohama.

COMMITTEE IN LONDON:

The Hon. Alexander Baring
A. H. Barlow
D. G. M. Bernard
C. A. Campbell
Sir George Macdonogh,
G.B.E., K.C.B., K.C.M.G.
C. F. Whigham

MANAGERS IN LONDON:

O. J. Barnes
Sub-Manager: G. M. Dalgety
R. E. N. Padfield
Accountant: A. M. Knight

9 GRACECHURCH ST., LONDON, E.C.3

THE UNION BANK OF SCOTLAND, Ltd.

ESTABLISHED OVER 100 YEARS

SUBSCRIBED CAPITAL - £5,200,000
PAID-UP - £1,200,000
RESERVE FUND - £1,800,000
DEPOSITS - £31,188,423

HEAD OFFICES:

GLASGOW—St. Vincent Street EDINBURGH—George Street
213 Branches throughout Scotland

LONDON OFFICES: 62 CORNHILL, E.C.3

Manager: JOHN THOMSON
Asst. Manager: JOHN A. MORRISON

HAS FOREIGN EXCHANGE DEPARTMENT

332 Oxford Street, W.1 - J. M. S. Lambie, Manager
1 Regent Street, S.W.1 - John Macdonald, Manager
140 Kensington High Street, W.8 - David L. Manson, Manager

Adapted in every way to carry through all forms of Banking Business in London and Scotland.
Every description of Home and Foreign Banking transacted.
Letters of Credit issued on all places at Home and Abroad;
Cable Remittances, Freight Collections, Ship's Disbursements and Credits, Commercial Credits, &c., arranged. Bills of Exchange and Shipping Documents collected or negotiated subject to approval.

The Bank also undertakes the duties of TRUSTEE and EXECUTOR.

SMALL SAVINGS ACCOUNTS BEARING INTEREST
Sums of 1/- and upwards received. PASS BOOKS
and HOME SAFES ISSUED. Strictest Secrecy is observed by the Bank's Officials

At London Offices Current Accounts and other business conducted on the usual terms of London Banks
Deposits received at Interest

NORMAN L. HIRD, General Manager

THE Commercial Banking Company of Sydney, LIMITED

(with which is amalgamated the BANK OF VICTORIA, LTD.)

ESTABLISHED 1834. INCORPORATED IN NEW SOUTH WALES WITH LIMITED LIABILITY

Authorised Capital £12,000,000 0 0
Capital Paid up £4,739,012 10 0
Reserve Fund £4,300,000 0 0
Reserve Capital £4,739,012 10 0
£13,778,025 0 0

Total Assets
30th June, 1936 £60,203,643 0 0

Head Office: Sydney—343 George Street
General Manager: C. Darvall

429 Offices and Branches in New South Wales, Queensland, Victoria, South Australia and Federal Capital Territory. Agencies throughout Australia and New Zealand, and all other parts of the world.
Drafts payable on demand and Letters of Credit are issued by the London Office on the Head Office, Branches and Agencies of the Bank.
Bills on Australasia negotiated and collected. Remittances cabled and mailed.

LONDON OFFICE:
18 BIRCHIN LANE, LOMBARD STREET, E.C.3
V. B. JONES, Manager

ROYAL BANK OF SCOTLAND

Incorporated by Royal Charter, 1787.

CAPITAL
(fully paid):
£3,780,192

RESERVE FUND:
£3,857,143

DEPOSITS:
£64,009,174

A COMPLETE BRITISH EMPIRE
AND FOREIGN BANKING SERVICE

TOTAL NUMBER OF OFFICES 254

CORRESPONDENCE INVITED

LONDON OFFICES:

CITY:
3 Bishopsgate, E.C.2
8 West Smithfield, E.C.1

WEST END:

(Drummonds)
49 Charing Cross, S.W.1
Burlington Gardens, W.1
(formerly Branch of Bank of England)

64 New Bond Street, W.1

HEAD OFFICE EDINBURGH

General Manager—WILLIAM WHYTE.

Associated Bank—Williams Deacon's Bank, Ltd. (Members of the London Bankers' Clearing House).

BANK OF SCOTLAND

CONSTITUTED BY ACT OF PARLIAMENT, 1695

AUTHORISED CAPITAL - £4,500,000
PAID-UP CAPITAL - £1,500,000
RESERVE FUND and BALANCE CARRIED FORWARD - £2,554,157
DEPOSITS and CREDIT BALANCES as at 29th February, 1936 - £39,518,484

Governor: The Rt. Hon. LORD ELPHINSTONE, K.T. Deputy Governor: THE LORD HENRY SCOTT
A. W. M. BEVERIDGE, Treasurer.

Head Office: THE MOUND, EDINBURGH

GLASGOW, Chief Office: 2 ST. VINCENT PLACE. J. W. MACFARLANE, Manager.

LONDON OFFICES: City Office—30 BISHOPSGATE, E.C.2. J. W. JOHNSTON, Manager.

Piccadilly Circus Branch—16/18 PICCADILLY, W. C. D. ALLISON, Manager.

258 Branches and Sub-Branches in Edinburgh, Glasgow, and throughout Scotland
Every description of British and Foreign Banking Business transacted

THE Commercial Bank of Scotland LIMITED

Established 1810

Incorporated by Royal Charter and Act of Parliament

OVER 370 BRANCHES AND SUB-OFFICES IN SCOTLAND AS WELL AS
THE FOLLOWING LONDON OFFICES:—

CITY: 62 LOMBARD STREET, E.C.3

KINGSWAY: IMPERIAL HOUSE, 15 KINGSWAY, W.C.2

PICCADILLY: 4 OLD BOND STREET, W.1

Head Office: 14 George Street, EDINBURGH

THE NATIONAL BANK OF SCOTLAND LIMITED



Head Office:
EDINBURGH

Branches throughout
SCOTLAND

ESTABD 1825

LONDON OFFICES: 37 Nicholas Lane, E.C.4, and 18/20 Regent Street, Piccadilly Circus, S.W.1

The Bank undertakes the duties of Trustee or Executor under Wills, Trustee under Marriage and other Settlements, etc.

BANK OF BRITISH WEST AFRICA LIMITED

ESTABLISHED 1894

Authorised Capital ...	£4,000,000
Subscribed Capital ...	£3,000,000
Paid-up Capital ...	£1,200,000
Reserve ...	£400,000

Bankers to the Governments of the Gambia,
Sierra Leone, Gold Coast and Nigeria

Chairman:

THE EARL OF SELBORNE, K.G., G.C.M.G.

HEAD OFFICE:

37 GRACECHURCH STREET, LONDON, E.C.3

GENERAL MANAGER:

D. W. PATERSON

Liverpool, Manchester, Hamburg,
West Africa, Canary Islands, Morocco

Agents in New York:
Standard Bank of South Africa, Ltd.

PRINCIPAL SHAREHOLDERS:

Lloyds Bank Limited; National Provincial Bank
Limited; Standard Bank of South Africa, Limited;
Westminster Bank Limited

THE CENTRAL BANK OF INDIA, LTD.

ESTABLISHED 1911

Head Office: BOMBAY

Up-Country Branches

AGRA	DELHI	LYALLPUR
AHMEDABAD	ERNAKULAM	MADRAS
ALIGARH	GORAKHPUR	NARAYANGUNJ
AMRITSAR	HAPUR	PADRAUNA
AUBANGABAD	HARDOI	RAICHUR
BASTI	HATHRAS	RANGOON
CALCUTTA	HYDERABAD (DECCAN)	LATUR
Bara Bazar	HYDERABAD (SIND)	SAILU
Bhawanipore	JALNA	SAMBHAR LAKE
New Market	JAMNAGAR	SARGODHA
Sham Bazar	KARACHI	SECUNDERABAD
CAWNPORE	LAHORE	SHOLAPUR
COCHIN	Lahore City	SITAPUR
COIMBATORE	LUCKNOW	SUKKUR
DACCA	Amlnabad	SURAT
		WARANGAL

London Agents:
THE MIDLAND BANK LIMITED
BARCLAYS BANK LIMITED

Paris Agents:
THE GUARANTY TRUST CO. OF NEW YORK

Berlin Agents:
THE DEUTSCHE BANK

New York Agents:
THE GUARANTY TRUST CO. OF NEW YORK

Subscribed Capital Rs. 3,36,00,000
Paid-up Capital - Rs. 1,68,00,000
Reserve and Contingency Fund
Rs. 70,00,000

Sir S. N. POCHKHANAWALA, Kt., Managing Director



THE DAI-ICHI GINKO, LIMITED

(FORMERLY THE FIRST NATIONAL BANK)
Established 1873

CAPITAL (Paid up) - Yen 57,500,000
RESERVE - Yen 70,500,000

A Complete Banking Service

Head Office:
TOKYO

Branches:
YOKOHAMA, NAGOYA, KYOTO, OSAKA, KOBE, SEOUL
and other principal Cities at home

Correspondents:
All important places at home and abroad

THE P. & O. BANKING CORPORATION, LIMITED

Head Office: 117-122 LEADENHALL ST., LONDON, E.C.3

AUTHORISED CAPITAL £5,000,000
SUBSCRIBED CAPITAL £2,594,160
PAID-UP CAPITAL £2,594,160
RESERVE FUND £180,000

Every description of Banking Business transacted.
Correspondents in all parts of the World.

BRANCHES:

14 Cockspur Street, London, S.W.1;
Bombay; Calcutta; Calicut;
Coimbatore; Colombo; Hongkong;
Madras; Pollachi; Shanghai; Singapore

AFFILIATED BANK:

THE ALLAHABAD BANK, LTD.

Head Office: CALCUTTA; with 36 Branches and
Sub-Agencies in India.

AUTHORISED CAPITAL Rs. 40,00,000
SUBSCRIBED CAPITAL Rs. 40,00,000
PAID-UP CAPITAL Rs. 35,50,000
RESERVE FUND Rs. 44,50,000

HUNGARIAN COMMERCIAL BANK OF PEST (Pesti Magyar Kereskedelmi Bank)

Established by Royal Charter: 1841

BUDAPEST

V., Gróf Tisza István utca 2

Telegrams: Commerz

Capital: P. 25,000,000
Surplus: P. 36,700,000

Telephone: 1-848-88

EVERY KIND OF BANKING BUSINESS TRANSACTED

Correspondents all over the World

43 Affiliations and Branches in Hungary

BANK DYSKONTOWY WARSZAWSKI S.A.

WARSAW DISCOUNT BANK LTD.

WARSAW, Fredry 8

Branches at Drohobycz, Kraków, Lwów, Łódź

ESTABLISHED SINCE 1871 THE WARSAW DISCOUNT BANK IS EQUIPPED WITH EVERY
FACILITY FOR THE TRANSACTION OF DOMESTIC AND INTERNATIONAL BANKING

BANK GOSPODARSTWA KRAJOWEGO

(NATIONAL ECONOMIC BANK)

JEROZOLIMSKA 1, WARSAW

Telegraphic Address: KRAJOBANK, WARSAW

Paid-up Capital: Zl. 150,000,000
Reserve Fund: Zl. 49,101,684

Total of Balance Sheet, as on December 31, 1935
Zl. 2,297,511,630

18 Branches
in Poland

Correspondents all
over the world

HANDLING OF BANKING
TRANSACTIONS OF EVERY
DESCRIPTION



Precminent in the
PITTSBURGH
District

MELLON
NATIONAL BANK

PITTSBURGH • PENNSYLVANIA

Correspondence invited

Cable Address: Mellonson, Pittsburgh
London Agts. National Provincial Bank, Ltd.
Member Federal Deposit Insurance Corporation

NATIONAL BANK OF INDIA, LIMITED

Registered in London under the Companies Act of 1862 on the 23rd of March, 1866.
Established in Calcutta 29th September, 1863.

Bankers to the Government in KENYA (B. E. Africa) and UGANDA.

Subscribed Capital	-	-	-	-	£4,000,000
Paid-up Capital	-	-	-	-	£2,000,000
Reserve Fund	-	-	-	-	£2,200,000

Head Office: 26 BISHOPSGATE, LONDON, E.C.2

BRANCHES				
ADEN	CHITTAGONG	MADRAS	KISUMU	ENTEBBE
ADEN STEAMER	COCHIN (S. India)	MANDALAY	MOMBASA	JINJA
POINT	COLOMBO	NUWARA ELIYA	NAIROBI	KAMPALA
AMRITSAR	DELHI	RANGOON	NAKURU	DAR-ES-SALAAM
BOMBAY	KANDY	TUTICORIN		MWANZA
CALCUTTA	KARACHI	ZANZIBAR		TANGA
CAWNPORE	LAHORE			

The Bank grants Drafts and Telegraphic Transfers on all places where it is represented; negotiates and collects Bills of Exchange; collects Pay, Pensions, and generally transacts every description of Eastern Banking business. Current Accounts are opened and Deposits are received for fixed periods, not exceeding one year, at rates to be obtained on application. Circular Letters of Credit available throughout the World are issued to Constituents at Head Office and Branches. Trusteeships and Executorships undertaken.

ALEXANDERS DISCOUNT CO. LIMITED.

24 Lombard Street, E.C.3

Capital Authorised	-	£1,800,000
Subscribed	-	1,800,000
Paid-up Preference Shares	-	200,000
Paid-up Ordinary Shares	-	800,000
Reserve Fund	-	1,000,000

DIRECTORS

COLIN FREDERICK CAMPBELL, *Chairman*
GEORGE CLEVERLY ALEXANDER
ROBERT ALEXANDER
SIR AUSTIN EDWARD HARRIS, K.B.E.
ERIC GORE BROWN, D.S.O.
FRANK NEWCOMB.

Manager—F. NEWCOMB

Sub-Manager—B. F. CREWDSON, C.B.E.

Secretary—P. C. TONG

Approved Mercantile Bills discounted. Loans granted on negotiable securities. Money received on deposit at call and short notices at current market rates, as advertised from time to time in the daily papers. For longer periods on specially agreed terms.

The Company deals in British Treasury Bills of any maturity

NETHERLANDS BANK OF SOUTH AFRICA

(Incorporated with limited liability under the laws of the Netherlands.)

AUTHORISED CAPITAL	£ 9,000,000 at 7.20½ =	£1,249,132.11.0
SUBSCRIBED CAPITAL	£ 5,622,500 at 7.20½ =	£780,360.17.3
PAID-UP CAPITAL	£ 5,622,500 at 7.20½ =	£780,360.17.3
RESERVE FUND	£ 2,450,000 at 7.20½ =	£340,041.12.8

South
African
Currency

Head Office:
AMSTERDAM, HEERENGRACHT, 546

London Office:
201 SALISBURY HOUSE, FINSBURY
CIRCUS, E.C.2

Hamburg Office:
SCHAUENBURGERSTRASSE 32, HAMBURG
Head Office in South Africa:
PRETORIA

London Bankers: NATIONAL PROVINCIAL BANK, LTD.,
and MIDLAND BANK LIMITED

BRANCHES IN SOUTH AFRICA:
Bethlehem, Bloemfontein, Capetown, Dullstroom, Durban, East
London, Ermelo, Hartbeestfontein, Johannesburg (Fox Street),
Johannesburg (Von Brandis Street), Pietersburg, Port Elizabeth,
Potchefstroom, Premier Mine, Pretoria, Springs, Worcester.

The Bank is prepared to issue Drafts and Letters of Credit, and to make Telegraphic Transfers upon its Branches, as well as upon Agencies in the Cape Province, Natal, Orange Free State, and Transvaal. Bills negotiated and collected, and every description of Banking business transacted in connection with South Africa. Current Accounts kept and Deposits received for fixed periods.

THE ECONOMIST TRADE SUPPLEMENT

New Series

SATURDAY, OCTOBER 24, 1936

No. 161

THE STATE OF TRADE

THE latest industrial reports and business statistics furnish further testimony to the remarkable vitality of domestic British industry. But while the volume of exports of British manufactures is still only about 75 per cent. of the pre-depression level, the volume of imports of raw materials has recently been about 25 per cent. higher than in 1929.

Despite the remarkable expansion of the capital goods industries and the large-scale re-equipment of British industry, it would be difficult as yet to point to serious over-extension of capacity by private enterprise. Prospects in the near future remain encouraging for most branches of activity. Costs of production are increasing, but there are no signs of a really steep rise which would seriously cut into profit margins, at any rate in the immediate future. The Government's cheap money policy is reflected in an increase of £8 millions in the investments of the Clearing Banks between August and September. This is the first time in recent months, incidentally, that investments showed an increase over the corresponding month a year ago. Advances rose by £6 millions to £851 millions between August, and September.

In some branches of activity, such as the metal industries, progress is hampered to some extent by the scarcity of skilled labour and machinery. The difficulties, however, are being smoothed over by the dilution of skilled labour and by the introduction of more labour-saving machinery, as well as by increased imports of iron and steel and machinery.

The stringent supply conditions in the metal industries are partly due to the fact that armament expenditure is concentrated on these branches of activity. Despite the record level of steel production, for example, consumers find difficulty in obtaining their requirements within reasonable time. Producers of pig iron are now rationing consumers in practically all districts. Moreover, it now appears that many consumers of iron and steel had underestimated their requirements over the winter, and are now pressing for additional supplies which are difficult to obtain at short notice. The building industry also continues active, though it seems that that branch of activity may have reached a peak. Our index of Building Activity is no longer steeply upwards, and the value of new plans in September was about 8 per cent. lower than a year ago. It must be remembered, however, that these returns exclude London and relate to towns with only a little more than one-third of the total population of this country. Thanks to the expansion of industrial demand, the output of coal continues above the level of a year ago, and home consumption now exceeds the 1929 level. There are also indications that the decline in exports has been arrested. Consumers' goods trades which do not largely depend on

exports are making headway, with the expansion of general business activity. The automobile industry, for example, is receiving more orders for the new season than a year ago. There are also indications of improvement in the cotton industry, and activity in the wool textile trade remains well above the level of a year ago.

The sustained improvement in general economic conditions is reflected in the *Economist's* Index of Business Activity, which remained unchanged in September at the record level reached in August. Of the 14 constituent series of the Index, shown on page 31, 8 registered a rise and 5 declined, while one remained unchanged, between August and September. As a year ago, unemployment rose slightly in September, but may be expected to continue its downward trend during the remainder of the year. The indices relating to the consumption of power, the volume of traffic and foreign trade all registered a rise between August and September, and are well above last year's figures.

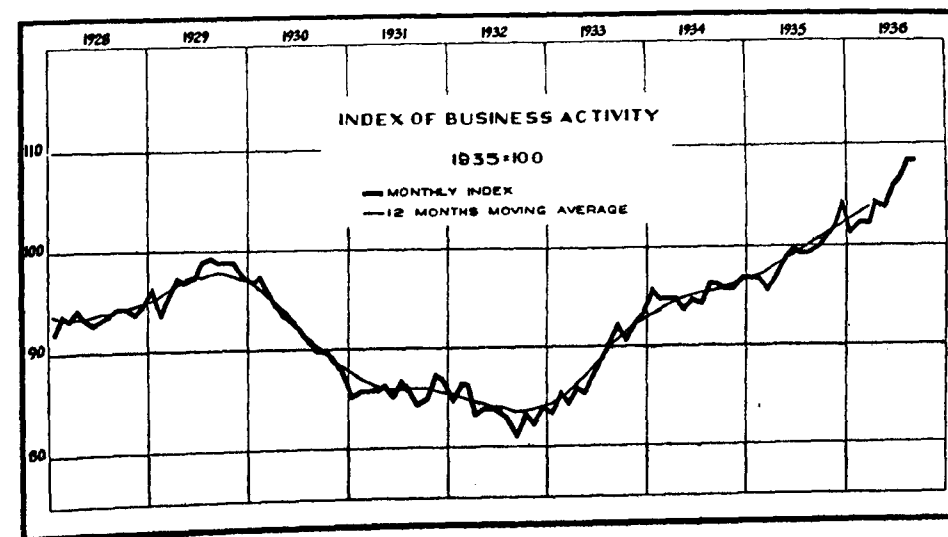
There has been some apprehension lest the devaluation of the former gold bloc may lead to a temporary reduction in British exports. So far, however, there has been hardly any evidence of a decline in export orders. Moreover, it is still too early for devaluation to have had much effect on business activity in France, Holland, Italy and Switzerland. Some

improvement in these countries is generally expected in the near future.

Another development of importance is the marked upward trend of the prices of some of the leading primary products in recent weeks. This rise of prices is benefiting a large number of countries, including the British Empire and Latin America, where business conditions are still improving, and should ultimately stimulate international trade, which is still about 20 per cent. lower in volume than in 1929.

In the Scandinavian countries business activity is maintained well above the pre-depression level. Industrial production in Germany has recently continued upwards, but in Austria and Belgium the improvement has tended to slow down. In the Far East, industrial activity is maintained at a high level in Japan, and China's foreign trade is on the up-grade. Recovery is now proceeding rapidly on a wide front in the United States though, in contrast with the United Kingdom, Scandinavia, Germany and Japan, the current level of industrial production across the Atlantic is still nearly 10 per cent. below the average of 1929.

Thus, in contrast with the uncertain European political situation, the economic barometer is still set fair in the majority of countries.



HOME INDUSTRIES AND TRADE

The following reports on British industry cover, in most cases, the period to the middle of October. In the remainder they relate to the month of September.

COAL

The position of the industry showed little change last month and employment was as slack as ever. Output rose from 17,056,000 tons in August to 18,805,000 tons in September—but the latter month had one more working day than the former. Both production and employment were, however, considerably better than in September, 1935, and exports were also higher. Demand for house coal is increasing slowly, and a cold spell would now be of considerable benefit to the collieries. The market in industrial grades of coal and coke remains very firm and a shortage of some classes is probable during the coming winter. Export demand was quiet immediately after the recent currency devaluations, but is now expected to improve. Considerable advantage is anticipated from the reduction in the French import duty to 6 francs per ton and the increase in the British quota by 10 per cent. as from October 1st.

IRON AND STEEL

Production of steel ingots and castings in September, at 1,027,000 tons, for the first time exceeded one million tons. Pig iron production also is being increased steadily, yet the expansion of the output of the iron and steel industry barely keeps pace with the increasing home demand. The pressure of home demand has not only arrested the expansion of exports, but it has necessitated a considerable increase in imports, from 89,300 tons in September, 1935, to 165,300 tons in the past month. Moreover, in most districts pig iron producers have now to ration consumers. Costs of production are tending to rise. Meantime, home demand continues on the upgrade, and it is practically impossible to place orders for finished products except for far forward delivery.

ENGINEERING

Under the stimulus of a heavy re-equipment demand, accentuated by re-armament, activity in the engineering industry is expanding steadily, and the proportion of unemployed persons in engineering has now fallen to 7.9 per cent. But, as in the case of iron and steel, the rapid expansion of the demand for machinery has necessitated a considerable increase in imports to supplement home production. Total imports, mainly from Germany and the United States, rose from 53,579 tons in January-September, 1935, to 73,785 tons during the first nine months of the current year. Exports, on the other hand, declined from 284,653 tons to 283,877 tons during this period. Although the devaluation of the former gold bloc is welcomed by the industry, it is thought possible that the "short-run" effect may be unfavourable. Despite the rising trend of costs of production the indications point to a further expansion of activity during the winter.

ELECTRICAL ENGINEERING

Activity continues at a high level in the electrical equipment industry; the volume of new orders for heavy machinery showed a further increase in September.

INDEX OF NEW ORDERS RECEIVED BY HEAVY ELECTRICAL MANUFACTURING INDUSTRY*
(1920 = 100)

Period	Home	Export	Total
1928-September.....	81	102	88
1929 ".....	81	150	99
1930 ".....	63	221	103
1931 ".....	47	130	67
1932 ".....	60	66	56
1933 ".....	51	93	62
1934 ".....	85	128	99
1935-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
September.....	151	204	168

* 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

The Motor Show has been very successful, and it is understood that orders booked this year are substantially in excess of the 1935 figure. According to the official returns the number of private cars licensed at August 31st (the latest figure available) totalled 1,604,948, against 1,455,721 last year; licences current for goods vehicles on the same date were 438,565, against 414,760

a year earlier. These figures give some measure of the industry's progress on the home market over the past year. Meanwhile, sales overseas also continue to run above the 1935 level. The outlook for the new season appears satisfactory.

CHEMICALS

Conditions have been more normal during September than in either of the two previous months. Wood distillation products continue good, demand for charcoal and wood tar increasing considerably. Cresylic acid continues to make steady progress, but the coal tar market on the whole is poor. There was an increase of £59,081 in the value of exports of chemicals, drugs, dyes and colours in September, compared with the same month of 1935. September imports of the same products showed an increase over last month.

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-September.....	1,321	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
September.....	1,544	180.0

* By authorised undertakers in Great Britain.

COTTON

The cotton textile industry has enjoyed a slight improvement during the past month and the gain over a year ago has been well maintained. Raw cotton prices have been subject to fluctuations, but have, on the whole, shown a firmer tendency. Largely due to increased confidence in prices, demand in most sections has been more active and some spinners and manufacturers have extended their order lists. The percentage of spindles in full production rose from 79 in August to 81 in September, against 75 a year earlier. On the other hand, costs of production are showing an unmistakable tendency to advance. Meanwhile, India leave much to be desired, but business with other Dominions shows a marked improvement.

WOOL

The wool textile industry as a whole has enjoyed another active month. Employment improved in September and was generally better than in the corresponding month of 1935, employment showed practically no change in the worsted section and a considerable improvement in the woollen section. Following the firm close of the September wool sales in London, prices on world markets have been well maintained, despite the currency devaluations of the past month. Meanwhile, British exports of woollen and worsted yarns and manufactures continue well above the level of a year ago, the improvement in September being well distributed between the different categories and also between the various importing countries. The industry is now making active preparations for spring and summer demand in 1937.

JUTE

Prices on the home market firmed up during the past month and business showed an improvement. Unemployment consequently registered a further slight decline. Meanwhile, the price "war" in Calcutta between the associated mills and the "outside" mills continues.

RAYON

Demand for rayon yarns of various types is moderately active and turnover is expanding. Now that more interest is being shown in spring goods, a general improvement in business is anticipated. Meanwhile, new outlets are being found for staple fibre, and a large volume of business is looked for in the early part of 1937.

LINEN

Flax prices have advanced on Continental markets, following the devaluations of the past month. Yarns are in active demand in this country—especially damask and cambric qualities—and there is a more general inquiry for cloth, both on home and export account. Prices are firm generally.

BOOTS AND SHOES

The employment position showed a further improvement at the principal centres last month and was appreciably better than at this time last year. Exports, however, remained below the 1935 level.

POTTERY

A considerable improvement, partly seasonal in character, was recorded in September, but numerous operatives remained on short time. Exports in September showed an improvement on the corresponding month last year.

AGRICULTURE

Corn crops are generally free from disease and are in fairly good condition, but the estimated yields of wheat, at 15.7 cwt. per acre, barley, at 15.8 cwt. per acre, and oats, at 14.6 cwt. per acre, are below the average of the previous ten years. The yield of main crop potatoes is forecast at 5.9 tons per acre, or 0.5 tons below the ten years' average. The yield of turnips and swedes, estimated at 12.0 tons per acre, is above, while that of mangolds, at 17.8 tons per acre, and sugar beet, at 8.1 tons per acre, are below the average of the previous ten years. Owing to the protracted harvest, autumn cultivation is not so forward as usual.

HOME TRADE STATISTICS SEPTEMBER, 1936

	August, 1936	Sept., 1936	Compared with Sept., '35
UNEMPLOYMENT— (State Insurance %)	12.3	12.4	— 2.7
PRODUCTION—			
Coal (million tons)*	4.1	4.4	+ 0.1
Iron (thous. ")	635.8	650.8	+ 121.2
Steel (" ")	872.7	1,027.0	+ 171.1
FOREIGN TRADE—			
Imports (million £'s)	66.1	71.9	+ 11.1
Re-exports (" ")	4.4	3.9	+ 0.1
British Exports (" ")	35.3	37.0	+ 2.9
TRANSPORT—			
Railway Receipts (thous. £'s)*	3,393	3,160	+ 86
Shipping Freights (av. level ¹)	83.8	86.2	+ 11.8
COMMODITY PRICES (av. level ²)	72.8	73.6	— 0.8
TRADE DISPUTES (thous. working days loss)	76	166	+ 37
SECURITY VALUES (av. level ³)	131.0	131.7	+ 11.1

FINANCIAL DATA—

	August, 1936	Sept., 1936	Compared with Sept., '35
Bank of England Notes (Mill. £'s)*	448	446	+ 46
Bank Deposits (" ")*	2,170	2,180	+ 156
Bank Advances (" ")*	845	850	+ 87
Banks' Cash Ratio (%)	10.4	10.1	— 0.2
Bank Clearings:			
London (Million £'s)*	706	780	+ 143
Manchester (" ")*	9.2	9.5	+ 0.7
Three Months' Bank Drafts (Dis- count Rate %)*	3 1/4	3 1/4	— 3/4
Day-to-Day Loans (%)	3 1/4	3 1/4	— 3/4

(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	Daily Average	94	103	68	127	76	95	60	97	111	98	137	108	91	109	98	...
1930		94	98	68	115	80	95	65	82	88	108	107	89	112	93	...	
1931		91	92	69	98	83	95	62	73	86	82	80	97	86	96	87	...
1932		90	90	71	86	86	94	57	59	84	84	82	94	86	86	84	...
1933		93	90	78	89	89	96	73	70	101	92	85	96	91	88	89	...
1934		97	97	88	100	95	97	88	93	95	100	92	98	95	96	96	...
1935		100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	...
1935-September	95	93	77	93	90	95	78	79	110	102	92	97	93	95	92	90	
October	95	90	78	94	91	96	79	75	97	89	90	97	93	93	91	91	
November	96	93	84	95	92	96	80	80	103	98	87	97	94	92	92	92	
December	96	95	86	99	92	98	80	94	96	96	86	97	93	95	93	92	
1934-January	96	106	84	97	93	97	81	84	104	107	91	103	96	98	96	93	
February	96	93	84	100	93	98	83	82	105	102	89	99	94	113	95	93	
March	97	99	86	99	94	96	84	96	92	92	90	99	95	103	95	94	
April	97	94	85	99	94	96	86	94	93	95	89	97	95	96	94	95	
May	97	94	83	98	95	96	88	92	99	94	89	95	93	84	94	95	
June	97	91	90	101	95	97	89	87	103	103	93	96	94	85	95	95	
July	98	92	84	99	96	94	89	92	101	107	91	98	94	85	94	95	
August	98	97	87	102	97	98	90	95	98	114	89	98	93	89	96	95	
September	98	95	88	102	97	96	90	90	98	101	98	94	89	96	96	95	
October	98	97	89	100	95	97	91	94	89	98	95	95	96	91	96	96	
November	98	99	94	98	95	97	93	89	87	98	93	97	95	114	96	96	
December	98	93	87	99	95	101	92	96	97	94	98	100	99	100	97	96	
1935-January	98	98	92	103	98	98	93	98	98	85	95	95	98	110	97	97	
February	98	96	92	99	96	99	95	94	92	91	104	97	98	98	94	97	
March	98	92	93	98	99	97	95	97	94	85	98	97	96	92	96	97	
April	99	98	97	97	99	101	98	92	90	100	87	99	97	97	97	98	
May	99	102	99	100	99	98	98	96	100	97	100	99	99	100	99	98	
June	100	99	97	99	99	96	98	98	99	97	105	100	102	106	100	99	
July	101	94	96	98	100	98	99	93	112	108	96	100	104	99	99	99	
August	101	92	99	100	100	99	100	104	100	97	100	100	100	97	100	100	
September	101	100	99	98	100	101	102	105	96	104	103	101	102	85	100	100	
October	101	105	101	101	101	99	103	102	96	102	102	98	99	98	101	101	
November	101	104	102	103	101	100	105	102	107	106	99	101	99	96	102	101	
December	101	105	108	102	102	104	108	113	99	117	99	103	103	112	104	102	
1936-January	101	107	104	104	103	101	106	117	106	98	92	98	98	91	101	102	
February	102	100	108	102	104	101	107	115	100	99	102	100	99	93	102	103	
March	102	98	105	105	104	102	107	112	101	100	100	99	100	94	102	104	
April	103	103	111	106	104	102	106	128	110	110	101	98	101	97	104	...	
May	104	102	107	105	105	102	107	116	112	109	99	100	103	96	104	...	
June	104	104	107	104	105	101	109	121	119	120	98	102	104	104	106	...	
July	104	105	109	106	105	103	108	123	120	122	107	101	104	97	107	...	
August	106	104	111	107	105	103	108	139	119	122	103	107	106	103	103	...	
September	105	105	112	108	106	106	108	132	108	127	107	100	106	113	108	...	

* For method of construction and earlier figures (1924-1936) see Supplement to the Economist of July 25, 1936. r. Revised. p. Provisional.
† Annual indices represent averages of monthly figures.

STATE OF TRADE OVERSEAS

BRITISH EMPIRE

Australia.—Wheat prospects are less favourable, but butter production is slowly expanding, states a cable from the National Bank of Australasia. A large wool clip is, however, assured and the market is more stable. A slackening of business is reported in some sections, owing to shortage of rainfall and international difficulties. Building activity and sales of motor cars have recorded a slight decline, but the Stock Exchange remains buoyant. The budgetary position is satisfactory and overseas trade remains above the 1935 level.

South Africa.—Prosperity continues to reign in the Union and, following the currency developments of the past month and the rising trend of gold prices, the outlook appears favourable. Revenue is buoyant, railway receipts continue on a high level, and the building trades are very active. Imports totalled £7,109,000 in September, against £5,976,000 a year earlier, while exports (including gold) were £8,355,000, against £8,540,000 in September, 1935.

Canada.—Business activity in the Dominion has been well maintained, although the advance has been somewhat irregular. Industrial prospects appear to be generally favourable and the employment position is slowly improving. Commodity prices, led by grains and metals, are on the up-grade and the Stock Exchanges are active. Foreign trade remains above the 1935 level.

India.—Rainfall has been fairly good and the condition of the crops is reported to be generally satisfactory. The acreage under groundnuts, sugar cane and sesamum, according to official reports, is considerably higher than in 1935. Imports of merchandise in August fell to 929 lakhs of rupees, against 1,119 lakhs a year earlier, while exports of merchandise totalled 1,422 lakhs, compared with 1,204 lakhs in August, 1935.

EUROPE

France.—The devaluation of the franc was the outstanding event this month. The interval since devaluation, however, has been too short for the effects to make themselves felt in the sphere of business activity. Wholesale prices have risen by about 10 per cent. during the first half of October, while the value of industrial securities has increased by about 26 per cent. The number of persons in receipt of unemployment benefit rose from 407,733 on September 26th to 411,536 on October 17th. The latest official index of production, relating to August, shows a sharp decline of activity in that month to the level of the corresponding month last year. While France should ultimately benefit from devaluation, the outlook for the immediate future is still somewhat obscure.

Germany.—Business activity is maintained at a high level, especially in the metal industries. The engineering industry is benefiting from the inability of manufacturers in this country to supply requirements. British imports of machinery from Germany, for example, have risen from £2,731,000 during the first nine months of 1935 to £3,437,000 during the corresponding period this year. Unemployment, as officially recorded, declined from 1,098,500 to 1,035,000 during September, compared with 1,713,900 persons unemployed at the end of September, 1935. The latest decline, however, is partly due to the lengthening of the military service. Coal production in the Ruhr district rose from 342,800 metric tons per day during the first week of September to 353,700 tons per day during the week ended October 3rd. During the same period railway car-loadings increased from 140,000 per day to 143,100 per day. The official wholesale and retail price indices are again practically unchanged on the month.

Norway.—In Norway, too, the current volume of business activity continues well above the level of a year ago. The index of industrial production rose from 101.2 (1929 = 100) in July to 115.8 in August, against 106.3 a year ago. The number of registered unemployed at the end of August was only 23,477, compared with 28,281 last year. The value of both imports and exports in August was higher than in August, 1935.

Sweden.—Industrial production continued to expand in August, when the index of Sveriges Industriförbund rose to 137.1 (1929 = 100), compared with 126.9 a year ago. The latest unemployment figures show a reduction on those of a year ago. Exports rose from 131.9 million krona in July to 135.9 millions in August, against 118.2 millions in August, 1935. Imports in August, at 125.8 million krona, were slightly lower than in July, but 5.7 millions higher than last year.

Poland.—Poland is only slowly making headway against the depression. In August the volume of industrial production, though 9.5 per cent. higher than a year ago, was still 26.5 per cent. below the level of 1929. The number of applicants for work at the end of August, at 269,000, was only about 1,000 smaller than a year ago. The value of both exports and imports in August, however, was appreciably higher than in August, 1935.

UNITED STATES OF AMERICA

Business activity in the United States continues on the up-grade. The Standard Statistics Co., for example, calculated that production in the third quarter of 1935 showed an increase of 13½ per cent. over the corresponding period a year ago in the case of consumption goods trades and of 41 per cent. in the case of the capital equipment industries. Among consuming goods trades

the cotton, rayon and footwear industries are very active. Mr. Alfred Sloan, President of General Motors, has predicted a 20 to 30 per cent. increase in automobile sales in 1937. Last summer's drought does not appear to have reduced farm income; and an increased acreage is being sown to winter grain crops under favourable conditions. Moreover, expenditure on industrial re-equipment and on extensions of plant is steadily increasing, thus stimulating the capital goods industries. Altogether, business prospects for the remainder of the year are distinctly favourable.

AMERICAN TRADE STATISTICS—SEPTEMBER, 1936

	August, 1936	September, 1936	Sept., '35
EMPLOYMENT —(1923-25 = 100)†	88.6	...	+ 7.0
PRODUCTION —			
Bituminous coal (Thous. tons)	33,240	36,772	+ 11,828
Pig-iron (" ")	2,711	2,730	+ 957
Steel (" ")	4,195	4,161	+ 1,331

Steel Corporation—shipments (Thous. tons)	924	962	+ 347
Building permits (Thous. \$)	83,110	88,792	+ 41,312

FOREIGN TRADE —			
Imports (Thous. \$)	195,016	...	+ 33,463
Exports (" ")	178,249	...	- 19,940

TRANSPORT —			
Weekly average of car loadings (Thous. cars)	740	765	+ 107

SECURITIES —			
30 industrial stocks—			
Highest quotations†	169.10	169.55	+ 35.44
Lowest quotations†	160.80	165.16	+ 37.89

Thous. shares sold during month—			
(New York).....	26,073	30,872	+ 3,876

CAPITAL ISSUES excl. refunding (Thous. \$)	216,510	178,989	+ 6,243

BANK DEBITS —			
New York (Million \$)	14,363	15,655*	+ 1,641
Other cities (" ")	17,106	17,588*	+ 2,461

RETAIL BUSINESS —			
Total sales, mail order houses§ (Thous. \$)	66,916	73,051*	+ 10,973

* Preliminary estimates made by Messrs Moody, subject to revision. † Federal Reserve Board Index of Factory Employment. ‡ Closing prices. § Partly estimated. || Compared with Aug., 1935.

LATIN AMERICA

Argentina's exports of maize and linseed have increased sharply, partly as a result of the American drought, thus improving the country's balance of payments. These favourable factors have given a fillip to business activity generally, whilst the "free" market exchange rate has improved to the best level recorded since that market was recognised at the end of November, 1933. Following upon the re-alignment of European currencies, the Brazilian milreis has been linked to the dollar. During January-September the quantity of coffee supplied to world markets by producing countries other than Brazil was 1,163,000 bags greater than in the same period of 1935, whereas Brazil's supplies declined to the extent of 390,000 bags. Despite marked increases in cotton exports, coffee still predominates over all other products exported from Brazil. Brazil's exports for the seven months ended July were £20,320,732 (gold), against imports of £16,606,282, so that the net balance in Brazil's favour at the end of July was £3,714,450 (gold), against a corresponding figure last year of £3,371,821. The shortage of foreign exchange continues acute in Chile and the situation in respect to sterling and dollar cover is becoming increasingly uncertain. Reports concerning the forthcoming mild coffee crops in Central America continue favourable. Greater freedom of exchange is confidently expected in the near future in Nicaragua, but, on the other hand, the reintroduction of control in Ecuador is now being organised. German competition generally in South America continues acute under the "compensation" mark system.

THE FAR EAST

Business activity in Japan remains on a high level and there appears to be no sign of an early setback. Despite the devaluations of the past month, the trend of commodity prices remains upward. The first estimate of this year's rice crop places the probable output at 67 million koku, an increase of 10 millions on last year's corresponding figure. Imports amounted to 199 million yen in September and exports to 253 millions, compared with 136 and 227 millions, respectively, in the same month of last year. Meanwhile, the bond market has weakened on the announcement of a proposed increase in taxation, and industrial securities have also been easier. China's foreign trade continues to run well above last year's level. Thus imports totalled \$80.4 millions last month and exports \$59.6 millions, against \$54.4 and \$45.9 millions, respectively, in September, 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	United Kingdom	Belgium	Czechoslovakia	France	Germany	Netherlands	Poland	U.S.S.R.	Canada	South Africa	British India	Japan	United States	Czechoslovakia	Germany	Hungary	
Monthly Average																	
1913	^d 24,337	^k 1,903	^k 1,189	3,338	^g 15,842	^m 156	748	...	1,037	665	1,311	1,776	43,088	^k 1,927	^g 7,269	^g 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—September	18,007	2,198	1,004	3,710	11,975	957	2,544	8,560	771	1,110	1,661	2,780	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	20,605	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	19,968	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	2,556	10,270	760	1,161	1,907	2,935	40,400	1,373	13,303	682	
February	19,955	2,337	909	3,855	12,626	960	2,280	10,267	771	1,142	1,936	3,148	43,396	1,275	12,389	572	
March	20,303	2,470	918	3,956	12,872	1,016	2,147	10,613	729	1,183	1,907	3,434	40,811	1,320	12,387	523	
April	18,195	2,435	927	4,059	11,876	1,020	2,055	10,224	708	1,210	1,876	3,091	31,438	1,250	12,013	473	
May	19,994	2,319	859	3,870	12,156	979	2,059	9,377	829	1,206	1,854	3,135	30,044	1,091	12,589	452	
June	17,136	1,959	890	3,433	12,299	985	2,064	9,495	858	1,241	1,685	3,074	30,162	1,137	12,832	442	
July	18,478	2,499	918	3,915	13,375	1,120	2,339	9,509	883	1,276	1,498	...	32,767	1,184	13,302*	484	
August	17,330	2,286	921	3,154	12,994	...	2,387	9,907	822	1,197	1,572	...	32,707	1,250	12,884	...	
September	19,130	...	...	...	...	...	...	...	...	...	...	...	36,823	...	...	...	

PIG IRON

Period	PIG IRON										STEEL							
	Monthly Average	United Kingdom	Belgium & Luxembourg	France	Saar	Germany	Sweden	U.S.S.R.	Canada	United States	United Kingdom	Belgium & Luxembourg	France	Saar	Germany	Sweden	Canada	United States
	b	a			g							a			g			g
1913	869	419	434	114	1,597	61	...	85	2,801	649	307	391	159	1,467	62	88	2,564	2,564
1929	643	579	864	175	1,117	41	362	92	3,580	816	567	885	184	1,354	60	117	4,399	4,399
1932	303	392	461	112	328	22	521	12	735	445	395	470	122	479	44	29	1,128	1,128
1933	349	386	527	133	439	27	597	19	1,119	595	383	544	139	632	53	35	1,913	1,913
1934	508	405	513	152	728	44	867	35	1,348	750	407	514	152	990	73	64	2,139	2,139
1935	544	411	482	...	1,045	47	1,042	51	1,778	833	405	522	...	1,342	77	79	2,824	2,824
1935—September	538	387	474	...	1,113	41	1,048	55	1,801	870	388	522	...	1,378	76	92	2,575	2,575
October	553	409	492	...	1,198	47	1,077	46	2,010	922	404	557	...	1,551	85	97	3,166	3,166
November	538	418	469	...	1,196	44	1,020	66	2,099	918	412	508	...	1,483	82	96	3,204	3,204
December	549	426	506	...	1,194	49	1,151	72	2,140	825	421	560	...	1,442	81	100	3,131	3,131
1936—January	605	429	508	...	1,279	47	1,140	62	2,059	926	428	561	...	1,585	77	102	3,098	3,098
February	594	419	500	...	1,173	45	1,109	57	1,857	954	422	538	...	1,490	76	95	3,016	3,016
March	644	433	543	...	1,251	47	1,252	55	2,073	998	428	575	...	1,558	81	103	3,400	3,400
April	640	424	524	...	1,211	52	1,215	55	2,442	1,007	422	571	...	1,467	87	109	4,006	4,006
May	672	432	554	...	1,228	50	1,247	60	2,691	978	417	609	...	1,569	82	96	4,111	4,111
June	654	327	470	...	1,241	42	1,167	57	2,628	981	304	505	...	1,631	64	84	4,049	4,049
July	676	414	519	...	1,312	47	1,198	36	2,636	990	412	542	...	1,722	81	70	3,986	3,986
August	646	456	468	...	1,362	48	1,111	39	2,755	887	436	462	...	1,725	79	81	4,262	4,262
September	661	...	...	...	...	...	...	...	2,774	1,043	...	...	...	...	...	...	4,228	4,228

a Figures for Luxembourg communicated by the "Groupement des Industries Siderurgiques." b Including ferro alloys. c Excluding castings. d Saleable coal, since end 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.

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	150	627	137.2	100	481	149	98.9	100	100	140	141.2	165.7	141	149.4	118.0
1932	85.6	86.1	532	74.5	117	427	96.5	64.9	310	122	65.5	101.0	109	96.0	129.7	81	104.2	81.1
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	101.0
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	91.0
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	94.0
1935—September	89.6	96.1	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	101.0	63.5	348	130	54.5	100.7	117	93.3	137.8	93	114.3	96.0
November	91.2	98.2	582	77.4	139	348	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	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	91.9	135.1	92	114.0	96.0
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	61.3	...	132	53.0	101.1	118	91.9	139.2	92	112.6	99.0
May	91.9	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	96.0	570	76.6	138	378	104.1	61.8	...	132	53.9	100.6	118	92.1	140.0	90	112.9	...
July	93.7	96.6	576	75.7	140	392	104.2	62.5	...	132	53.7	...	119	93.0	142.5	91	116.1	96.0
August	95.2	100.2	582	75.9	142	402	104.7	62.9	...	134	54.0	...	120	93.3	145.5	90	119.0	...
September	96.1	101.3	594	...	143	420	104.2	...	...	136	...	...	...	...	...	...	...	...

IMPORTS for Domestic Consumption—Merchandise Only—(000's omitted)

...	...	390	1,048	421	...	...	...	853	1,369	...	...	14.1	...	8,917	6,227	1,470
<i>a</i> Until November, 1923, including State notes, then transferred to Bank. <i>b</i> Prior to March, 1935, including Dominion Notes then transferred to Bank of <i>c</i> Net issue. <i>d</i> In terms of new lire = 8,973 millions. <i>e</i> Marks—including Reichs- und Darlehenskassenscheine. <i>f</i> Excluding notes held by Reichsbank. <i>g</i> Gross issue. <i>h</i> State notes—gross. <i>i</i> Since January, 1934, excluding gold coin. <i>j</i> Since January, 1926, excluding notes held by Bank of Poland. <i>k</i> Since 1920, including Austria-Hungarian and other notes converted after the war into National Currency. <i>l</i> Since <i>m</i> In terms of new lire = 1,829 millions. <i>n</i> In terms of new francs. <i>o</i> Since 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. <i>p</i> Since 1928, excluding notes held by the State Bank. <i>q</i> Since 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.																

[illegible]

EXPORTS OF Domestic Production—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>
1913	43,771	3,800	302,882	7,778	1,707,100	53,113	573,351	33,482	841,436	8,917	26,303	255,453	68,112	114,700
1914	40,779	3,023	2,922,000	494,514	1,092,195	104,673	4,184,233	335,811	1,055,278	580,000	1,269,665	660,142	163,786	244,157
1915	37,321	3,023	1,922,000	494,514	1,092,195	104,673	2,355,111	371,400	767,160	347,100	850,800	400,081	109,318	156,561
1916	30,428	1,589	1,234,968	281,925	611,832	90,530	1,641,103	385,818	473,100	381,300	567,600	234,631	70,511	90,317
1917	30,615	1,589	1,169,000	237,200	486,900	96,900	1,536,000	440,700	405,900	428,200	498,300	281,500	60,470	79,970
1918	33,010	1,521	1,128,000	211,200	603,300	97,960	1,488,000	518,800	347,200	456,000	435,400	333,200	59,320	61,280
1919	35,493	1,631	1,317,000	271,100	618,000	100,710	1,288,000	517,000	355,800	591,800	335,900	335,900	56,250	77,090
1920	35,493	1,631	1,317,000	271,100	618,000	100,710	1,288,000	517,000	355,800	591,800	335,900	335,900	56,250	77,090
1921	35,493	1,631	1,317,000	271,100	618,000	100,710	1,288,000	517,000	355,800	591,800	335,900	335,900	56,250	77,090
1922	35,493	1,631	1,317,000	271,100	618,000	100,710	1,288,000	517,000	355,800	591,800	335,900	335,900	56,250	77,090
1923	35,493	1,631	1,317,000	271,100	618,000	100,710	1,288,000	517,000	355,800	591,800	335,900	335,900	56,250	77,090
1924	35,493	1,631	1,317,000	271,100	618,000	100,710	1,288,000	517,000	355,800	591,800	335,900	335,900	56,250	77,090
1925	35,493	1,631	1,317,000	271,100	618,000	100,710	1,288,000	517,000	355,800	591,800	335,900	335,900	56,250	77,090
1926	35,493	1,631	1,317,000	271,100	618,000	100,710	1,288,000	517,000	355,800	591,800	335,900	335,900	56,250	77,090
1927	35,493	1,631	1,317,000	271,100	618,000	100,710	1,288,000	517,000	355,800	591,800	335,900	335,900	56,250	77,090
1928	35,493	1,631	1,317,000	271,100	618,000	100,710	1,288,000	517,000	355,800	591,800	335,900	335,900	56,250	77,090
1929	35,493	1,631	1,317,000	271,100	618,000	100,710	1,288,000	517,000	355,800	591,800	335,900	335,900	56,250	77,090
1930	35,493	1,631	1,317,000	271,100	618,000	100,710	1,288,000	517,000	355,800	591,800	335,900	335,900	56,250	77,090
1931	35,493	1,631	1,317,000	271,100	618,000	100,710	1,288,000	517,000	355,800	591,800	335,900	335,900	56,250	77,090
1932	35,493	1,631	1,317,000	271,100	618,000	100,710	1,288,000	517,000	355,800	591,800	335,900	335,900	56,250	77,090
1933	35,493	1,631	1,317,000	271,100	618,000	100,710	1,288,000	517,000	355,800	591,800	335,900	335,900	56,250	77,090
1934	35,493	1,631	1,317,000	271,100	618,000	100,710	1,288,000	517,000	355,800	591,800	335,900	335,900	56,250	77,090
1935	35,493	1,631	1,317,000	271,100	618,000	100,710	1,288,000	517,000	355,800	591,800	335,900	335,900	56,250	77,090
1935—Aug.	34,883	1,675	1,270,000	150,800	615,100	109,000	1,174,000	723,300	367,600	332,100	425,600	310,400	60,940	77,300
1935—Sept.	34,100	1,829	1,351,000	304,100	658,800	108,900	1,180,000	601,300	373,000	918,300	439,200	384,200	59,400	76,640
1935—Oct.	39,860	1,998	1,655,000	555,700	771,400	107,800	1,353,000	621,800	392,700	1,047,000	483,500	69,910	83,470	121,600
1935—Nov.	39,400	1,888	1,564,000	400,800	823,500	104,800	1,421,000	576,600	399,700	1,056,800	494,700	60,400	82,370	123,540
1935—Dec.	34,917	1,759	1,537,000	283,500	768,300	103,000	1,284,000	583,000	392,700	1,056,800	494,700	60,400	82,370	123,540
1936—Jan.	34,100	1,486	1,558,000	376,400	798,000	95,700	1,205,000	437,000	381,800	554,600	288,800	50,350	80,770	105,660
1936—Feb.	35,110	1,510	1,462,000	249,800	599,500	108,500	1,241,000	360,500	373,600	548,600	215,000	50,400	77,880	90,870
1936—Mar.	36,510	1,727	1,661,000	232,200	631,000	106,800	1,242,000	399,800	379,000	591,400	245,600	54,940	81,450	94,150
1936—April	33,427	1,645	1,528,000	237,900	576,000	102,200	1,195,000	398,500	365,500	548,500	238,500	53,720	79,730	88,890
1936—May	36,396	1,773	1,613,000	203,200	650,100	110,500	1,170,000	573,700	372,000	580,000	219,800	57,670	85,129	102,029
1936—June	32,065	1,873	1,118,000	179,300	535,000	110,300	1,131,000	703,700	370,900	522,300	239,800	53,000	70,340	126,220
1936—July	40,086	m2,029	1,725,000	165,700	579,600	114,840	1,101,000	820,700	395,400	592,100	330,000	59,660	84,030	131,870
1936—Aug.	35,258	m2,046	1,629,000	220,900	769,500	117,750	1,174,000	761,500	409,000	528,100	372,300	63,190	85,750	135,940
1936—Sept.	35,981	...	...	...	...	...	...	...	...	...	...	...	...	75,810

Period	Value								Quantity (Metric Tons)								
	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	4,609	231	559	2,582	424	661	494
1929	361,547	11,844	208,569	108,249	3,998	6,587	180,710	293,978	3,756	4,955	5,565	231	559	2,582	424	726	509
1931	174,038	5,336	113,487	52,342	2,156	4,144	100,528	156,745	3,227	4,841	3,397	212	279	2,492	244	726	509
1932	110,430	4,257	110,680	37,718	2,001	2,606	115,300	126,559	2,612	3,971	2,762	158	176	2,049	149	727	278
1933	119,420	4,406	95,630	33,430	2,082	3,961	156,900	180,400	2,556	4,036	2,949	158	148	2,007	196	681	328
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	666	331
1935	169,890	5,659	111,770	45,860	2,983	6,100	202,200	321,900	2,545	3,718	3,948	200	232	1,703	214	624	358
1935—August	180,380	7,021	111,480	49,560	3,573	6,442	166,400	349,400	2,498	3,741	4,090	211	246	1,834	209	664	382
September	168,680	6,525	107,470	44,690	3,142	5,771	129,600	353,900	2,683	3,488	4,047	194	267	1,759	206	639	415
October	189,810	7,575	117,470	52,750	3,572	6,569	170,400	368,800	2,801	3,822	3,937	199	322	1,968	232	690	385
November	162,830	6,845	102,860	55,960	3,010	7,043	209,700	375,200	2,613	3,615	3,789	223	344	1,822	211	627	360
December	173,760	7,045	104,020	38,570	3,153	6,491	243,000	364,100	2,824	3,967	3,969	181	207	332	1,526	245	353
1936—January	186,390	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	198,590	6,525	104,220	41,597	2,950	6,185	248,100	279,700	2,549	3,859	3,862	189	186	1,361	218	500	267
March	194,090	6,781	107,630	52,760	2,991	6,761	271,000	363,800	2,666	3,977	4,095	192	216	1,520	206	470	319
April	199,800	6,416	100,370	42,220	3,505	6,944	243,000	330,600	2,682	4,114	4,275	171	291	1,560	207	462	340
May	188,530	6,743	101,290	59,120	3,196	6,988	236,400	376,700	2,744	3,987	4,265	229	327	1,548	206	405	379
June	193,620	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	470
July	197,410	8,252	99,650	53,820	3,492	7,327	198,800	373,100	2,595	3,710	4,733	218	289	1,799	264	681	433
August	195,000	7,273	92,900	50,260	3,954	7,340	203,000	...	2,809	3,873	4,417	217	282	1,861	252	639	...
							199,000</										

		<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>	<i>t</i>	<i>u</i>	<i>v</i>	<i>w</i>	<i>x</i>	<i>y</i>	<i>z</i>	<i>aa</i>	<i>ab</i>	<i>ac</i>	<i>ad</i>	<i>ae</i>	<i>af</i>	<i>ag</i>	<i>ah</i>	<i>ai</i>	<i>aj</i>	<i>ak</i>	<i>al</i>	<i>am</i>	<i>an</i>	<i>ao</i>	<i>ap</i>	<i>aq</i>	<i>ar</i>	<i>as</i>	<i>at</i>	<i>au</i>	<i>av</i>	<i>aw</i>	<i>ax</i>	<i>ay</i>	<i>az</i>	<i>ba</i>	<i>bb</i>	<i>bc</i>	<i>bd</i>	<i>be</i>	<i>bf</i>	<i>bg</i>	<i>bh</i>	<i>bi</i>	<i>bj</i>	<i>bk</i>	<i>bl</i>	<i>bm</i>	<i>bn</i>	<i>bo</i>	<i>bp</i>	<i>bq</i>	<i>br</i>	<i>bs</i>	<i>bt</i>	<i>bu</i>	<i>bv</i>	<i>bw</i>	<i>bx</i>	<i>by</i>	<i>bz</i>	<i>ca</i>	<i>cb</i>	<i>cc</i>	<i>cd</i>	<i>ce</i>	<i>cf</i>	<i>cg</i>	<i>ch</i>	<i>ci</i>	<i>cj</i>	<i>ck</i>	<i>cl</i>	<i>cm</i>	<i>cn</i>	<i>co</i>	<i>cp</i>	<i>cq</i>	<i>cr</i>	<i>cs</i>	<i>ct</i>	<i>cu</i>	<i>cv</i>	<i>cw</i>	<i>cx</i>	<i>cy</i>	<i>cz</i>	<i>da</i>	<i>db</i>	<i>dc</i>	<i>dd</i>	<i>de</i>	<i>df</i>	<i>dg</i>	<i>dh</i>	<i>di</i>	<i>dj</i>	<i>dk</i>	<i>dl</i>	<i>dm</i>	<i>dn</i>	<i>do</i>	<i>dp</i>	<i>dq</i>	<i>dr</i>	<i>ds</i>	<i>dt</i>	<i>du</i>	<i>dv</i>	<i>dw</i>	<i>dx</i>	<i>dy</i>	<i>dz</i>	<i>ea</i>	<i>eb</i>	<i>ec</i>	<i>ed</i>	<i>ee</i>	<i>ef</i>	<i>eg</i>	<i>eh</i>	<i>ei</i>	<i>ej</i>	<i>ek</i>	<i>el</i>	<i>em</i>	<i>en</i>	<i>eo</i>	<i>ep</i>	<i>eq</i>	<i>er</i>	<i>es</i>	<i>et</i>	<i>eu</i>	<i>ev</i>	<i>ew</i>	<i>ex</i>	<i>ey</i>	<i>ez</i>	<i>fa</i>	<i>fb</i>	<i>fc</i>	<i>fd</i>	<i>fe</i>	<i>ff</i>	<i>fg</i>	<i>fh</i>	<i>fi</i>	<i>fj</i>	<i>fk</i>	<i>fl</i>	<i>fm</i>	<i>fn</i>	<i>fo</i>	<i>fp</i>	<i>fq</i>	<i>fr</i>	<i>fs</i>	<i>ft</i>	<i>fu</i>	<i>fv</i>	<i>fw</i>	<i>fx</i>	<i>fy</i>	<i>fz</i>	<i>ga</i>	<i>gb</i>	<i>gc</i>	<i>gd</i>	<i>ge</i>	<i>gf</i>	<i>gg</i>	<i>gh</i>	<i>gi</i>	<i>gj</i>	<i>gk</i>	<i>gl</i>	<i>gm</i>	<i>gn</i>	<i>go</i>	<i>gp</i>	<i>gq</i>	<i>gr</i>	<i>gs</i>	<i>gt</i>	<i>gu</i>	<i>gv</i>	<i>gw</i>	<i>gx</i>	<i>gy</i>	<i>gz</i>	<i>ha</i>	<i>hb</i>	<i>hc</i>	<i>hd</i>	<i>he</i>	<i>hf</i>	<i>hg</i>	<i>hh</i>	<i>hi</i>	<i>hj</i>	<i>hk</i>	<i>hl</i>	<i>hm</i>	<i>hn</i>	<i>ho</i>	<i>hp</i>	<i>hq</i>	<i>hr</i>	<i>hs</i>	<i>ht</i>	<i>hu</i>	<i>hv</i>	<i>hw</i>	<i>hx</i>	<i>hy</i>	<i>hz</i>	<i>ia</i>	<i>ib</i>	<i>ic</i>	<i>id</i>	<i>ie</i>	<i>if</i>	<i>ig</i>	<i>ih</i>	<i>ii</i>	<i>ij</i>	<i>ik</i>	<i>il</i>	<i>im</i>	<i>in</i>	<i>io</i>	<i>ip</i>	<i>iq</i>	<i>ir</i>	<i>is</i>	<i>it</i>	<i>iu</i>	<i>iv</i>	<i>iw</i>	<i>ix</i>	<i>iy</i>	<i>iz</i>	<i>ja</i>	<i>jb</i>	<i>jc</i>	<i>jd</i>	<i>je</i>	<i>jf</i>	<i>jj</i>	<i>jk</i>	<i>jl</i>	<i>jm</i>	<i>jn</i>	<i>jo</i>	<i>jp</i>	<i>jq</i>	<i>jr</i>	<i>js</i>	<i>jt</i>	<i>ju</i>	<i>jv</i>	<i>jw</i>	<i>jx</i>	<i>ky</i>	<i>kz</i>	<i>la</i>	<i>lb</i>	<i>lc</i>	<i>ld</i>	<i>le</i>	<i>lf</i>	<i>lg</i>	<i>lh</i>	<i>li</i>	<i>lj</i>	<i>lk</i>	<i>ll</i>	<i>lm</i>	<i>ln</i>	<i>lo</i>	<i>lp</i>	<i>lq</i>	<i>lr</i>	<i>ls</i>	<i>lt</i>	<i>lu</i>	<i>lv</i>	<i>lw</i>	<i>lx</i>	<i>ly</i>	<i>lz</i>	<i>ma</i>	<i>mb</i>	<i>mc</i>	<i>md</i>	<i>me</i>	<i>mf</i>	<i>mg</i>	<i>mh</i>	<i>mi</i>	<i>mj</i>	<i>mk</i>	<i>ml</i>	<i>mm</i>	<i>mn</i>	<i>mo</i>	<i>mp</i>	<i>mq</i>	<i>mr</i>	<i>ms</i>	<i>mt</i>	<i>mu</i>	<i>mv</i>	<i>mw</i>	<i>mx</i>	<i>my</i>	<i>mz</i>	<i>na</i>	<i>nb</i>	<i>nc</i>	<i>nd</i>	<i>ne</i>	<i>nf</i>	<i>ng</i>	<i>nh</i>	<i>ni</i>	<i>nj</i>	<i>nk</i>	<i>nl</i>	<i>nm</i>	<i>nn</i>	<i>no</i>	<i>np</i>	<i>nq</i>	<i>nr</i>	<i>ns</i>	<i>nt</i>	<i>nu</i>	<i>nv</i>	<i>nw</i>	<i>nx</i>	<i>ny</i>	<i>nz</i>	<i>oa</i>	<i>ob</i>	<i>oc</i>	<i>od</i>	<i>oe</i>	<i>of</i>	<i>og</i>	<i>oh</i>	<i>oi</i>	<i>oj</i>	<i>ok</i>	<i>ol</i>	<i>om</i>	<i>on</i>	<i>oo</i>	<i>op</i>	<i>oq</i>	<i>or</i>	<i>os</i>	<i>ot</i>	<i>ou</i>	<i>ov</i>	<i>ow</i>	<i>ox</i>	<i>oy</i>	<i>oz</i>	<i>pa</i>	<i>pb</i>	<i>pc</i>	<i>pd</i>	<i>pe</i>	<i>pf</i>	<i>pg</i>	<i>ph</i>	<i>pi</i>	<i>pj</i>	<i>pk</i>	<i>pl</i>	<i>pm</i>	<i>pn</i>	<i>po</i>	<i>pp</i>	<i>pq</i>	<i>pr</i>	<i>ps</i>	<i>pt</i>	<i>pu</i>	<i>pv</i>

CAPITAL ISSUES.—(000,000'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	Rupia
1918	16.3	...	...	...	...	...	...	...	...	...	...	...
1929	23.8	...	...	...	...	...	...	...	...	...	...	...
1931	8.5	...	...	...	...	...	...	...	...	...	...	...
1932	15.7	...	...	...	...	...	...	...	...	...	...	...
1933	20.4	...	...	...	...	...	...	...	...	...	...	...
1934	14.1	...	...	...	...	...	...	...	...	...	...	...
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	...	...	...	...	...	...	...	...	...	...	...
July	19.1	...	...	...	...	...	...	...	...	...	...	...
August	6.5	...	...	...	...	...	...	...	...	...	...	...
September	7.6	...	...	...	...	...	...	...	...	...	...	...

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 Rumania 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* Since Jan., 1925, foreign issues. *f* Since 1924, excluding amalgamations and conversions. *g* Until end 1922 paper marks. *h* "Société de Banque Suisse," figures of net amount of new issues, excluding western departments; since 1928 amounts actually issued, whole territory. *i* 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
1921—June	17.8	9.9	18.8	8.0	8.1	20.8	27.7	12.5
December	18.2	6.6	25.2	1.6	16.6	23.4	33.2	9.5
1927—June	8.8	1.4	18.0	6.8	6.0	22.5	9.5	6.4
December	9.8	3.6	31.0	12.9	14.9	128.0	16.6	6.9
1928—June	10.7	0.6	13.5	6.2	4.4	14.4	7.9	11.2
December	11.1	1.9	28.4	18.7	11.5	22.1	17.3	9.9
1929—June	9.6	0.4	10.0	8.5	2.6	11.3	7.3	10.0
December	11.1	2.4	22.4	20.1	12.3	18.9	16.9	13.1
1930—June	15.8	1.9	8.7	19.6	5.5	10.8	8.3	18.5
December	20.2	9.2	25.1	31.7	18.2	25.5	23.3	23.4
1931—June	21.8	9.0	11.3	29.7	11.7	...	12.9	27.6
December	20.9	17.0	32.2	42.2	27.8	...	19.1	28.0
1932—June	22.3	18.7	24.9	43.1	34.5	...	42.4	30.0
December	21.7	18.6	42.8	43.1	34.5	...	42.4	28.1
1933—June	19.5	14.4	21.9	...	...	...	27.2	20.8
December	17.6	19.9	37.5	22.6	40.0	...	27.7	23.0
1934—June	18.4	17.1	15.5	13.3	29.1	...	27.2	14.9
December	16.1	22.2	30.3	14.3	37.9	...	32.8	25.0
1935—June	15.3	15.8	12.6	10.0	32.9	...	21.1	12.7
December	14.2	12.9	12.8	7.7	34.6	...	15.7	11.2
1936—May	13.0	12.2	12.8	...	...	...	12.8	10.3
June	13.1	11.0	11.2	6.8	34.2	...	12.8	12.8
July	12.7	11.4	12.0	6.0	35.4	...	9.0	...
August	12.3	...	12.3	5.6	34.1	...	...	...
September	12.4	...	13.0	...	...	...	...	...

Number of Workers Covered by Last Returns

Millions	12.8	0.8	0.42	6.9	0.6	0.07	0.4	0.4	0.16

† Ex. Irish Free State since March, 1923.

BANK RATES

	1931	1932	1933	1934	1935	1936
	End of June	End of Dec.	End of June	End of Dec.	End of June	End of Sept.
London	2.2	2.2	2.2	2.2	2.2	2.2
Paris	2.2	2.2	2.2	2.2	2.2	2.2
Berlin	2.2	2.2	2.2	2.2	2.2	2.2
New York*	1.4	3.4	2.2	2.2	1.1	1.1
Amsterdam	2.2	2.2	2.2	2.2	2.2	2.2
Brussels	2.2	2.2	2.2	2.2	2.2	2.2
Rome	2.2	2.2	2.2	2.2	2.2	2.2
Switzerland	2.2	2.2	2.2	2.2	2.2	2.2
Vienna	2.2	2.2	2.2	2.2	2.2	2.2
Warsaw	2.2	2.2	2.2	2.2	2.2	2.2
Tokyo	5.1	6.5	1.4	3.8	6.5	6.5
Calcutta	6.8	5.4	3.4	3.4	3.4	3.4

* Federal Reserve. † 2% as from Oct. 15.

LONDON BANKERS' CLEARING RETURNS

	Town	Metropolitan	Country	Total
1918	14,191,275	855,648	1,899,481	16,986,404
1929	30,935,824	1,881,989	3,078,784	35,896,600
1931	31,815,808	1,867,852	2,752,209	36,435,869
1932	27,833,633	1,610,407	2,667,919	32,111,959
1933	27,714,480	1,658,675	2,766,471	32,139,626
1934	30,740,117	1,759,528	2,984,512	35,484,157
1935	32,447,172	1,887,112	3,229,064	37,563,348
1935 (Oct. 12)	25,600,083	1,489,789	2,549,914	29,639,786
1936 (Oct. 14)	26,768,670	1,588,402	2,757,274	31,114,346

U.K. IMPORTS AND EXPORTS.—(000,000's omitted)

	Food	Raw Materials	Manufactures	Imports of	Exports of
	Imports	Exports	Imports	Exports	Imports
1913	24.2	2.7	23.5	5.8	16.1
1929	44.7	4.6	28.3	6.6	27.9
1932	31.1	2.7	13.7	3.6	13.1
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	4.1	15.4
1936—February	27.5	2.5	18.9	4.4	15.7
March	30.2	2.9	19.6	4.1	17.2
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
July	29.9	3.0	20.1	4.6	18.2
August	29.0	2.8	18.8	4.0	17.8
September	32.9	3.0	19.6	4.3	19.1

RAILWAY STATISTICS: FREIGHT TRAFFIC.—(000,000's omitted)

	Austria	Germany	Italy	Canada	United States
	(b) (h)	(a)	(e) (i)	(c) (e)	(e)
Monthly Average—	Tonnes-Km.	Tonnes-Km.	Tonnes-Km.	Tonnes-Km.	Tonnes-Km.
1929	379	5,745	1,017	4,831	89,897
1932	245	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—September	288	5,206	...	4,392	40,463
October	318	5,490	...	4,675	45,551
November	310	5,184	...	3,593	40,103
December	279	4,585	...	3,108	38,515
1936—January	229	4,827	...	2,890	40,672
February	218	4,559	...	2,947	42,563
March	243	5,158	...	3,350	40,868
April	228	4,575	...	3,411	41,091
May	248	4,881	...	3,335	...
June	280	4,848†	...	3,020	...
July	269	5,293†	...	3,273	...
August	...	5,059†	...	...	...

* Inc. live-stock. (a) "Reichsbahn." Ex. free-hauled. (b) State and private railways, including freight on foreign lines. (c) Long ton = kg. 1,016.05; mile = metres 1,609.34. (d) Fiscal year ending June 30. (e) Inc. live-stock. (f) Inc. live-stock. (g) Inc. live-stock. (h) Inc. live-stock. (i) Inc. live-stock. (j) Inc. live-stock. (k) Inc. live-stock. (l) Inc. live-stock. (m) Inc. live-stock. (n) Inc. live-stock. (o) Inc. live-stock. (p) Inc. live-stock. (q) Inc. live-stock. (r) Inc. live-stock. (s) Inc. live-stock. (t) Inc. live-stock. (u) Inc. live-stock. (v) Inc. live-stock. (w) Inc. live-stock. (x) Inc. live-stock. (y) Inc. live-stock. (z) Inc. live-stock. (aa) Inc. live-stock. (ab) Inc. live-stock. (ac) Inc. live-stock. (ad) Inc. live-stock. (ae) Inc. live-stock. (af) Inc. live-stock. (ag) Inc. live-stock. (ah) Inc. live-stock. (ai) Inc. live-stock. (aj) Inc. live-stock. (ak) Inc. live-stock. (al) Inc. live-stock. (am) Inc. live-stock. (an) Inc. live-stock. (ao) Inc. live-stock. 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AGREEMENT BETWEEN HIS MAJESTY'S GOVERNMENT IN THE UNITED KINGDOM AND THE ARGENTINE GOVERNMENT RELATING TO TRADE AND COMMERCE, WITH PROTOCOL, PROTOCOL OF SIGNATURE AND LETTERS

London, December 1, 1936

THE Government of the United Kingdom of Great Britain and Northern Ireland and the Government of the Argentine Republic;

Affirming their common determination to uphold and carry out the Treaty of Amity, Commerce and Navigation signed at Buenos Aires on the 2nd February, 1825; and

Considering it to be expedient, in order to increase and facilitate trade and commerce between the United Kingdom of Great Britain and Northern Ireland on the one hand and the Argentine Republic on the other, to supplement the said Treaty of 1825 by certain additional provisions relating to trade and commerce between these two countries; and

Being desirous of concluding an agreement for this purpose, have accordingly agreed as follows:—

ARTICLE I

(1) The Government of the United Kingdom, fully recognising the importance of the livestock and agricultural industry to the economic life of Argentina, undertake that, in the event of their regulating quantitatively the imports from foreign countries of the kinds of meat specified in the First Schedule to this Agreement, allocations shall be granted to Argentina which will not be less either in quantity, or in proportion to total regulated imports from foreign countries, than those set out in that Schedule.

Provided that (i) if in any period Argentina is unable to supply any part of her allocation, the Government of the United Kingdom will be entitled to re-allocate that quantity among other countries, and (ii) in the event of any other foreign supplying country renouncing or forfeiting, in whole or in part, its allocation, the allocation to Argentina shall be increased in a ratio no less favourable than that applied for the purposes of an increased allocation to any other foreign country.

(2) Whenever a system of import licences is in operation in the United Kingdom and the Argentine Government exercise the control of meat exports to the United Kingdom, the Government of the United Kingdom, when issuing the import licences, will take into consideration the export licences issued by the Argentine Government.

(3) The Argentine Government agree in principle to co-operate in the scheme which is at present under discussion between the Governments concerned for the regulation of supplies of beef to the United Kingdom market through an International Conference, and the Governments of the United Kingdom and of the Argentine Republic will, as soon as possible, enter into a supplementary agreement for the purpose of giving effect to the scheme.

It is understood that nothing in the scheme for the regulation of supplies of beef to the United Kingdom market through an International Conference shall prejudice the guarantees given to the Argentine Government under the provisions of this Article.

ARTICLE 2

No quantitative limitations shall be established on imports into the United Kingdom of the articles enumerated in the Second Schedule to this Agreement, produced or manufactured in the Argentine Republic, from whatever place arriving.

ARTICLE 3

(1) In the event of quantitative limitations being established on imports into the United Kingdom of articles other than those enumerated in the First and Second Schedules

to this Agreement, treatment not less favourable than that accorded to such articles produced or manufactured in any other foreign country shall be accorded to such articles produced or manufactured in Argentina, from whatever place arriving. Where quantitative allocations are made to individual countries, Argentina will be allocated an equitable share of permitted imports from foreign countries, having regard to the proportions of the total imports of such articles into the United Kingdom from foreign countries which have been supplied by Argentina to the United Kingdom in recent years. The Government of the United Kingdom will consult with the Government of the Argentine Republic before any allocation is made to Argentina in respect of any such article, and will take all relevant circumstances into account.

(2) In the event of the Government of the United Kingdom proposing to regulate quantitatively the imports of fruit and vegetables of kinds imported in substantial quantities from Argentina, they will, before introducing any measure of regulation, consider any representations that the Argentine Government wish to make as to the method of its application and as to its effect on the trade of Argentina.

ARTICLE 4

(1) Whenever any system of exchange control is in operation in Argentina, the conditions under which foreign currency shall be made available in any year shall be such as to secure that there shall be available, for the purpose of meeting applications for current remittances from Argentina to the United Kingdom, the full amount of the sterling exchange arising from the sale of Argentine products in the United Kingdom after deduction of a reasonable sum annually towards the payment of the service of the Argentine public external debts (national, provincial and municipal) payable in countries other than the United Kingdom.

(2) Subject to the aforesaid provision being first made towards the service of the public external debts, the order in which the sterling exchange so made available shall be distributed among the various classes of applicants for remittances to the United Kingdom shall be settled by agreement between the Argentine Government and the Government of the United Kingdom.

(3) The Argentine Government undertake that in no event shall applications for exchange for remittance to the United Kingdom be less favourably treated than similar applications for exchange for remittance to any other country.

(4) The Government of the United Kingdom will co-operate with the Argentine Government to the best of their ability in order to secure that the amount of sterling exports to the United Kingdom by the export of Argentine products as possible with the value realised for such products on the United Kingdom market, due account being taken of the necessary deductions for freight, insurance, &c.

ARTICLE 5

(1) The articles enumerated in the Third Schedule to this Agreement, produced or manufactured in the United Kingdom, from whatever place arriving, shall not on importation into the Argentine Republic be subjected to duties or charges other or higher, and shall not be assessed at higher valuations, than those specified in the said Schedule.

(2) The articles enumerated in the Fourth Schedule to this Agreement, produced or manufactured in the United

Kingdom, from whatever place arriving, shall not on importation into the Argentine Republic be subjected to duties or charges other or higher, and shall not be assessed at higher valuations, than those specified in the said Schedule, subject to the reservations established in the said Schedule.

(3) Provided that a surcharge not exceeding 10 per cent. of valuation for duty may continue to be levied on the goods referred to in the preceding paragraphs of this Article, it being understood that it is the intention of the Argentine Government to maintain such surcharge only if financial circumstances necessitate it and as an emergency measure; it is further their intention to reduce and ultimately to abolish such surcharge so soon as fiscal considerations permit, so that the total charges leviable on importation of the articles enumerated in the Third and Fourth Schedules shall not exceed those therein specified.

(4) The Government of the United Kingdom agree to consider sympathetically any proposal made by the Argentine Government for replacing in whole or in part by *ad valorem* duties any of the specific duties or by specific duties any of the *ad valorem* duties set out in the Third and Fourth Schedules.

ARTICLE 6

No duty or charge of any kind shall be levied on imports into the Argentine Republic of coal, coke or any other article admitted free of duty on May 1, 1933, produced or manufactured in the United Kingdom, from whatever place arriving.

ARTICLE 7

No internal taxes shall be imposed in the Argentine Republic on whisky of United Kingdom origin other or higher than those which are or may be imposed on potable spirits according to their alcoholic strength of national or any other origin.

ARTICLE 8

(1) The articles enumerated in the Fifth and Sixth Schedules to this Agreement, produced or manufactured in the Argentine Republic, from whatever place arriving, shall not on importation into the United Kingdom be subjected to duties or charges other or higher than those specified in the said Schedules:

Provided that, if in either half of any calendar year the *ad valorem* incidence of the duty charged on Argentine chilled beef should have been 17½ per cent. or less, the duties specified in the Sixth Schedule shall, as soon as possible, be reduced for a period of six months by 2½ per cent. *ad valorem* for every 2½ per cent. by which that *ad valorem* incidence has fallen short of 20 per cent.

(2) The Argentine Government agree to consider sympathetically any proposal of the Government of the United Kingdom for replacing in whole or in part by specific duties any of the *ad valorem* duties or by *ad valorem* duties any of the specific duties set out in the said Schedules.

ARTICLE 9

The Contracting Governments agree that if either Government is of opinion that any measure taken by the other Government is liable to upset the equilibrium resulting from this Agreement, the latter Government will give

sympathetic consideration to such representations and proposals as the other Government may make with a view to effecting a mutually satisfactory adjustment of the matter. In the event of the two Contracting Governments failing to reach agreement within a period of three months from the date of the receipt of such representations, it shall be open to the Government making the representations to give notice to the other Government of their intention to terminate this Agreement and, notwithstanding the provisions of Article 13, the Agreement shall cease to have effect one month after the receipt of such notice.

ARTICLE 10

Nothing in the present Agreement shall be deemed to affect the rights and obligations arising out of the Treaty of Commerce and Navigation signed at Buenos Aires on February 2, 1825.

ARTICLE 11

The Contracting Governments agree that any dispute which may arise between them relating to the proper interpretation or application of any of the provisions of the present Agreement shall, at the request of either of them, be referred to the Permanent Court of International Justice unless in any particular case the Contracting Governments agree to submit the dispute to some other tribunal or to dispose of it by some other form of procedure.

ARTICLE 12

In this Agreement the term "foreign country" in relation to the United Kingdom does not include any territory under the sovereignty, suzerainty, protection or mandate of His Majesty the King of Great Britain, Ireland and the British Dominions beyond the Seas, Emperor of India.

ARTICLE 13

(1) The present Agreement shall be ratified and the ratifications shall be exchanged at Buenos Aires as soon as possible.

(2) The Agreement shall come into force on the date of the exchange of ratifications, and shall remain in force until December 31, 1939. In case neither of the Contracting Governments shall have given notice to the other six months before the said date of their intention to terminate the Agreement, it shall remain in force until the expiration of six months after the date on which either Contracting Government shall have given to the other notice of termination through the diplomatic channel.

In witness whereof the undersigned, being duly authorised to that effect, have signed the present Agreement and affixed thereto their seals.

Done at London this 1st day of December, 1936, in duplicate in English and Spanish, both texts being equally authentic.

ANTHONY EDEN.
WALTER RUNCIMAN.
MANUEL E. MALBRÁN.
T. A. LE BRETON.

SCHEDULES

FIRST SCHEDULE

(Article 1)

NOTE.—It is understood that in the event of the regulation of imports relating to a part of a year or to certain descriptions only of any class of meat given below, the quantity and proportion guaranteed to Argentina will be adjusted accordingly after consultation with the Argentine Government.

Class of Meat	Minimum Annual Quantity	Annual Proportion of Total Regulated Imports into the United Kingdom from Foreign Countries Per cent.
1. Chilled beef ...	For the year 1937 the quantity shall not be less than the quantity imported into the United Kingdom from Argentina in the year 1935 reduced by 138,700 cwts. For each of the years 1938 and 1939 the quantity shall not be less than the quantity arranged or permitted to be imported into the United Kingdom from Argentina in the preceding year reduced by 138,700 cwts. Provided, however, that the quantity for the year 1939 shall not in any case be less than 6,590,000 cwts.	For each of the years 1937, 1938 and 1939:— 86.6
2. Frozen beef : quarters and sides ; and boned including cheeks and skirts.	124,600 cwts.	60.6
3. Frozen beef offals.	Not less than 5.6 per cent. of current imports from Argentina of chilled beef and frozen beef (quarters and sides and boned beef including cheeks and skirts).	72.4
4. Canned beef...	605,600 cwts.	75.7
5. Mutton and lamb not preserved in air-tight containers.	For the year 1937:— 886,000 cwts. For the year 1938:— 797,400 cwts.	70.0
6. Pork not preserved in air-tight containers.	186,800 cwts.	56.0

SECOND SCHEDULE

(Article 2)

Wheat in grain,
Maize in grain, not being flat white maize,
Linseed,
Bran and pollards,
Sharps and middlings,
Raw wool,
Premier jus,
Unrefined tallow,
Raw horse hair,
Sausage casings,
Quebracho extract,
Melons,
Asparagus.

THIRD SCHEDULE

NOTE 1.—Except where the Tariff headings are amended or sub-divided in the Schedule, the Schedule covers the articles which, on the 1st May, 1933, were classified for duty purposes under the Tariff numbers and headings quoted therein.

NOTE 2.—The 10 per cent. surcharge is not included in the rates of duty set out in the Schedule.

Tariff No.

Animals :

- 3 Pedigree livestock, bovine, ovine and equine for breeding.
(Horses):
Valuation: \$1,000.00 gold each, without the 60 per cent. surcharge.
Duty: free.
(Mares):
Valuation: \$300.00 gold each, without the 60 per cent. surcharge.
Duty: free.
(Rams):
Valuation: \$100.00 gold each, without the 60 per cent. surcharge.
Duty: free.
(Ewes):
Valuation: \$50.00 gold each, without the 60 per cent. surcharge.
Duty: free.
(Bulls):
Valuation: \$1,000.00 gold each, without the 60 per cent. surcharge.
Duty: free.
(Cows):
Valuation: \$300.00 gold each, without the 60 per cent. surcharge.
Duty: free.

Coal:

- 9 mineral, for burning.
Valuation: \$7.00 gold, increased by 60 per cent., per 1,000 kilos.
Duty: free.
12 coke.
Valuation: \$8.00 gold, increased by 60 per cent., per 1,000 kilos.
Duty: free.

Wedges :

- 13 rails of steel or iron, sleepers of iron and fish-plates for railways or tramways (steam, animal or electric power), also plant for the installation and traction of electric tramways, comprising as plant, only motors for coaches, coach undergear, cables, trolleys, wire, coils, fuse boxes, brakes, tyres, lightning conductors, springs, insulating media, controllers, wheels, "rosettas," crossings and switches.
Valuation: Declared value, provided that these articles are not comprised in other tariff numbers.
Duty: 5 per cent. on valuation.
When intended for use in towns of less than 100,000 inhabitants and complying with the requirements of Article 4 of Law No. 11,281, duty free.

Dynamite :

- 14 for mines.
Valuation: \$0.20 gold per kilo, increased by 60%.
Duty: 5% on valuation.

Tariff No.

Boats :

- 16 for rowing clubs.
Valuation: Declared value.
Duty: 10% plus 2% on valuation.

Locomotives :

- 26 and spare parts for same.
Valuation: Declared value.
Duty: 5% on valuation.

White Lead :

- 58 including packing.
Valuation: \$0.20 gold per kilo, increased by 60%.
Duty: 10% plus 2% on valuation.

Cotton :

- 61 yarn, unbleached, for weaving, of counts up to 40 (English measure).
Valuation: \$0.40 gold per kilo, increased by 60%.
Duty: 10% plus 2% on valuation.

- 61A yarn, unbleached, for weaving, of counts above 40 (English measure).
Valuation: \$0.40 gold per kilo, increased by 60%.
Duty: 9% on valuation.

- 62 yarn, dyed, for weaving, of counts up to 40 (English measure).
Valuation: \$0.50 gold per kilo, increased by 60%.
Duty: 10% plus 2% on valuation.

- 62A yarn, coloured, for weaving, of counts above 40 (English measure).
Valuation: \$0.50 gold per kilo, increased by 60%.
Duty: 9% on valuation.

China Clay :

- 86 for industrial use.
Valuation: \$0.09 gold per 10 kilos, increased by 60%.
Duty: 5% on valuation.

Soda :

- 98 nitrate for industrial purposes including the packing.
Valuation: \$0.03 gold per kilo gross, increased by 60%.
Duty: 10% plus 2% on valuation.

- 98 bis carbonate, soda ash, Solvay soda and silicate for industrial purposes including the packing.
Valuation: \$0.03 gold per kilo gross, increased by 60%.
Duty: 5% on valuation.

- 99 sulphate and hydrate, impure (caustic soda).
Valuation: \$0.05 gold per kilo gross, increased by 60%.
Duty: 5% on valuation.

Herrings :

- 116 smoked in kegs, including such packing.
Valuation: \$0.20 gold per kilo, increased by 60%.
Duty: 10% plus 2% on valuation.

- 117 the same, in boxes, including such packing.
Valuation: \$0.30 gold per kilo, increased by 60%.
Duty: 10% plus 2% on valuation.

Dried cod fish (bacalao) :

- 127 whole, and other similar fish.
Valuation: \$0.14 gold per kilo, increased by 60%.
Specific duty: \$0.0446 gold, without the 25% surcharge.
Additional duty, 2% on valuation.

Tariff No.

128

cut, including the packing :

Valuation: \$0.20 gold per kilo, increased by 60%.
Specific duty: \$0.064 gold without the 25% surcharge.
Additional duty, 2% on valuation.

Preserved goods :

- 159 fish, shellfish and mushrooms preserved in any manner, including the packing, with the exception of herrings.
Valuation (with the exception of dried mushrooms): \$0.35 gold per kilo, increased by 60%.
Specific duty: \$0.50 gold, increased by 25%. Additional duty, 7% on valuation.
Valuation (dried mushrooms): \$0.35 gold per kilo, increased by 60%.
Specific duty: \$1.50 gold, increased by 25%. Additional duty, 7% on valuation.

- 159 bis herrings, preserved in any manner, in tins or glass containers.
Valuation: \$0.35 gold per kilo, increased by 60%.
Specific duty: \$0.35 gold, without 25% surcharge and additional duties.

Eggs :

- 191 in general.
Valuation: \$0.20 gold per kilo gross, increased by 60%.
Duty: free.

Mustard :

- 204 called English, in pots, packets or bottles, including such packing.
Valuation: \$0.30 gold per kilo, increased by 60%.
Specific duty: \$0.08 gold, increased by 25%.
Additional duty, 7% on valuation.

Fish :

- 223 pickled or salted, excluding herrings, in small casks or tins, including the packing.
Valuation: \$0.15 gold per kilo, increased by 60%.
Specific duty, \$0.10 gold, increased by 25%.
Additional duty, 7% on valuation.

- 223 bis herrings, pickled, or salted, in small casks or tins, including the packing.
Valuation: \$0.15 gold per kilo, increased by 60%.
Specific duty: \$0.0368 gold, increased by 25%.
Additional duty, 2% on valuation.

Salt :

- 233 fine, in barrels or bags, including the packing.
Valuation: \$0.02 gold per kilo, increased by 60%.
Specific duty: \$0.01 gold, increased by 25%.
Additional duty, 7% on valuation.

NOTE.—Fine salt, intended for curing hides or preserving meat, provided proof of its intended use is furnished, will be dutiable under Tariff item No. 232.

- 234 in glass bottles or in tins, including such packing.
Valuation: \$0.06 gold per kilo, without 60% surcharge.
Specific duty: \$0.02 gold, without 25% surcharge.
Additional duty, 7% on valuation.

Tariff No.		Tariff No.	
235	<i>Sauce :</i> English and the like, in bottles, including such packing. Valuation: \$0.50 gold per kilo, increased by 60%. Specific duty: \$0.1088 gold increased by 25%. Additional duty, 7% on valuation.	362 bis	<i>Chassis for Automobiles :</i> (a) For the conveyance of passengers, will be dutiable according to the relevant section of tariff number 362, excepting chassis for omnibuses which will be dutiable as follows : Valuation: Declared value. Specific duty: \$0.08 gold per kilo, without the 25% surcharge and without the additional duty of 2% or 7%. (b) For commercial vehicles and automobiles for the conveyance of goods (value to be declared). Valuation: Declared value. Specific duty: \$0.08 gold per kilo, without the 25% surcharge and without the additional duty of 2% or 7%. The same with body or complete will pay a surcharge of 50% on the specific duty.
239	<i>Tea :</i> in general, in the usual containers, including those of tinplate. Valuation: \$0.60 gold per kilo, increased by 60%. Specific duty: \$0.05 gold per kilo nett, increased by 25%.		<i>Accessories and Spare Parts for Automobiles and Commercial Vehicles :—</i>
273	<i>Gin :</i> in bottles, aromatic, not exceeding 50 centesimal degrees per litre. Valuation: \$3.00 gold per dozen bottles, increased by 60%. Specific duty: \$0.33 gold per bottle, increased by 25%. Additional duty: 25% <i>ad valorem</i> .	Section 1 :	<i>Body.</i> body, bonnet, running boards, doors, seats, hood, " alas," squabs, door handles with or without locks, wind-screen wipers and their accessories, trunks, glass for doors, windows, windscreens and windscreen extension, door and window mouldings, windscreens, curtains, blinds, mirrors, cushion springs of iron or steel and other appropriate parts. Valuation: \$0.60 gold per kilo, without 60% surcharge. Duty: 30% plus 7% on valuation.
275	<i>Ginger Ale :</i> Valuation: \$2.00 gold per dozen bottles, increased by 60%. Specific duty: \$0.50 gold, increased by 25%. Additional duty, 2% on valuation.	Section 2 :	<i>Transmission and Steering.</i> gear box, clutch and pedals, differential propeller shaft, clutch facings and driver plate assembly, pedals and bushings, change speed selectors, fly wheel and bearings, brake drum, rocker shaft and parts, drop arm, sump, plugs, brake control cables and other appropriate parts. Valuation: \$1.20 gold per kilo, without 60% surcharge. Duty: 30% plus 7% on valuation.
286	<i>Soft Drinks :</i> bottled. Valuation: \$4.00 gold per dozen bottles, increased by 60%. Specific duty: \$0.15 gold per bottle, increased by 25%. Additional duty, 7% on valuation.	Section 3 :	<i>Chassis.</i> frame and cross members, wings, road wheels and parts, inspection springs, bumpers, petrol tank, grease nipples, front and rear axles, iron rims and rubber rims, spare wheel carriers, luggage grid, shock absorbers, silencers and other appropriate parts. Valuation: \$0.80 gold per kilo, without 60% surcharge. Duty: 30% plus 7% on valuation.
287	with soda, bottled. Valuation: \$2.00 gold per dozen bottles, increased by 60%. Specific duty: \$0.50 gold, increased by 25%. Additional duty, 2% on valuation.	Section 4 :	<i>Engine.</i> cylinder block, cylinder head, cam shaft, pistons, con rods, crank shaft, timing cover and chain, flywheel, water and oil pumps, fan, carburetter, valves, pistons, piston-rings, radiator and other appropriate parts. Valuation: \$1.50 gold per kilo, without 60% surcharge. Duty: 30% plus 7% on valuation.
362	<i>Automobiles with body, or complete :</i> (a) For the conveyance of passengers: Section 1: weighing up to 1,000 kilos gross inclusive (value to be declared). Valuation: Declared value. Specific duty: \$0.20 gold per kilo, without the 25% surcharge and without the additional duty of 2% or 7%. Section 2: weighing more than 1,000 kilos up to 1,500 kilos gross inclusive (value to be declared). Valuation: Declared value. Fixed duty, \$200.00 gold. Specific duty: \$0.30 gold for each kilo in excess of 1,000 kilos, without the 25% surcharge and without the additional duty of 2% or 7%. Section 3: weighing more than 1,500 and up to 1,900 kilos gross inclusive (value to be declared). Valuation: Declared value. Fixed duty, \$350.00 gold. Specific duty: \$0.40 gold for each kilo in excess of 1,500 kilos, without the 25% surcharge and without the additional duty of 2% or 7%. Section 4: weighing more than 1,900 kilos gross weight (value to be declared). Valuation: Declared value. Duty: 40% plus 7% on valuation. Section 5: every automobile whose gross weight brings it within Sections 1, 2 or 3 and whose value in the Customs warehouse is more than \$1,600.00 gold will be considered as an " automobile de luxe " and will be dutiable under Section 4.	Section 5 :	<i>Ignition.</i> sparkling plugs, distributor, magneto, switches, self-starter and dynamo, horn, cable terminals, ammeters, manometers, head and side lights, lamps and glasses, etc., tubular fuses, iron gauges for oiling engines, contact keys, speedometers, milometers, thermostat, taximeter and other appropriate parts. Valuation: \$3.00 gold per kilo, without 60% surcharge. Duty: 30% plus 7% on valuation.

Tariff No.		Tariff No.	
371	<i>Pumps.</i> Valuation: \$1.30 gold per kilo, increased by 60%. Duty: 30% plus 7% on valuation. NOTE.—Tariff numbers 366, 367, 368, 369, 370 and 372 are suppressed.	933	of rubber, not combined with cloth, except those of English sheet or the like. Valuation: \$1.30 gold per kilo, increased by 60%. Duty: 30% plus 7% on valuation.
	<i>Section IX</i> <i>FURNITURE</i> NOTE 5.—The articles of furniture comprised in this section will pay duty at 40% plus 7% with the exception of the articles comprised in the following tariff items: 496, 497, 498, 499, 500, 570, 598, 599, 600. NOTE.—The articles comprised in tariff Nos. 1005, 1006 and 1090 when enamelled will be subject to a surcharge of 25% on their respective valuations.	934	the same, combined with cloth, with or without wire. Valuation: \$0.90 gold per kilo, increased by 60%. Duty: 30% plus 7% on valuation.
604	<i>Ornamental and bazaar goods :</i> of silver, without accessories of crystal, porcelain or steel. Valuation: \$22.50 gold per kilo, increased by 60%. Duty: 50% plus 7% on valuation.	936	of canvas. Valuation: \$0.80 gold per kilo, increased by 60%. Duty: 25% plus 7% on valuation.
782	<i>Steel :</i> in bars, plates or strips, mild steel or low-grade steel containing from 0.25% to 0.40% of carbon. Valuation: \$0.10 gold per kilo, increased by 60%. Duty: 17% plus 2% on valuation.	998	<i>Copper, brass or yellow metal :</i> brass wire in general, uncovered. Valuation: \$0.45 gold per kilo, increased by 60%. Duty: 25% plus 7% on valuation.
782 bis	the same, with more than 0.40% of carbon. Valuation: \$0.15 gold per kilo, increased by 60%. Duty: 17% plus 2% on valuation.	1005	<i>Stoves or cookers :</i> of iron for coal-burning. Valuation: \$0.20 gold per kilo, increased by 60%. Duty: 25% plus 7% on valuation.
785	<i>Water :</i> or liquid for cleaning metals. Valuation: \$0.20 gold per litre, increased by 60%. Duty: 25% plus 7% on valuation.	1006	for gas, mineral oil and spirit. Valuation: \$0.25 gold per kilo, increased by 60%. Duty: 25% plus 7% on valuation.
813	<i>Amianthus or Asbestos :</i> in sheets, in powder, and plastic magnesia. Valuation: \$0.08 gold per kilo, increased by 60%. Duty: 25% plus 7% on valuation.	1014	<i>Belting :</i> of hemp, hair, cotton, agave or other fibres, with or without rubber, guttapercha or other similar substances. Valuation: \$0.50 gold per kilo, increased by 60%. Duty: 25% plus 7% on valuation.
814	thread, machine packing, cloth and tissues, in general. Valuation: \$0.45 gold per kilo, increased by 60%. Duty: 25% plus 7% on valuation.	1031	<i>Knives and Forks :</i> table, with handles of iron, nickled iron, aluminium, bone, riveted wood, stained wood and spelter, common quality. Valuation: \$0.70 gold per dozen, increased by 60%. Duty: 25% plus 7% on valuation.
893	<i>Cable, exceeding 22 millimetres in circumference :</i> of wire of iron or steel, galvanised. Valuation: \$0.20 gold per kilo, increased by 60%. Duty: 25% plus 7% on valuation.	1032	the same, for dessert. Valuation: \$0.50 gold per dozen, increased by 60%. Duty: 25% plus 7% on valuation.
927	<i>Pipes, Tubes, Conduits, Elbows and Joints :</i> of cast iron, up to 75 millimetres internal diameter. Valuation: \$0.04 gold per kilo, increased by 60%. Duty: 25% plus 7% on valuation.	1033	table, with handles like those mentioned, of ebony, pear wood, stag-horn, buffalo horn, horn or imitation ivory and others, medium quality. Valuation: \$1.50 gold per dozen, increased by 60%. Duty: 25% plus 7% on valuation.
928	of cast iron, more than 75 millimetres internal diameter. Valuation: \$0.03 gold per kilo, increased by 60%. Duty: 25% plus 7% on valuation.	1034	the same, for dessert. Valuation: \$1.20 gold per dozen, increased by 60%. Duty: 25% plus 7% on valuation.
929	of mild or wrought iron. Valuation: \$0.08 gold per kilo, increased by 60%. Duty: 25% plus 7% on valuation.	1035	table, fine quality, except those with handles of ivory or metal. Valuation: \$2.50 gold per dozen, increased by 60%. Duty: 25% plus 7% on valuation.
930	of galvanised iron. Valuation: \$0.10 gold per kilo, increased by 60%. Duty: 25% plus 7% on valuation.	1036	the same, for dessert. Valuation: \$1.80 gold per dozen, increased by 60%. Duty: 25% plus 7% on valuation. NOTE.—The articles included under the above tariff numbers will be assessed for duty per dozen pairs.
		1040	<i>Knives :</i> pointed, and those known as French daggers, common quality. Valuation: \$0.006 gold per centimetre, increased by 60%. Duty: 25% plus 7% on valuation.

Tariff No.		Tariff No.	
	<i>Packing:</i>		Valuation: \$0.80 gold per kilo, increased by 60%. Duty: 5% on valuation.
1062	in general, not specially mentioned in other tariff numbers. Valuation: \$0.45 gold per kilo, increased by 60%. Duty: 25% plus 7% on valuation.		
	<i>Oilers:</i>	1249	<i>Machinery:</i> the same, of more than 1,000 kilos and boilers for industrial use of more than 500 kilos, gross weight. Valuation: \$0.15 gold per kilo gross, increased by 60%. Duty: 5% on valuation.
1066	oil cans of iron. Valuation: \$0.35 gold per kilo, increased by 60%. Duty: 25% plus 7% on valuation.		NOTE.—When a complete steam boiler installation is despatched in various shipments and/or by different ports, it will be considered as a complete installation, provided that proof to this effect is furnished with the first shipment, and the accuracy of the declaration is verified.
1076	<i>Tin.—In sheets or plates, bars or ingots:</i> in bars or ingots. Valuation: \$0.30 gold per kilo, increased by 60%. Duty: 10% plus 2% on valuation. in sheets or plates. Valuation: \$0.60 gold per kilo, increased by 60%. Duty: 25% plus 7% on valuation.	1317	<i>Motorcycles:</i> in general, without sidecar or combination, up to 350 c.c. capacity. Valuation: \$75.00 gold each, increased by 60%. Duty: 25% plus 7% on valuation.
	<i>Iron:</i>		
1148	in ingots for casting. Valuation: \$0.08 gold per kilo, increased by 60%. Duty: 5% on valuation.	1333	<i>Spades:</i> with handles. Valuation: \$0.18 gold per kilo, increased by 60%. Duty: 25% plus 7% on valuation.
1150	in hoops and chequer-plating, unworked. Valuation: \$0.04 gold per kilo, increased by 60%. Duty: 5% on valuation.	1333 bis	shovels fitted with handles. Valuation: \$0.18 gold per kilo, increased by 60%. Duty: free.
1150A	L. T. V. U. Z., bars and other sections in various forms, unworked, including droppers for fences, perforated or not, tarred, varnished and with the edges corrugated or scalloped, Sections I, V. Valuation: \$0.04 gold per kilo, increased by 60%. Duty: 10% plus 2% on valuation.	1456	<i>Solder:</i> of lead, with tin, containing up to 3.5% of antimony. Valuation: \$0.27 gold per kilo, increased by 60%. Duty: 25% plus 7% on valuation.
1150B	in sheets, unworked. Valuation: \$0.035 gold per kilo, increased by 60%. Duty: 5% on valuation.	1457	for iron and steel. Valuation: \$0.40 gold per kilo, increased by 60%. Duty: 25% plus 7% on valuation.
1150C	joists of solid iron Valuation: \$0.04 gold per kilo, increased by 60%. Duty: 25% plus 7% on valuation.	1484	<i>Cement:</i> hydraulic or Roman. Valuation: \$1.10 gold per 100 kilos gross, increased by 60%. Duty: 35% plus 7% on valuation. intended for use in public works. Valuation: \$1.10 gold per 100 kilos gross, increased by 60%. Duty: 25% plus 7% on valuation.
1154	galvanized, in sheets or ridgings. Valuation: \$0.07 gold per kilo, increased by 60%. Duty: 25% plus 7% on valuation.		
1155	coated with lead, in sheets or hoops. Valuation: \$0.045 gold per kilo, increased by 60%. Duty: 25% plus 7% on valuation.	1533	<i>Valves:</i> of iron, in general. Valuation: \$0.15 gold per kilo, increased by 60%. Duty: 25% plus 7% on valuation.
	<i>Thread, Twine or String:</i>	1533A	of iron, containing up to 40% of brass. Valuation: \$0.30 gold per kilo, increased by 60%. Duty: 25% plus 7% on valuation.
1171	of other materials. Valuation: \$0.30 gold per kilo, increased by 60%. Duty: 25% plus 7% on valuation. NOTE.—When of the types used for sewing cereal bags, and accompanied with proof of intended use, duty free.	1533B	of iron, containing more than 40% and up to 60% of brass. Valuation: \$0.90 gold per kilo, without the 60% surcharge. Duty: 25% plus 7% on valuation.
	<i>Tinplate:</i>		
1177	unworked, cut or not. Valuation: \$0.08 gold per kilo, increased by 60%. Duty: 5% on valuation. NOTE.—Tinplate in whatever packing will receive a tare allowance of 5% on the gross weight.	1536	<i>Velocipedes, Bicycles or Tricycles:</i> single seated, in general, except those for children with wheels not exceeding 61 cms. in external diameter, finished or not, complete or incomplete. Valuation: \$30.00 gold each, increased by 60%. Duty: 25% plus 7% on valuation.
1196	<i>Canvas or Taraulins:</i> oiled or not, for covering ricks or waggons and for similar uses.		

Tariff No.

Velocipedes, Bicycles or Tricycles (contd.):—

1537	for children, with wheels, up to 60 cms. in external diameter. Valuation: \$12.50 gold each, increased by 60%. Duty: 25% plus 7% on valuation.
	<i>Tubes:</i> insulated, or pipes of wrought or cast iron, with or without accessories, varnished or not. Valuation: \$0.12 gold per kilo, increased by 60%. Duty: 25% plus 7% on valuation.
	<i>Candles in general:</i> of stearine, tallow, paraffin wax or mixtures thereof. Valuation: \$0.30 gold per kilo, increased by 60%. Specific duty: \$0.072 gold per kilo without 25% surcharge. Additional duty of 7% on valuation.
1641	
1663	<i>Dynamite:</i> in general. Valuation: \$0.20 gold per kilo, increased by 60%. Duty: 50% plus 7% on valuation.
	<i>Gunpowder:</i> black, in general. Valuation: \$0.40 gold per kilo, increased by 60%. Duty: 50% plus 7% on valuation.
1691	
1692	pink, or cellulose. Valuation: \$1.20 gold per kilo, increased by 60%. Duty: 50% plus 7% on valuation.
	<i>Sheet Glass:</i> white or fancy coloured, printed, of all thicknesses. Valuation: \$1.20 gold per square metre, increased by 60%, without the 25% surcharge. Duty: 25% plus 7% on valuation.
1769	
1771	fine or crystal, not silvered, not exceeding 87 by 61 cms., or equivalent, in dimensions. glass: Valuation: \$2.60 gold per square metre, increased by 60%, without 25% surcharge. Duty: 25% plus 7% on valuation. crystal: Valuation: \$2.60 gold per square metre, increased by 60%, without 25% surcharge. Duty: 40% plus 7% on valuation.
1775	fine or crystal, not silvered, of other dimensions: glass: Valuation: \$3.70 gold per square metre, increased by 60%, without 25% surcharge. Duty: 25% plus 7% on valuation. crystal: Valuation: \$3.70 gold per square metre, increased by 60%, without 25% surcharge. Duty: 40% plus 7% on valuation.
1779	channelled or plain for skylights. glass: Valuation: \$0.03 gold per kilo gross, increased by 60%, without 25% surcharge. Duty: 25% plus 7% on valuation. crystal: Valuation: \$0.03 gold per kilo gross, increased by 60%, without 25% surcharge. Duty: 40% plus 7% on valuation.

Section XVI

POTTERY AND CRYSTAL WARE

NOTE 18.—The surcharge of 25% on the valuations of the articles comprised in this Section will not be applicable to articles of earthenware specified under the following tariff numbers: 1783, 1785, 1786, 1792, 1794, 1796, 1798, 1800, 1805, 1810, 1812, 1814, 1822, 1829, 1831, 1833, 1837.

NOTE 19.—Articles having a substantially opaque body, not very white, sometimes coloured, earthy fracture, of more than 0.5% absorption, will be classified as "earthenware."

EARTHENWARE (FAIENCE)* AND PORCELAIN

Tariff No.

Bidets:

1789 pedestal, of white earthenware (faience).
Valuation: \$4.00 gold each, increased by 60%, without 25% surcharge.
Duty: 25% plus 7% on valuation.

1790 the same, coloured.
Valuation: \$5.00 gold each, increased by 60%, without 25% surcharge.
Duty: 25% plus 7% on valuation.

1791 with accessories.
Dutiable as above, with a surcharge of 20%.

Water closet pans:

1807 of ordinary earthenware (barro) two section.
Valuation: \$0.60 gold each, increased by 60%, without 25% surcharge.
Duty: 25% plus 7% on valuation.

1808 with pedestal of earthenware (faience), white or yellow.
Valuation: \$2.50 gold each, increased by 60%, without 25% surcharge.
Duty: 25% plus 7% on valuation.

Basins:

1824 of white or coloured earthenware (faience), for running water lavatories, with waste pipe.
Valuation: \$5.00 gold each, increased by 60%, without 25% surcharge.
Duty: 25% plus 7% on valuation.

1825 the same with valve.
Valuation: \$4.00 gold each, increased by 60%, without 25% surcharge.
Duty: 25% plus 7% on valuation.

1828 with taps or accessories.
Dutiable as above, with a surcharge of 20%.

Tiles:

1847 glazed (azulejos), plain, coloured or not.
Valuation: \$0.06 gold per kilo gross, increased by 60%.
Duty: 25% plus 7% on valuation.

Pipes:

1873 of earthenware (barro) up to 20 cms. in diameter.
Valuation: \$0.20 gold each, increased by 60%, with a 25% surcharge.
Duty: 25% plus 7% on valuation.

Bricks:

1887 fire, fusible or refractory.
Valuation: \$2.00 gold per 100, increased by 60%, with a 25% surcharge.
Duty: 5% on valuation.

Sinks:

1899 or sumps of earthenware (barro) glazed or not.
Valuation: \$0.90 gold each, increased by 60%, without 25% surcharge.
Duty: 25% plus 7% on valuation.

Section XVII

Tissues

NOTE 3 bis.—Tissues of wool or mixed wool in the piece which contain in their warp and/or in their weft up to 5% by specific weight per square metre, of natural or artificial silk, shall be considered as tissues of wool or mixed wool. In order not to change the percentages fixed by note 3 of the Textile section of the Tariff for the classification of tissues of wool and mixed wool, the 5% of silk which is admitted as a tolerance will be considered as woollen "fibre."

NOTE 6 bis.—Tissues comprised in Tariff items 2021 bis, 2048 bis, 2052A, and 2057A and B will be classified under 2021, 2048, 2052, and 2057 respectively when they are embroidered by the Jacquard system.

Tariff No.		Tariff No.	
		2006	embroidered, box-pleated, pleated (crepe), and open worked, weighing up to 200 grammes per square metre. Valuation: \$1.50 gold per kilo, increased by 60%. Duty: 25% plus 7% on valuation.
		2006 bis	embroidered on the Jacquard system. Valuation: \$3.00 gold per kilo, increased by 60%. Duty: 25% plus 7% on valuation.
		2009	bleached, not specially mentioned, weighing up to 80 grammes inclusive, per square metre. Valuation: \$1.40 gold per kilo, increased by 60%. Duty: 25% plus 7% on valuation.
		2010	bleached, plain or twilled, weighing more than 80 grammes and up to 160 grammes per square metre. Valuation: \$0.80 gold per kilo, increased by 60%. Duty: 20% plus 2% on valuation.
		2010 bis	the same, weighing more than 160 grammes per square metre. Valuation: \$0.80 gold per kilo, increased by 60%. Duty: 25% plus 7% on valuation.
		2011	bleached, with stripes or other woven designs, weighing more than 80 grammes per square metre. Valuation: \$0.90 gold per kilo, increased by 60%. Duty: 25% plus 7% on valuation.
		2012	printed, not specially mentioned, weighing up to 80 grammes inclusive, per square metre. Valuation: \$1.50 gold per kilo, increased by 60%. Duty: 25% plus 7% on valuation.
		2013	printed, weighing more than 80 grammes and up to 160 grammes per square metre. Valuation: \$0.90 gold per kilo, increased by 60%. Duty: 20% plus 2% on valuation.
		2013 bis	the same, weighing more than 160 grammes per square metre. Valuation: \$0.90 gold per kilo, increased by 60%. Duty: 25% plus 7% on valuation.
		2014	dyed, not specially mentioned, weighing up to 80 grammes, inclusive, per square metre. Valuation: \$1.50 gold per kilo, increased by 60%. Duty: 25% plus 7% on valuation.
		2015	dyed, weighing more than 80 grammes and up to 130 grammes, inclusive, per square metre. Valuation: \$0.90 gold per kilo, increased by 60%. Duty: 25% without additional duty of 7%.
		2016	dyed, weighing more than 130 grammes per square metre. Valuation: \$0.80 gold per kilo, increased by 60%. Duty: 25% plus 7% on valuation.
		2016 bis	this item, created by Decree 170 of September 15, 1931, is suppressed. The tissues comprised in it will be classified under their appropriate tariff numbers according to their specific weight.
		2018	with wool, not specially mentioned. Valuation: \$1.20 gold per kilo, increased by 60%. Duty: 25% plus 7% on valuation.
1916	<i>Carpets:</i> cut pile, of wool or wool mixture, in general, including hand-made carpets up to ordinary quality, except those known as Indian carpets. Valuation: \$1.70 gold per kilo, increased by 60%. Duty: 40% plus 7% on valuation.		
1917	uncut pile of wool or wool mixtures. Valuation: \$0.70 gold per kilo, increased by 60%. Duty: 40% plus 7% on valuation.		
1954	<i>Blankets:</i> of wool, hemmed or bound. Valuation: \$2.25 gold per kilo, increased by 60%. Duty: 50% plus 7% on valuation.		
1972	<i>Handkerchiefs:</i> of cotton, hemstitched, up to 60 cms. Valuation: \$1.95 gold per kilo, increased by 60%. Duty: 50% plus 7% on valuation.		
1973	of cotton, not hemstitched, up to 60 cms. Valuation: \$1.63 gold per kilo, increased by 60%. Duty: 50% plus 7% on valuation.		
1974	of cotton, not hemstitched, more than 60 cms. Valuation: \$0.91 gold per kilo, increased by 60%. Duty: 50% plus 7% on valuation.		
1975	of cotton, hemstitched, more than 60 cms. Valuation: \$1.30 gold per kilo, increased by 60%. Duty: 50% plus 7% on valuation.		
1995	<i>Cotton Tissues:</i> unbleached (lienzo). Valuation: \$0.50 gold per kilo, increased by 60%. Duty: 25% plus 2% on valuation.		
1996	unbleached, with coloured stripes. Valuation: \$0.60 gold per kilo, increased by 60%. Duty: 25% plus 2% on valuation.		
2001	velvet, plush or velveteen, weighing up to 200 grammes per square metre. Valuation: \$1.40 gold per kilo, increased by 60%. Duty: 25% plus 7% on valuation.		
2001 bis	velvet, plush or velveteen, weighing more than 200 grammes per square metre. Valuation: \$1.40 gold per kilo, increased by 60%. Duty: 25% plus 2% on valuation.		

Tariff No.		Tariff No.	
	<i>Cotton Tissues (contd.):—</i>	2046	mixed wool, not specially mentioned, weighing from 201 up to 400 grammes per square metre. Valuation: \$1.70 gold per kilo, increased by 60%. Duty: 25% plus 7% on valuation.
2019	with rubber, called water-proofed. Valuation: \$0.80 gold per kilo, increased by 60%. Duty: 25% plus 7% on valuation.	2047	mixed wool, not specially mentioned, weighing more than 400 grammes per square metre. Valuation: \$1.50 gold per kilo, increased by 60%. Duty: 25% plus 7% on valuation.
2020	with rubber and wool, called water-proofed. Valuation: \$2.00 gold per kilo, increased by 60%. Duty: 25% plus 7% on valuation.	2048	with natural silk, or with cotton and natural silk. Valuation: \$4.00 gold per kilo, increased by 60%. Duty: 30% plus 7% on valuation.
2021	with natural silk. Valuation: \$4.00 gold per kilo, increased by 60%. Duty: 25% plus 7% on valuation.	2048 bis	with artificial silk or with cotton and artificial silk. Valuation: \$3.20 gold per kilo, increased by 60%. Duty: 25% plus 7% on valuation.
2021 bis	with artificial silk, exclusively. Valuation: \$3.12 gold per kilo, increased by 60%. Duty: 25% plus 7% on valuation.	2049	with rubber, called water-proofed. Valuation: \$3.00 gold per kilo, increased by 60%. Duty: 25% plus 7% on valuation.
	<i>Tissues of linen, pure or mixed:</i>	2050	with rubber and cotton, called water-proofed. Valuation: \$2.00 gold per kilo, increased by 60%. Duty: 25% plus 7% on valuation.
2025	for interlinings. Valuation: \$0.70 gold per kilo, increased by 60%. Duty: 35% plus 7% on valuation.		<i>Silk Tissues:</i>
2025 bis	so-called Russian hollandes, Os naburgs and those for "lienzos" or dish cloths. Valuation: \$0.80 gold per kilo, increased by 60%. Duty: 35% plus 7% on valuation.	2051	sized, called crape. Valuation: \$12.00 gold per kilo, increased by 60%. Duty: 40% less 50%, plus 7% less 50%, on valuation.
2026	hollandes unbleached, with or without coloured stripes, for clothing or upholstery. Valuation: \$1.00 gold per kilo, increased by 60%. Duty: 35% plus 7% on valuation.	2052	natural, pure or with 15% of other textiles. Valuation: \$15.00 gold per kilo, increased by 60%. Duty: 40% plus 7% on valuation, with a deduction of 50% in the duties leviable.
2032	not specially mentioned in the above items, and weighing up to 150 grammes, inclusive, per square metre. Valuation: \$2.25 gold per kilo, increased by 60%. Duty: 35% plus 7% on valuation.	2052A	artificial, exclusively, with more than 85% of this textile. Valuation: \$11.25 gold per kilo, increased by 60%. Duty: 40% plus 7% on valuation, with a deduction of 50% in the duties leviable.
2033	not specially mentioned, weighing more than 150 grammes per square metre. Valuation: \$1.50 gold per kilo, increased by 60%. Duty: 35% plus 7% on valuation.	2052B	artificial, exclusively, in the raw state, undyed or white, for dyeing and printing. Valuation: \$8.50 gold per kilo, increased by 60%. Duty: 25% plus 7% on valuation, with deduction of 50% in the duties leviable.
	<i>Wool Tissues:</i>	2057	natural, mixed. Valuation: \$8.00 gold per kilo, increased by 60%. Duty: 40% plus 7% on valuation, with a deduction of 50% in the duties leviable.
2037	or mixed wool, called bunting for flags, and baize. Valuation: \$1.50 gold per kilo, increased by 60%. Duty: 30% plus 7% on valuation.	2057A	mixtures of cotton with artificial silk exclusively, containing more than 40% and up to 85% of the latter. Valuation: \$6.24 gold per kilo, increased by 60%. Duty: 40% plus 7% on valuation, with a deduction of 50% in the duties leviable.
2039	not specially mentioned in other tariff numbers, weighing up to 200 grammes, inclusive, per square metre. Valuation: \$3.00 gold per kilo, increased by 60%. Duty: 30% plus 7% on valuation.	2057B	mixtures of wool with artificial silk exclusively, containing more than 40% and up to 85% of the latter. Valuation: \$7.12 gold per kilo, increased by 60%. Duty: 40% plus 7% on valuation, with a deduction of 50% in the duties leviable.
2040	not specially mentioned in other tariff items, weighing from 201 up to 400 grammes per square metre. Valuation: \$2.80 gold per kilo, increased by 60%. Duty: 25% plus 7% on valuation.	2068	<i>Towels:</i> of cotton with pile, and mixed with linen, and bath sheets with pile. Valuation: \$2.00 gold per kilo, increased by 60%. Duty: 50% plus 7% on valuation.
2041	not specially mentioned in other tariff items, weighing more than 400 grammes per square metre. Valuation: \$2.50 gold per kilo, increased by 60%. Duty: 25% plus 7% on valuation.		
2045	mixed wool, not specially mentioned, weighing up to 200 grammes per square metre. Valuation: \$1.80 gold per kilo, increased by 60%. Duty: 25% plus 7% on valuation.		

Tariff No.		Tariff No.	
2073	<i>Carpeting:</i> with uncut pile, in general, of wool or mixed wool. Valuation: \$0.60 gold per kilo, increased by 60%. Duty: 40% plus 7% on valuation.	2280	the same, medium quality. Valuation: \$5.00 gold per kilo, increased by 60%. Duty: 50% plus 7% on valuation.
2074	cut pile, in general, of wool or mixed wool. Valuation: \$1.30 gold per kilo, increased by 60%. Duty: 40% plus 7% on valuation.	2440	<i>Lace or Squares for Bedspreads:</i> or coarse net of cotton. Valuation: \$1.60 gold per kilo, increased by 60%. Duty: 25% plus 7% on valuation.
2083	<i>Made-up hosiery:</i> of wool or mixed wool, petticoats, house jackets, or combinations. Valuation: \$2.85 gold per kilo, increased by 60%. Duty: 40% plus 7% on valuation.	2441	of cotton, pure or mixed wool, imitation Valenciennes, Breton, guipure or crochet, including those mixed with metal threads or beaded embroidery. Valuation: \$4.00 gold per kilo, increased by 60%. Duty: 25% plus 7% on valuation.
2084	wool or mixed wool, not mentioned under the previous tariff item. Valuation: \$3.35 gold per kilo, increased by 60%. Duty: 40% plus 7% on valuation.	2505	<i>Thread:</i> of cotton, for sewing, on wooden reels up to 70 grammes, it being necessary to declare the number of metres on each reel. Valuation: \$0.10 gold per 1,000 metres, increased by 60%. Duty: 10% plus 2% on valuation.
2085	of wool or mixed wool with silk, house jackets or petticoats. Valuation: \$4.00 gold per kilo, increased by 60%. Duty: 40% plus 7% on valuation.	2506	of cotton, for sewing, in balls, skeins or on bobbins, and those on wooden reels of more than 70 grammes, the weight of the reel being deducted in this case. Valuation: \$1.00 gold per kilo, increased by 60%. Duty: 10% plus 2% on valuation.
2086	of wool or mixed wool with silk, not mentioned in the previous tariff item. Valuation: \$5.00 gold per kilo, increased by 60%. Duty: 40% plus 7% on valuation.	2506A	of cotton, for embroidering and crocheting or knitting, on reels, or in balls or skeins. Valuation: \$1.00 gold per kilo, increased by 60%. Duty: 20% plus 2% on valuation.
2114	<i>Quilted coverlets:</i> of cotton fabric, filled with feathers. Valuation: \$3.00 gold per kilo, increased by 60%. Duty: 50% plus 7% on valuation.	2506B	of linen or hemp (cáñamo), unbleached or dyed, for sewing, embroidering and knitting on bobbins, in balls or skeins, or on reels, the weight of the wooden reel being deducted when over 70 grammes. Valuation: \$1.00 gold per kilo, increased by 60%. Duty: 20% plus 2% on valuation.
2114 bis	of cotton fabric, filled with materials other than feathers. Valuation: \$1.50 gold per kilo, increased by 60%. Duty: 50% plus 7% on valuation.		
2157	<i>Stockings and Socks:</i> of wool or wool mixed with other materials, except silk. Valuation: \$3.50 gold per kilo, increased by 60%. Duty: 40% plus 7% on valuation.	2512	<i>Oiled Cloth:</i> in the piece, with or without fringe, including pole. Valuation: \$0.40 gold per kilo, increased by 60%. Duty: 25% plus 7% on valuation.
2163	<i>Greatcoats and Overcoats, including waterproofs:</i> of fabric of wool or wool mixed with other fibres, in general, for men and women. Valuation: \$20.00 gold each, increased by 60%. Duty: 50% plus 7% on valuation.	2512 bis	the same, in the form of table-cloths or mats. Valuation: \$0.40 gold per kilo, increased by 60%. Duty: 50% plus 7% on valuation.
2181	<i>Sheets and Pillowcases:</i> the same of linen or linen mixed with other fibres. Valuation: \$2.25 gold per kilo, increased by 60%. Duty: 50% plus 7% on valuation.	2522	<i>Printed Matter:</i> on paper, for advertisements and ordinary advertising matter printed on cardboard, not mentioned in the previous tariff numbers, as well as separate blocks for calendars. Price lists and commercial catalogues referring exclusively to imported articles will be dutiable under this tariff number. Valuation: \$0.50 gold per kilo, increased by 60%. Duty: 40% plus 7% on valuation.
2195	<i>Suits:</i> for men, of wool or mixed wool, frock-coat, morning, evening or dinner dress. Valuation: \$30.00 gold each, increased by 60%. Duty: 50% plus 7% on valuation.	2533A	<i>Games:</i> Golf clubs. Valuation: \$2.50 gold each, without 60% surcharge. Duty: 25% plus 7% on valuation. NOTE.—Shafts of wood or steel for golf clubs will be assessed for duty with a deduction of 50% from the valuation.
2196	the same, lounge suits. Valuation: \$20.00 gold each, increased by 60%. Duty: 50% plus 7% on valuation.	2533H	Balls for golf and tennis. Valuation: \$1.50 gold per kilo, increased by 60%. Duty: 30% plus 7% on valuation.
2279	<i>Articles of Metal:</i> plated or electro-plated, fine quality. Valuation: \$8.00 gold per kilo, increased by 60%. Duty: 50% plus 7% on valuation.		

Tariff No.		Tariff No.	
2539A	<i>Toys:</i> of every kind, not comprised in other tariff items, including those called Meccano and Hornby, mechanical or not. Valuation: \$0.40 gold per kilo, increased by 60%. Duty: 25% plus 7% on valuation.	Section 2.	oily varnishes with a base of siccative and polymerised oils with natural or synthetic resins or gums, resinates, &c., coloured or not, and liquid drying varnishes such as terebene and the like. Valuation: \$0.50 gold per kilo, increased by 60%. Duty: 25% plus 7% on valuation.
2542	<i>Wool:</i> yarns for embroidery or knitting. Valuation: \$1.40 gold per kilo, increased by 60%. Duty: 25% plus 7% on valuation.	Section 3.	volatile varnishes in general, composed of natural or synthetic resins, volatile solvents, coloured or not. Valuation: \$0.375 gold per kilo, increased by 60%. Duty: 25% plus 7% on valuation.
2605	<i>Paper:</i> albuminized and special photographic papers, including the weight of the tin. Valuation: \$2.00 gold per kilo, increased by 60%. Duty: 25% plus 7% on valuation.	Section 4.	varnishes of polymerised or oxidized oils or stand oils, without resins, with or without volatile solvents. Valuation: \$0.25 gold per kilo, increased by 60%. Duty: 25% plus 7% on valuation.
2616	the same, for typewriters. Valuation: \$3.00 gold per kilo, increased by 60%. Duty: 25% plus 7% on valuation.	Section 5.	oily black varnishes with a base of natural or synthetic asphalt, with siccative oils and resins. Valuation: \$0.225 gold per kilo, increased by 60%. Duty: 25% plus 7% on valuation.
2653	<i>Pens:</i> for writing, of steel or other metal. Valuation: \$2.50 gold per kilo, without 60% surcharge. Duty: 25% plus 7% on valuation.	Section 6.	black volatile varnishes with a base of pitch, asphalt or tar and volatile solvents. Valuation: \$0.094 gold per kilo, increased by 60%. Duty: 25% plus 7% on valuation.
2687	<i>Racquets:</i> the same, strung, for other games. Valuation: \$3.75 gold each, increased by 60%. Duty: 25% plus 7% on valuation.	Section 7.	water varnishes. Valuation: \$0.20 gold per kilo, increased by 60%. Duty: 25% plus 7% on valuation.
2687 bis	the same, unstrung. Valuation: \$1.875 gold each, increased by 60%. Duty: 25% plus 7% on valuation.	2914	<i>Calcium:</i> chlorides, in general, impure. Valuation: \$0.02 gold per kilo, increased by 60%. Duty: 5% on valuation.
2730	<i>Ink:</i> for writing, black or coloured, in any condition, including the exterior packing. Valuation: \$0.10 gold per kilo gross, increased by 60%. Duty: 25% plus 7% on valuation. NOTE.—Writing ink, black or coloured, packed in stone jars, will be assessed for duty with a deduction of 10% from the valuation.	2967	<i>Copper:</i> sulphate, impure. Valuation: \$0.10 gold per kilo, increased by 60%. Duty: 5% on valuation.
2743	<i>Bands:</i> insertions, trimmings and motifs, of cotton, embroidered, with or without silk. Valuation: \$4.00 gold per kilo, increased by 60%. Duty: 25% plus 7% on valuation.	3072	<i>Phosphorus:</i> sesquisulphide. Valuation: \$1.15 gold per kilo nett, increased by 60%. Duty: 5% on valuation.
2867	<i>Arrowroot:</i> arrowroot, in general. Valuation: \$0.20 gold per kilo, increased by 60%. Duty: 20% plus 2% on valuation.	3080	<i>Medicinal Gauzes:</i> absorbent, in general. Valuation: \$1.00 gold per kilo, increased by 60%. Duty: 25% plus 7% on valuation.
2877	<i>Blue:</i> and green, ultramarine. Valuation: \$0.10 gold per kilo gross, increased by 60%. Duty: 25% plus 7% on valuation.	3193	<i>Nuts:</i> nutmegs. Valuation: \$1.00 gold per kilo, increased by 60%. Duty: 25% plus 7% on valuation.
2877 bis	in small cakes or bags, in general. Valuation: \$0.13 gold per kilo gross, increased by 60%. Duty: 25% plus 7% on valuation.	3226	<i>Paints:</i> in paste, vermilion or cinnabar. Valuation: \$1.00 gold per kilo, increased by 60%. Duty: 25% plus 7% on valuation.
2886	<i>Varnishes:</i> varnishes with a base of celluloid, cellulose, nitrocellulose, acetyl-cellulose and the like, coloured or not. Valuation: \$0.70 gold per kilo, increased by 60%. Duty: 25% plus 7% on valuation.	3227	in paste, with pigment exclusively with base of copper compounds, chromic oxides, chromates and Prussian blue. Valuation: \$0.30 gold per kilo, increased by 60%. Duty: 25% plus 7% on valuation.
		3228	in paste, unspecified, and fillers, not mentioned in other tariff numbers. Valuation: \$0.14 gold per kilo, increased by 60%. Duty: 25% plus 7% on valuation.

Tariff No.	
	<i>Paints (contd.):—</i>
3229	paints or pigments in powder or lumps, not specially mentioned. Valuation: \$0.20 gold per kilo, increased by 60%. Duty: 25% plus 7% on valuation.
3229 bis	Iron oxide in powder or lumps and lithophone. Valuation: \$0.10 gold per kilo, increased by 60%. Duty: 25% plus 7% on valuation.
3230	in tubes. Valuation: \$0.50 gold per kilo, increased by 60%. Duty: 25% plus 7% on valuation.
3231	liquid, in general, without varnish, and anti-corrosives. Valuation: \$0.22 gold per kilo, increased by 60%. Duty: 25% plus 7% on valuation.
3232	in paste or liquid with varnish, excepting those of tariff numbers 3232A and B, anti-corrosive paints for ships' bottoms containing compounds of mercury, copper or arsenic, fillers and putties of pyroxyline, cellulose, celluloid, viscose and their ethers. Valuation: \$0.40 gold per kilo, increased by 60%. Duty: 25% plus 7% on valuation.
3232A	called enamels and those with a base of celluloid, cellulose, acetyl-cellulose and the like. Valuation: \$0.55 gold per kilo, increased by 60%. Duty: 25% plus 7% on valuation.
3232B	with aluminium, bronze or copper. Valuation: \$0.70 gold per kilo, increased by 60%. Duty: 25% plus 7% on valuation.
3233	for marking sheep. Valuation: \$0.08 gold per kilo, increased by 60%. Duty: 25% plus 7% on valuation.
3234	for mixing with water. Valuation: \$0.157 gold per kilo, increased by 60%. Duty: 25% plus 7% on valuation.
3234A	with rubber. Valuation: \$0.40 gold per kilo, increased by 60%. Duty: 25% plus 7% on valuation.
	NOTE.—When paints are imported in containers weighing more than 50 kilos nett, they will be accorded a reduction of 20% either in their valuations or duties.
	<i>Lead:</i>
3241	minium (red lead). Valuation: \$0.15 gold per kilo, increased by 60%. Duty: 20% plus 2% on valuation.
	<i>Sodium:</i>
3296	hypo-sulphite, for industrial use. Valuation: \$0.05 gold per kilo, increased by 60%. Duty: 25% plus 7% on valuation.
3296 bis	bicarbonate, for industrial use. Valuation: \$0.03 gold per kilo, increased by 60%. Duty: 25% plus 7% on valuation.
	<i>Salts:</i>
3481	fruit, Eno's and the like. Valuation: \$4.00 gold per dozen, increased by 60%. Duty: 40% plus 7% on valuation.
	<i>Paste:</i>
Section E.	for footwear, of every origin. Valuation: \$0.50 gold per kilo, without 60% surcharge. Duty: 25% plus 7% on valuation.

Tariff No.	
	<i>Panels:</i>
Section K.	main electrical, distribution or circuit-breaking, totally armoured or enclosed in boxes of cast iron filled with insulating compound, weighing more than 300 kilos up to 500 kilos. Valuation: \$0.48 gold per kilo, without 60% surcharge. the same weighing more than 500 up to 1000 kilos. Valuation: \$0.32 gold per kilo, without 60% surcharge. the same weighing more than 1000 kilos. Valuation: \$0.24 gold per kilo, without 60% surcharge. NOTE.—Those weighing less than 300 kilos will continue to be classified as "electrical accessories in iron boxes" in the relevant tariff item of Section K.
	<i>Towels:</i>
Section N.	sanitary, of gauze with absorbent cotton. Valuation: \$1.00 gold per kilo, without 60% surcharge.
	<i>Specifics for treating livestock and plants, and appliances for that purpose:</i>
	Specifics for treating livestock and other remedies in paste, powder or liquid form, employed for the treatment of animal pests and diseases; tablets, powders and liquid drenches for administration to livestock for the destruction of internal parasites; appliances, both power and hand, employed in the application of insecticides to fruit trees and crops, also dipping baths and cattle spraying machines, shall pay customs duties at the following rates on the valuations established in the Valuation Tariff and complementary laws: 22%, the articles which pay 47%. 17%, those which pay 32%. 5%, those subject to duties higher than 5% and less than 32%. Duty free, those which pay 5%.
	<i>Artisans' Tools of Iron and Steel, scheduled in Resolution No. 327 of August 9, 1932.</i> Valuation: various. Duty: free.

FOURTH SCHEDULE

NOTE 1.—Except where the Tariff headings are amended or sub-divided in the Schedule, the Schedule covers the articles which on the 1st May, 1933, were classified for duty purposes under the Tariff numbers and headings quoted therein.

NOTE 2.—The 10% surcharge is not included in the rates of duty set out in the Schedule.

Tariff No.	
18	<i>Specifics:</i> for treating scab, and tick specifics. Valuation: \$0.30 gold per kilo, increased by 60%. Duty: free when the Ministry of Agriculture declares that they are suitable for that purpose.
880	<i>Pumps:</i> of other classes, of one or more cylinders, of iron with accessories of brass, including donkey steam pumps, electric pumps and capstan driven pumps. Valuation: \$0.25 gold per kilo, increased by 60%. Duty: 15% plus 2% on valuation. Only pumps for wells or for the extraction of water will be included in this tariff number and the consolidation of the duties is established until such time as a new customs classification is introduced.

	<i>Machinery:</i>
1247A	in general, and spare parts for same not provided for in other tariff numbers, weighing less than 100 kilos nett. Valuation: \$0.30 gold per kilo gross, increased by 60%. Duty: 25% plus 7% on valuation. The consolidation of the duties is established until such time as a new customs classification is introduced.
1247B	in general, and spare parts for same not provided for in other tariff numbers, weighing from 100 up to 500 kilos. Valuation: \$0.30 gold per kilo gross, increased by 60%. Duty: for machinery, 5% on valuation; spare parts, 10% plus 2% on valuation. The consolidation of the duties is established until such time as a new customs classification is introduced.
1248	the same, weighing more than 500 up to 1,000 kilos. Valuation: \$0.20 gold per kilo gross, increased by 60%. Duty: for machinery, 5% on valuation; for spare parts, 10% plus 2% on valuation. The consolidation of the duties is established until such time as a new customs classification is introduced. NOTE.—Parts and accessories for machinery which have a separate classification in the Tariff will not be dutiable under tariff numbers 1247, 1248 and 1249, when not imported together with the machinery to which they belong. In such case, they will be dutiable under the tariff numbers to which they belong and will pay the relevant duty.
	<i>Motorcycles:</i>
	NOTE.—If the duty payable on motorcycles of more than 350 c.c. capacity (Tariff No. 1317) is reduced, the duty on those of a lower capacity will be reduced in the same proportion.
	<i>Motors or dynamos:</i>
1612	electric motors or dynamos in general of more than $\frac{1}{2}$ horse power. Valuation: \$0.30 gold per kilo gross, increased by 60%. Duty: 5% on valuation. The duty on electrical dynamos and motors in general weighing more than 500 kilos is fixed.
	<i>Cotton tissues:</i>
2010 bis	bleached, plain or twilled, weighing more than 160 grammes per square metre. Valuation: \$0.80 gold per kilo, increased by 60%. Duty: 25% plus 7% on valuation.

Tariff No.

Artificial silk:

If the customs duties payable on tissues of natural silk are reduced, a proportionate reduction will be effected in duties payable on tissues of artificial silk.

Candles:

NOTE.—If the duty payable on paraffin wax for industrial purposes, excepting paraffin for medicinal uses (Tariff No. 3215) and mineral wax or ceresine (Tariff No. 2952), is reduced, a corresponding reduction will be made in the rate of duty established for candles.

Absinthe:

Absinthe in general and drinks containing it will pay \$4.50 m/n. on each bottle of a capacity up to 50 centilitres, and \$9.00 m/n. on each bottle of a capacity from 51 centilitres up to 1 litre.

Whisky:

Whisky will be taxed according to its alcoholic graduation in accordance with Law 11252. The 50% reduction accorded under Article 76 of Law 11281 will not apply to whisky which will pay the additional 25% on alcoholic drinks in accordance with its category.

FIFTH SCHEDULE

(Article 8)

	Rate of Duty
Chilled beef and veal	\$d. per lb.
Frozen or salted beef and veal	\$d. per lb.
Mutton and lamb not preserved in airtight containers	Free
Pork not preserved in airtight containers	Free
Wheat in grain	2s. per quarter of 480 lb.
Linseed	10% <i>ad valorem</i>
Maize in grain, not being flat white maize	Free
Quebracho extract	10% <i>ad valorem</i>

SIXTH SCHEDULE

(Article 8)

	Rate of Duty
Boned and boneless beef and veal and edible offals of beef and veal	20% <i>ad valorem</i>
Beef (excluding tongues) preserved in airtight containers	20% <i>ad valorem</i>
Beef extracts and essences	20% <i>ad valorem</i>
Tongues preserved in airtight containers	30% <i>ad valorem</i>

PROTOCOL

PART I

At the moment of signing the Agreement of this day's date between the Government of the United Kingdom of Great Britain and Northern Ireland and the Government of the Argentine Republic relating to trade and commerce, the undersigned Plenipotentiaries, being duly authorised to that effect, declare that they have agreed on the provisions set out in this Protocol, which shall form an integral part of the above-mentioned Agreement.

The Argentine Government, fully appreciating the benefits rendered by the collaboration of British capital in public utility and other undertakings, whether State, municipal or private, carrying on business in Argentina, and following their traditional policy of friendship, hereby declare their intention to accord to those undertakings, as far as lies within their constitutional sphere of action, such benevolent

treatment as may conduce to the further economic development of the country, and to the due and legitimate protection of the interests concerned in their operation.

PART II

The Government of the United Kingdom are prepared to co-operate with the Argentine Government in a joint enquiry into the economic and financial structure and working of the meat trade, with particular reference to the means to be adopted to ensure a reasonable return to the cattle producers.

PART III

With reference to paragraph (1) of Article 1 of the Agreement and to Items 2 and 3 in the First Schedule thereto, it is understood that the minimum proportions guaranteed to Argentina of total regulated imports from foreign countries of frozen beef and frozen beef offals shall be subject to any arrangement which may be made between the Government of the United Kingdom and the Argentine Government for an increase of imports from Argentina of frozen beef offals and a corresponding decrease of imports of frozen beef other than offals; but that, in calculating the quantities to be imported from Argentina on the basis of such proportions, regard shall not be had to any variation of total imports from foreign countries in the respective categories caused by any similar arrangement which may be made between the Government of the United Kingdom and the Government of any other foreign country.

PART IV

With reference to paragraph (2) of Article 1 of the Agreement, the Argentine Government when proceeding to exercise the control of meat exports to the United Kingdom will, while taking into consideration the interests of the Argentine producers organised under a special law and the efficient marketing of meat in the United Kingdom, give to the British companies engaged in the trade equitable treatment and treatment which is no less favourable than that accorded to any other undertaking in the trade whatever its nationality, so long as those companies conduct their business in compliance with the laws and regulations in force in Argentina.

PART V

With reference to Article 6 of the Agreement, the Contracting Governments declare that it is their intention to maintain the position in the markets of the Argentine Republic of coal, coke and manufactured fuel produced or

manufactured in the United Kingdom and to this end have agreed—

- (a) that during the currency of the Agreement no new or increased charge by way of slingage, landing charges or otherwise shall be imposed on coal, coke or manufactured fuel produced or manufactured in the United Kingdom;
- (b) that if the Government of the United Kingdom should consider that the position in the markets of the Argentine Republic of coal, coke and manufactured fuel produced or manufactured in the United Kingdom is not being maintained, consultations shall take place between the two Governments with a view to remedying the situation.

Done at London in duplicate in English and Spanish, both texts being equally authentic, the 1st day of December, 1936.

ANTHONY EDEN.
WALTER RUNCIMAN.
MANUEL E. MALBRÁN.
T. A. LE BRETON.

PROTOCOL OF SIGNATURE

At the moment of signing the Agreement of this day's date between the Government of the United Kingdom of Great Britain and Northern Ireland and the Government of the Argentine Republic relating to trade and commerce, the undersigned Plenipotentiaries, being duly authorised to that effect, declare that they have agreed as follows:—

The said Agreement shall be deemed to have come into force provisionally on the 20th day of November, 1936, pending the exchange of ratifications.

Either Contracting Government may, prior to the exchange of ratifications, terminate the provisional application of the Agreement by giving the other three months' notice through the diplomatic channel.

Done at London in duplicate this 1st day of December, 1936, in English and Spanish, both texts being equally authentic.

ANTHONY EDEN.
WALTER RUNCIMAN.
MANUEL E. MALBRÁN.
T. A. LE BRETON.

LETTERS

Letter No. 1

Letter from Argentine Signatories on the Subject of the Treatment of British Shipping Companies

Argentine Embassy,

December 1, 1936.

Your Excellency,

DURING the course of the discussions which have led up to the conclusion of the Trade Agreement signed this day, the United Kingdom Delegation have drawn attention to the representations received by their Government from the British Shipping Companies engaged in the carriage of refrigerated cargoes from Argentina to the United Kingdom who are anxious to ensure that their position will not be detrimentally affected in the event of the Argentine Government undertaking the control of the export of meat. The Companies have pointed to the expenditure which has been incurred in the past in building up an organisation to cater for the needs of this trade, to the fact that certain of the Companies concerned will shortly have to expend further capital on the building of new refrigerated ships and to the difficulty of finding other employment for vessels especially built for the Argentine trade.

We are happy to inform you that, in the event of our Government assuming the control of meat exports, it is their intention that the position of the British Shipping Companies engaged in the carriage of refrigerated cargoes from Argentina to the United Kingdom shall not be detrimentally affected so long as the Companies continue to

carry on their business without any discrimination as between shippers of the meat exported in accordance with the export licences issued by the Argentine Government.

We have, &c.

MANUEL E. MALBRÁN.
T. A. LE BRETON.

Letter No. 2

Letter from the Argentine Signatories on the Subject of the Control of Imports of Cotton and Rayon Piece-goods into Argentina.

Argentine Embassy,

December 1, 1936.

Your Excellency,

WITH reference to the discussions which have taken place in connection with the negotiation of the Trade Agreement signed this day, we have the honour to inform you, on behalf of our Government, that, in the event of the quantitative regulation of the imports into Argentina of piece-goods of cotton and/or rayon, the allocation for such piece-goods of United Kingdom origin (i.e., piece-goods spun, woven and finished in the United Kingdom) will not be less than the average of the quantities imported from the United Kingdom in the years 1933, 1934 and 1935.

We have, &c.

MANUEL E. MALBRÁN.
T. A. LE BRETON.

THE ECONOMIST

THE ENGINEERING INDUSTRY

SATURDAY, NOVEMBER 14, 1936

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INTRODUCTION

SINCE the Balfour Committee on Industry and Trade published its report on British engineering in 1928 the industry has undergone significant changes. It is the purpose of this Supplement to record these changes in the most important branches of this vital industry.

The products of the engineer, while entering almost every branch of industry, differ widely in purpose and application. Consequently there has been a tendency to specialisation, even in the early history of the industry. Unlike the coal industry, for example, the engineering industry cannot be regarded as a single unit. In the words of the Committee on Industry and Trade, it is rather "an amalgamation of a considerable number of separate industries differentiated by product but united by the fact that the basic metal working operations underlying them are all substantially the same." Nor is it easy to define the boundaries of the industry, for the iron and steel industry, for example, is also engaged in the manufacture of heavy engineering products.

The scope of this Survey is confined to what is generally known as mechanical engineering. Electrical engineering, shipbuilding and the motor trade, therefore, are excluded from its pages. But even the range of mechanical engineering is so wide that it has been found necessary to limit discussion to some of its more important branches. The large variety of purposes served by individual branches of mechanical engineering renders generalisation inappropriate. Some branches of the industry, such as those engaged in the manufacture of agricultural and textile machinery, and marine engineering, are directly dependent on the fortunes of the industries which they serve. Activity in other sections, especially in machine tool manufacture, is largely a function of general business activity, particularly in the capital equipment industries. Again, others, such as locomotive construction, depend almost entirely on foreign markets. It is possible, therefore, for some industries to be prosperous while others are in the throes of depression. These divergent tendencies are clearly shown in our survey of recent developments in important individual branches of the industry.

With a few exceptions, however, the various branches of mechanical engineering have all been hard hit by the impact of the depression. The impact of the slump has been the more severe as it is the general practice of industrial concerns to postpone replacements and re-equipment during lean times. During the past three years, however,

most sections of the industry have recovered rapidly with the improvement in general business conditions. The large-scale re-equipment of British industry, now proceeding apace, is making heavy calls on engineers, and their difficulties in keeping pace with the rapidly increasing demand have been accentuated by the Government's re-armament programme, which is concentrated on the metal working trades.

One result of the depression was a substantial loss in the labour force of the industry, accompanied by a deterioration of skill caused by long periods of unemployment. Consequently the shortage of skilled labour soon made itself felt when the industry began to recover.

Another aspect of the mechanical engineering trade, revealed by our survey, is the rapid technical progress made by the industry in recent years. Machine tool makers have made further headway in their attempt to increase cutting speed and to reduce idle time and, hence, the overhead costs of machinery. Makers of prime movers and boilers quickly adapted themselves to the tendency of British industry to substitute electrical energy purchased from the electricity supply undertakings for power produced at its works. Again, the progress made by marine engineers in improving hull and engine design has been so rapid during the past five years that many of the older vessels still in existence, though practically as sound as when they were launched, are technically obsolete and of doubtful competitive value. Another notable tendency, made possible largely by technical improvements, is the increasing mechanisation of building operations.

With the exception of those branches of mechanical engineering which, like locomotive building, depend largely on overseas markets, the prospects of the industry during the next few years are fairly encouraging. The industrial relations of the industry have long been satisfactory. Raw material costs, it is true, are now rising fairly rapidly, but there are no indications that rising prices will arrest the recovery of the industry in the near future. The only unsatisfactory feature of the industry is the relatively slow improvement in export business, due partly to the pressure of home demand. In a few years' time, when domestic revival has run its course, the industry will again become dependent to a greater extent on foreign markets. And to neglect them meanwhile might well prove disastrous to the industry in the future.

MACHINE TOOLS

MACHINE tools form the basis of modern engineering. While most branches of engineering are concerned with the production of capital or semi-capital goods—motor cars, for instance, come into the latter category—machine tool makers are providing the equipment necessary for the production of capital goods. At the same time the machine tool section is also one of the most unfortunate branches of engineering, for it is subject to violent fluctuations of activity.

The machine tool industry in this country does not occupy as predominant a position in the world as some of the other branches of British engineering. In 1935 Germany accounted for about 37 per cent. in terms of value, of the aggregate exports of the five leading countries; the United States held second place with 35 per cent., and the United Kingdom came third with 15 per cent. Switzerland and France together accounted for the remaining 13 per cent. The British proportion of the aggregate exports of the five countries has risen considerably in recent years, while Germany's share has fallen sharply from the high level of 66 per cent. in 1933.

EFFECT OF RE-ARMAMENT

Owing to the exigencies of the war, the British machine tool industry was expanded enormously 20 years ago. Subsequently the industry experienced a very serious contraction from which it never recovered fully in the post-war decade, for even during the 1928-29 boom the volume of activity in the capital goods industries was relatively low. During the past two years, however, the trade has made rapid headway with the large-scale re-equipment of British industry which is now taking place. And, as a result of the super-imposition of re-armament on the progress already achieved by the industry, there are now many firms which cannot offer delivery of machine tools inside a year. The capacity of the industry is now being enlarged considerably under the pressure of demand; but this bodes ill for the time when the re-equipment of British industry and re-armament are completed, unless capital re-equipment overseas can be stimulated to a greater extent than hitherto.

A feature of machine tools is their rapid rate of obsolescence. Equipment 10 or 15 years old, though technically still efficient, is often much inferior to modern machine tools in output capacity, and this may frequently be a factor of primary importance, especially in mass production. But the mere fact that older machines may technically still be efficient tends to delay replacement during a period of general economic depression. On the whole, however, the British machine tool industry was affected less seriously by the depression than might have been expected, owing largely to the coincidence of Russian purchases with the early part of the crisis, which actually led to an increase in exports between 1929 and 1932.

Owing to the pressure of demand, imports, which have always provided a fairly substantial part of British machine tool requirements, are on the up-grade. The rate of increase would probably have been even greater if it were not for the delay in delivery, due to the high level of home demand in Germany and in the United States, and for the tariff, though price normally plays a somewhat subsidiary part in the placing of orders. Total imports of machine tools were 7,708 tons in 1935, against 6,567 in 1934, a low record of 3,219 tons in 1933 and 11,077 tons in 1929. More recently, however, the rate of expansion in imports has tended to increase, purchases abroad during the first nine months of this year amounting to 12,949 tons, compared with 5,506 tons during the corresponding period in 1935 and 4,777 tons in 1934. Imports are characterised by a high average value per ton, which indicates that they consist largely of complex and precision tools in the manufacture of which Germany has always occupied a leading position. Incidentally, precision tools are of considerable importance, especially in aircraft production.

OVERSEAS MARKETS

There was a considerable increase in British exports of machine tools from 12,218 tons in 1934 to 16,506 tons in

1935, compared with a maximum of 23,829 tons in 1932. Russia remains the largest individual overseas market; but, owing to the expansion of capacity and technical skill in that country, the downward trend of Russian imports in recent years is not likely to be reversed. It is hoped, nevertheless, that the agreement concluded last August between the Export Credits Guarantee Department and the Russian trade organisations, providing for the placing of £10 million-worth of orders in this country, will benefit the machine tool industry more than any other. Apart from sales to Russia, exports are fairly well spread geographically. But there is some reason to fear a contraction as a result of the intense re-armament demand at home. This would be a serious matter, for markets once lost are never easily regained. Moreover, the decline in the rate of expansion of several branches of British engineering, due to inability to obtain delivery of machine tools is also serious. Machine tool makers have some excuse in that deliveries of steel have fallen in arrears. Reports of the difficulty of obtaining skilled labour, moreover, continue to circulate in spite of denials by the Union. Incidentally, requirements of skilled labour in the machine tool section are higher than in any other branch of engineering.

The trend and distribution of the production of machine tools as revealed by the 1930 Census of Production and the subsequent Import Duties Act Inquiries, is shown below:—

OUTPUT OF MACHINE TOOLS (METAL WORKING)

	1930		1933		1934	
	(Tons)	(£'000)	(Tons)	(£'000)	(Tons)	(£'000)
Drilling	4,026	415	3,210	376	5,025	503
Grinding	3,627	527	2,976	424	3,886	572
Lathes	8,357	1,126	6,328	902	10,023	1,343
Milling	1,531	276	1,873	310	2,113	886
Planing and shaping	2,941	249	1,309	90	2,615	209
Presses, punching and shearing	6,439	428	6,715	387	11,206	636
Boring mills	8,408	1,164	1,309	139	1,941	223
Other tools	...	380	2,157	266	4,071	471
Value only specified	...	...	...	...	...	...
Total	35,323	4,563	25,875	2,894	40,880	4,342
Replacement parts*	...	313	...	205	...	286
Chucks and other work holders	...	88	...	137	...	197
Total	...	4,964	...	3,236	...	4,826

* Not including cutting parts.

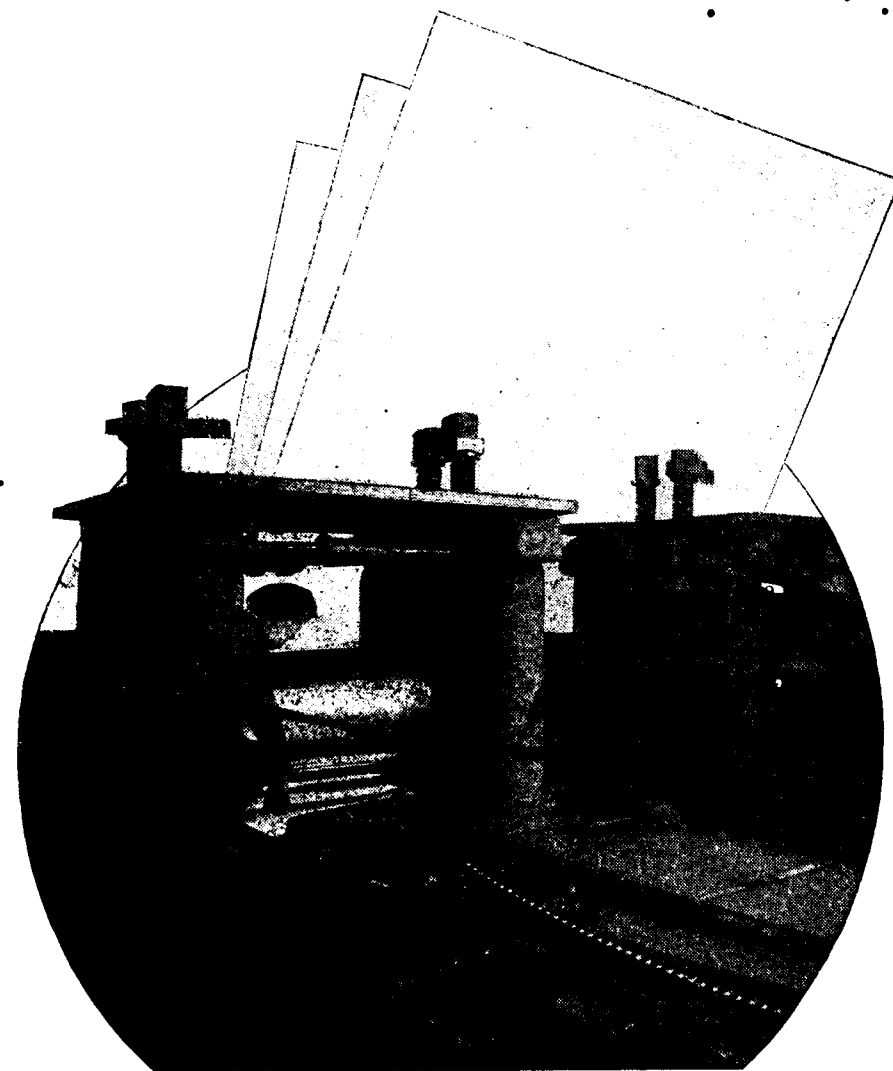
SPECIALISATION

Specialisation is a feature of the machine tools industry. The four main centres of the industry are Manchester, Birmingham and Coventry, Halifax and Leeds. In the Manchester district Kendall and Gent specialise on milling machines, milling cutters, etc.; Craven Brothers (Manchester) specialise on the heaviest classes of machine tools for railway, shipbuilding and armament engineering, though the company has recently developed a range of smaller tools for light engineering; the Churchill Machine Tool Company specialises on grinding machines, and John Holroyd and Company, of Rochdale, on gear-cutting machines. Craven Brothers acquired various machine tool businesses, including that of Sir W. G. Armstrong Whitworth in 1928, and is now one of the largest makers in the country.

In the Birmingham area, Modern Machine Tools, of Coventry, specialise in re-manufactured machine tools; B.S.A. Tools concentrate on multiple spindle and single spindle automatic turning machines and on centreless grinding machines; Coventry Gauge and Tool, one of the three largest gauge manufacturers in the country, is expanding rapidly.

In Halifax there are William Asquith and Kitchen and Wade, the latter specialising in drilling and boring machines. Finally in Leeds there is Greenwood and Batley, with a wide range of interests, but specialising on presses; this concern has done quite well in recent years, but has not expanded as rapidly as some of the other companies.

The Machine Tool Trade Association represents the link between the industry and the Government, and organises publicity, but is not concerned with price-fixing.



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In addition there is the Associated British Machine Tool Makers, an organisation understood to have eight members, which was formed to encourage specialisation and to act as a selling organisation for the group.

In general, technical improvements have two main objects: (a) the increase of cutting speed, and (b) the reduction of idle time and, hence, overheads on the machine. Past efforts were mainly concentrated on the increase in cutting speed, but more attention has recently been given

to the second general object which involves a simplification of controls and an increase in the ease with which the work is mounted and withdrawn from the machines.

Immediate prospects for the industry appear bright. There should be little or no decline in demand during the next two or three years. But there is the danger of over-expansion of the capacity of the industry which, in the absence of a more marked revival of exports, might involve machine tool manufacturers in difficulties a few years hence.

PRIME MOVERS AND BOILERS

THIS branch of the mechanical engineering industry is concerned literally with making the wheels of industry go round, since it embraces the whole range of appliances required for the production of power in stationary engines. There have been important changes since the war, both in the popularity of the various types of installation and in the relative importance of the industry's many customers. The extent of these changes is revealed by a comparison of the results of the Census of Production for 1924 and 1930. Further changes have probably taken place since 1930, which will be brought to light by the 1935 Census.

CHANGES IN POWER EQUIPMENT

Between 1924 and 1930 the total capacity of prime movers in industry rose from 16,674,000 h.p. to 21,208,000 h.p. The increase was due entirely to the expansion of the capacity of prime movers in the electricity supply industry, from 5,573,000 h.p., or 33.4 per cent. of total capacity in 1924 to 10,164,000 h.p., or 48.0 per cent. of total capacity in 1930. The capacity of prime movers in the remainder of British industry actually declined during this period from 11,100,500 h.p., or 66.6 per cent. of total capacity, to 11,046,000 h.p., or 52.0 per cent. of total capacity. The progress and co-ordination of the electricity supply industry stimulated the centralisation of power production and, consequently, diminished the dependence of individual firms upon their own power resources to an extent which is only partly measured by the increase in the capacity of electric motors installed in industry, from 7,721,000 h.p. in 1924 to 10,593,000 h.p. in 1930. This change in the relative importance of the two main producers of power was accompanied by an important change in the principal methods of power production. Practically the whole of the motive force of the electricity supply industry, in both years, was supplied by steam turbines, although there was some increase in the use of heavy oil engines and hydro-electric installations, which, however, remained of very minor importance.

The proportion of the horse-power capacity of British industry represented by reciprocating steam engines declined from 71.5 per cent. in 1924 to 63.4 per cent. in 1930, while that represented by steam turbines and by internal-combustion engines operated on heavy oil rose from 18.2 per cent. to 26.3 per cent. and from 0.75 per cent. to 2.2 per cent. respectively. These changes are shown in detail in the table opposite—compiled from the Census of Production returns—which also shows the proportion of each type of plant which was idle or held in reserve. These figures, relating to idle and reserve plant, give some indication of technical trends, since there is a general tendency to hold the oldest and least efficient plant in reserve and to use only the most efficient equipment in times of slack trade.

The tendency of British industry to substitute electrical energy purchased from the electricity supply undertakings for power produced at its works is one of the features of present industrial trends. Hence, despite the recent increase in the demand for replacements and additions to the capacity of private power plants, there can be little doubt that manufacturers of prime movers and boilers are becoming increasingly dependent on the public electricity supply industry, at any rate in the home market.

POWER EQUIPMENT OF BRITISH INDUSTRY (a)

	1924			1930		
	Ordin- arily in use	In reserve or idle	% in reserve or idle	Ordin- arily in use	In reserve or idle	% in reserve or idle
PRIME MOVERS	Thousand H.P.		%	Thousand H.P.		%
Electricity Supply Industry :—						
Reciprocating steam engines ...	279.4	223.2	44.4	94.1	116.4	55.3
Steam turbines ...	4,019.7	957.2	19.2	8,294.2	1,351.4	14.0
Internal combustion engines :—						
Gas ...	17.6	5.1	22.6	16.1	5.1	23.9
Light oils ...	0.9	0.4	29.8	1.6	0.8	32.6
Heavy oils ...	50.9	6.8	11.8	102.3	5.9	5.5
Water engines ...	9.5	2.7	22.2	143.2	32.8	10.6
Total ...	4,378.0	1,195.4	21.4	8,651.2	1,512.4	14.9
All other Industries :—						
Reciprocating steam engines ...	6,868.1	1,080.1	13.6	5,936.3	1,059.8	15.1
Steam turbines ...	1,520.2	495.2	24.6	2,053.5	851.7	29.3
Internal combustion engines :—						
Gas ...	644.2	180.9	21.9	490.4	140.0	22.2
Light oils ...	58.5	9.7	14.2	82.8	17.4	17.4
Heavy oils ...	83.2	19.2	18.7	246.9	44.9	15.4
Water engines ...	107.2	4.3	3.9	104.6	12.2	10.4
Other prime movers (stationary) ...	24.8	4.9	16.5	4.9	0.4	7.5
Total ...	9,306.2	1,794.3	16.2	8,919.4	2,126.4	19.3
ELECTRIC GENERATORS						
Electricity supply industry ...	3,161.4	856.7	21.3	6,315.7	1,117.8	15.0
All other industries ...	1,816.7	712.5	28.2	2,055.8	883.5	30.0
Total ...	4,978.1	1,569.2	24.0	8,371.5	2,001.3	19.3
ELECTRIC MOTORS						
Electricity supply industry ...	235.3	40.0	14.5	442.7	81.6	15.6
All other industries ...	6,658.6	1,062.8	13.8	9,286.1	1,309.2	12.2
Total ...	6,893.9	1,102.8	13.8	9,728.8	1,390.8	12.5

(a) Owing to slight differences in the nature of the returns required from industry and the method of treating the electrical generating plants of railway companies, the figures for 1924 and 1930 are not strictly comparable, though the discrepancies are probably slight.

OUTPUT OF PRIME MOVERS AND BOILER-HOUSE PLANT
(Value in £'000)

	1930	1933	1934
I. PRIME MOVERS AND PARTS (stationary, other than electrical) :—			
Internal combustion :—			
Gas ...	237	151	174
Petrol and other light spirit ...	2,761	2,746	3,723
Steam reciprocating engines :—	675	300	394
Pumping ...	169	134	188
Other (excluding pit winding) ...	741	396	447
Steam turbines and other rotary engines ...	1,866	523	820
Water turbines and other water engines ...	79	154	84
TOTAL, PRIME MOVERS :—			
Complete machines ...	5,459	3,500	4,749
Replacement parts ...	1,069	895	1,081
TOTAL ...	6,528	4,404	5,830
II. BOILERS AND BOILER-HOUSE PLANT AND PARTS (stationary) :—			
Boilers :—			
Internally fired (Lancashire, Galloway and Cornish) ...	358	195	361
Locomotive type (for stationary purposes) ...	62	59	69
Water tube ...	1,409	981	1,053
Other ...	544	388	420
Economisers, feed-water heaters and steam superheaters ...	1,435	882	1,065
Other boiler-house plant ...	2,113	1,339	2,098
TOTAL, BOILERS AND BOILER-HOUSE PLANT :—			
Complete ...	5,363	3,195	4,355
Replacement parts ...	558	689	681
TOTAL ...	5,921	3,884	5,036

OUTPUT OF INDUSTRY

The Census of Production of 1930 and of the Import Duties Act Inquiries of 1933 and 1934, which, incidentally, record only part of the output of the industry by weight, indicate a decline of 30-40 per cent. between 1930 and 1933 in the production, by value, of complete steam turbines, boilers of all sorts, economisers, as well as other boiler-house plant, though the decline was much more marked in the case of steam turbines. By 1934, however, output seems to have recovered to about 80 per cent. of its volume in 1930. Apart from heavy oil engines, whose output between 1930 and 1934 increased by 15 per cent. in volume and by nearly 40 per cent. in value, the fall in the value of production was much more marked than the decline in volume, a consequence of lower prices.

Despite the increasing volume of orders from the electricity supply industry and the revival of industrial activity, the recovery in the production of prime movers and boiler-house plant has not been very marked, owing to the slow expansion of exports.

IMPORTANCE OF EXPORTS

Overseas markets are of considerable importance to the industry. In 1930, for example, exports accounted for 66.5 per cent. of the production, by value, of stationary internal-combustion engines, 24.3 per cent. of the production of steam reciprocating engines, 38.8 per cent. of the production of steam turbines and 56.2 per cent. of the production of boiler-house plant. Although these figures exaggerate the importance of foreign markets—since shipments in 1930 largely represented orders placed in 1928 and 1929—the decline in both the volume and the value of exports has been severe.

There has been some recovery between 1933 and 1935. But the figures for the first nine months of 1936 indicate that the improvement has not continued, and exports of prime movers, boilers and boiler-house plant remain substantially below pre-depression levels. Exceptionally, exports of heavy oil engines in 1935 exceeded shipments in 1930 in weight, and even more substantially in value.

EXPORTS OF PRIME MOVERS AND BOILER-HOUSE PLANT

	1929	1930	1932	1934	1935	Jan.- Sept., 1936
Internal combustion engines :—						
Gas ...	3,693	2,222	1,465	1,486	1,256	962
Petrol and other light spirit ...	31,667	21,124	12,030	18,615	22,447	15,547
Steam reciprocating engines ...	2,047	1,457	530	472	508	420
Steam turbines ...	6,372	4,091	1,747	1,398	1,630	1,317
Boilers :—						
Water tube ...	29,118	37,867	12,125	20,414	23,636	19,226
Other ...	9,298	7,794	6,178	4,932	4,852	3,436
Economisers, feed-water heaters and steam superheaters ...	10,469	10,168	5,902	6,667	7,588	4,641
Other boiler-house plant ...	5,784	6,933	5,218	5,482	7,395	4,600

PROSPECTS

For further recovery this branch of the engineering industry appears to depend increasingly on an expansion of exports. At home, the electricity supply industry is likely to expand for some time, and industrial demand is probably higher now than it has been at any time in the past five years. The extent to which the industry is dependent upon new orders for extensions and replacement, as distinct from repairs, may be gathered from a preceding table, though this factor is likely to diminish in importance with the increase in total plant.

The industry is at present able to look forward to a fresh batch of orders for development under the "Grid" scheme, designed to bring generating capacity up to the level demanded by the upward trend of electricity consumption.

The time lag between decisions on extensions and the completion of plant is normally considerable, and manufacturers are probably still working on orders placed as long ago as early as 1935. During 1934 and 1935 the Electricity Commissioners sanctioned the installation of over 1,200,000 kw. of new generating plant at various selected stations, at a total outlay of nearly £15 millions. In their report for 1935, the Central Electricity Board, looking forward to the probable demand for electricity in the winter of 1937-38, estimated that further additions to generating plant of a total capacity of 670,000 kw. and of

boilers of a total evaporative capacity of 8,000,000 lbs. per hour will be necessary. Hence, it was announced early in 1936 that instructions had been given to a number of selected stations to carry out extensions of about 500,000 kw. involving an expenditure of about £5 millions. The stations involved in this programme are Portobello, Clarence Dock (Kearsley), Hartshead, Sculcoates, Ferrybridge, Longford, Ironbridge, Deptford West, Willesden, Hackney, Barking and Portishead.

While these orders should maintain the present level of power-station work during the next eighteen months, it is improbable that the rate of increase in demand for electric power will be such as to require the continuance of the expansion of generating capacity at the current rate. It is possible, therefore, that producers of prime movers will again have to rely in a larger measure on the demand for motive power by industry and especially on exports during the next few years. Manufacturers of stationary internal-combustion engines are not as dependent on the demand of power companies as manufacturers of steam plant, though they produce a considerable volume of smaller plant for private generation of power. The heavy oil engine, in particular, seems assured of a steady expansion in demand for some time to come.

SOME PRODUCERS

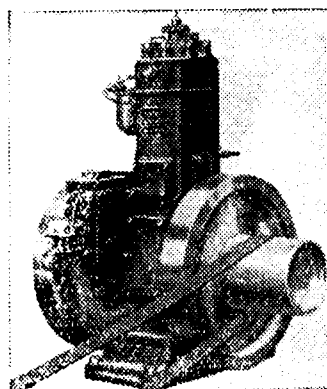
The principal manufacturers of stationary gas and oil engines are situated in the Midlands, with one outlying group in Lincolnshire and another in the West Country. National Gas and Oil Engine, of Ashton-under-Lyne, Crossley-Premier Engines, of Nottingham (a subsidiary of Crossley Bros.), Petters, of Yeovil, and R. A. Lister, of Dursley, are some of the most important producers. Other important producers of stationary engines are Tangyes, Mirlees Bickerton and Day of Stockport, W. H. Dorman, and Company of Stafford, and Henry Meadows of Wolverhampton, though the latter is more concerned with diesel engines for traction purposes. The English Electric Company produces large diesel generator sets.

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supplies at least 80 per cent. of the demand of the electricity supply industry for large water-tube boilers and has a considerable interest, through its principal subsidiaries—Edwin Danks, Spencer Bonecourt, the Vickers Boiler Company, and the Stirling Boiler Company—in the manufacture of smaller boilers. Chain-grate stokers, superheaters, boiler fittings and pulverised fuel and oil-firing systems are also produced by this company, while another branch of the business—the manufacture of electric cranes, conveyors, etc.—has been considerably enlarged in recent years. The most important of the remaining firms in this group are International Combustion, Yarrows and the John Thompson group.

There are one or two firms specialising in the manufacture of high-pressure steam fittings, of which Hopkinson's is a public company. The Bennis Combustion Company, a public concern since 1935, is mainly concerned with automatic stoking plant. Among makers of turbines and turbo-generators C. A. Parsons, of Newcastle, is well known. Hick, Hargreaves, of Bolton, and W. H. Allen and Sons, of Bedford, also manufacture turbine sets; but apart from C. A. Parsons the principal manufacturers of turbines are the producers of heavy electrical plant, such as the General Electric Company (through their subsidiary, Fraser and Chalmers, of Erith), British Thomson-Houston and Brush Electrical Engineering Company.

AGRICULTURAL MACHINERY

In common with most branches of the engineering industry, the agricultural machinery section has experienced some improvement in recent years. Overseas markets form an important outlet for this industry, for no less than about half of the total British output of agricultural machinery was exported in 1930. The relative importance of exports has probably been further increased since the establishment of the Ford plant at Dagenham, for Fordson tractors are manufactured mainly for export, even to the United States.

Although the volume of British exports of agricultural machinery has increased from the low level of 7,898 tons in 1932 to 16,220 tons in 1935, sales abroad are still well below the 1929 level of 23,991 tons. The average value per ton of exports remained practically unchanged during the depression, amounting to £78 per ton in 1929 and £79 per ton in 1932. Partly perhaps as a result of the export of Fordson tractors, the average value fell to £71 per ton in 1935.

The overseas market in agricultural machinery is dominated by the United States. In 1935 the United States exported no less than 73.4 per cent. of the aggregate value of the shipments of the United States, the United Kingdom, France and Germany—the four leading exporting countries. Nevertheless, Britain held second place as an exporter, its share of the aggregate exports of the four leading countries being 12.6 per cent., compared with 8.4 per cent. contributed by Germany and 5.6 per cent. by France. Moreover, although Britain's share of the total declined somewhat in 1935, it has increased appreciably during the past four years. In 1929, for example, this country exported only 5.4 per cent. of the aggregate exports. The relative increase of British exports compared with those of other countries may be ascribed, in a large measure, to the depreciation of the £ in 1931. The recent improvement in exports has been most marked in the case of tractors, the tonnage of which has risen from 1,709 tons in 1934 to 6,527 tons in 1935 and 8,229 tons in January-September, 1936. During the first nine months of this year tractors contributed no less than 44.5 per cent. to the total value of agricultural machinery exports, compared with 40 per cent. in 1935, when ploughs accounted for 20 per cent. and lawn mowers and threshing machines for 7 per cent. each.

OUTPUT OF AGRICULTURAL MACHINERY

The trend and distribution of production of agricultural machinery as recorded by the 1930 Census of Production and by the Import Duties Act Inquiries are shown in the table opposite. By 1934 production had practically recovered to the 1930 level. Since then the industry has made further headway. The output of hand-operated lawn mowers increased by no less than 81 per cent. between 1930 and 1934, probably as a result of the building boom and of the reduction in the price of small lawn mowers, brought about by the introduction of mass production methods by such firms as Qualcast. In 1934 lawn mowers and grass cutters, as a whole, accounted for 37 per cent. of the volume, and 40 per cent. of the value of the total output of agricultural machinery.

While exports of agricultural machinery represent an

appreciable proportion of the total output, imports are also fairly substantial. Thus, purchases abroad rose from 6,710 tons, valued at £438,000, in 1934 to 10,891 tons,

	1930		1933		1934	
	Tons	£'000	Tons	£'000	Tons	£'000
(i) Agricultural Machinery and Implements:—						
Ploughs:—						
Mechanical power	725	84	2,044	227	2,317	256
Animal power	1,969	96	1,873	90	1,344	80
Grass and lawn-mowers:—						
Hand-driven	3,783	331	6,608	381	6,829	381
Animal & mechanically-driven	3,667	424	2,526	257	3,452	385
Planters and seeders	87	5	392	18	390	21
Rapers and binders	1,621	77	719	33	944	48
Reapers	3,401	189	1,220	86	1,584	105
Other (including sheep shears and clipping machines)	13,554	740	8,024	390	11,324	627
Value only specified	...	181	...	62	...	...
Total	28,707	2,107	23,406	1,544	28,184	1,906
Replacement parts	...	665	...	686	...	711
Total	...	2,772	...	2,230	...	2,617
(ii) Agricultural Tractors	3,659	277	494	57	5,204	436

valued at £722,000, in 1935. The greater part of these imports consists of tractors. In 1935, for example, tractors represented 69 per cent. of total imports of agricultural machinery by volume and 50 per cent. by value. There is now an import duty of 33½ per cent. on tractors, but those used exclusively for agricultural purposes are admitted on payment of 15 per cent. The bulk of these tractors is supplied by the International Harvester Company of the United States and the Massey Harris Company of Canada.

The improvement in the agricultural machinery industry in this country is reflected in the resumption of dividend payments last June by Ransomes, Sims and Jefferies, of Ipswich, after an interval of six years. Ruston and Hornsby, a company associated with Ransomes, Sims and Jefferies, also returned to the dividend list after a similar interval. This company, like many other manufacturers of agricultural machinery, is also interested in other engineering products. Again, R. A. Lister and Company, of Dursley, are as well known for their oil engines as for their agricultural machinery. Marshall, Sons and Company (Successors), of Gainsborough, are manufacturers of traction engines and boilers, and tea machinery, besides agricultural machinery. E. W. Tarry and Company produce mining equipment as well as agricultural machinery.

PROSPECTS

It is difficult to assess the prospects of agricultural machinery in the British market. It is generally contended that the majority of British farms are not of a size and type which lend themselves to a high degree of mechanised farming. On the other hand, at a conference held in Oxford last January on "Mechanisation in Mixed Farming," the impression was gained that mechanisation in this country might be increased considerably if a suitable farming technique were worked out. In many of the engineering industries in this country it is now realised that the manufacturer must be in a position to teach the user his job; and in view of the difficulty in any branch of activity of changing from a traditional to a scientific and mechanical basis of operation, the impetus towards

mechanised farming must probably come from the agricultural machinery makers to a greater extent than hitherto if it is to make much progress. Among the factors which may stimulate mechanisation are the Agricultural Marketing Acts and the upward tendency of agricultural prices. Apart from mechanisation of arable farming, however, there is a considerable market for agricultural machinery

of a specialised kind in dairy farming, particularly in view of the widespread tendency towards the modernisation of cow-houses necessary for the production of "Tuberculin Tested" and "Accredited" milk.

In general, therefore, the indications point to a further, though modest, improvement in the agricultural machinery section of the British engineering industry.

TEXTILE MACHINERY

THE British textile machinery industry is one of the most important in the world and has the lion's share of the international trade. In 1935 British exports accounted for 40.7 per cent. of the aggregate value of the exports of the five chief exporting countries, a share which has been maintained since 1929. Germany's share has declined somewhat in recent years to 36.9 per cent. in 1935; the United States comes next with 9.5 per cent., Switzerland with 8.2 per cent. and France with 4.7 per cent.

The growth of economic nationalism abroad, which has been reflected particularly in the textile industries (as they are relatively easy to establish and, as far as the simpler products are concerned, easy to operate with semi-skilled labour) has benefited the British textile machinery industry. Owing to the depression of the chief textile trades at home, producers of machinery consequently have had to look increasingly to overseas markets.

Exports totalled £6,912,812 in 1935 against £6,672,060 in 1934, a minimum of £5,280,713 in 1931 and £11,643,902 in 1929. As the production figures are on an ex-works basis, and the exports on an f.o.b. basis, strict comparison is not possible. On this basis, the proportion of total output exported in 1934 was somewhat below 57 per cent. The increase in the value of exports in the last two years was due to rising prices, the actual tonnage exported

having declined from 78,486 tons in 1934 to 67,121 tons in 1935. But in the early part of the slump prices had declined sharply, the average value per ton of all classes of textile machinery in 1933 being £67, against £97 in 1930.

DISTRIBUTION OF EXPORTS

British exports of textile machinery are spread over many countries. British India, which has been the most important market in recent years, accounted for 33.5 per cent. of the value of total exports in 1935, against 26 per cent. in 1929. Exports to India have recovered well in the last three years; but, in view of the difficult period through which the Indian cotton industry is passing, further expansion of sales to that country is doubtful. In 1929 Japan was the second most important market, taking 9 per cent. of the value of British exports in that year. But as a result of the growth of the Japanese textile machinery industry, exports to Japan are now negligible. Russia, formerly also a large purchaser of British textile machinery, has developed her own industry. Nowadays, the chief customers for British textile machinery are European countries, the United States, Brazil and China. As several of the former gold bloc countries, particularly France, have in the past bought a substantial volume of

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British textile machinery, a recovery of their textile industries would soon be reflected in purchases of capital equipment.

British imports of textile machinery are by no means insignificant. Imports in 1935 were 7,116 tons, valued at £1,393,424, some 44 per cent. of which, in terms of value, consisted of hosiery and knitting machines imported mainly from Germany and the United States. Significantly, hosiery and knitting machines were among the few categories of textile machinery whose output increased throughout the depression. As fashion continues to favour knitted fabrics, and as chain stores are anxious to stimulate demand by reducing the price of women's hose, this trend may be expected to continue.

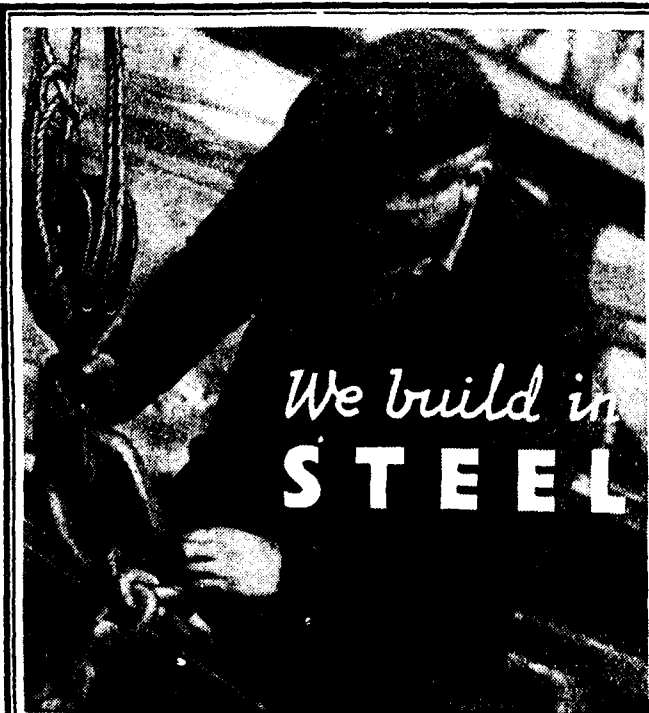
The following table, based on the 1930 Census of Production and the Import Duties Act Inquiries, shows changes in British production of textile machinery in recent years:—

PRODUCTION OF TEXTILE MACHINERY

	1930		1933		1934	
	Tons	£'000	Tons	£'000	Tons	£'000
Spinning and twisting, including preparatory processes	495.31	3,267	40,536	2,332	49,480	3,369
Processes preparatory to weaving but subsequent to spinning and twisting	12,337	689	2,690	195	2,976	207
Looms for weaving—						
Plain	•	•	15,142	683	11,855	499
Box	•	•	2,524	428	3,848	301
Bleaching and dyeing	7,423	510	3,551	242	5,325	372
Printing and finishing	514	252	1,265	674	1,691	698
Hosiery and knitting	196	27	219	29	289	40
Lace and net	1,780	150	4,467	334	3,160	524
Other textile machinery						
Total	71,381	7,045	70,394	4,737	83,626	6,321
Replacement parts	•	2,268	•	1,833	•	2,026
Accessories sold separately	•	3,085	•	3,128	•	3,266
	•	12,398	•	9,698	•	11,613

THE HOME MARKET

Much controversy has recently centred on the efficiency of the technical equipment of the British cotton industry.



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However, had the industry had more money to cover depreciation and obsolescence in the years following the slump of 1921, it would probably have installed more new machinery. Actually spinners and manufacturers have done more than is commonly appreciated in improving their technical efficiency by the use of apparatus and attachments of various kinds. Any improvement of profit margins in the cotton industry, consequently, is of considerable importance to the textile machinery makers.

There has recently been some improvement in the American section as a result of the various price agreements usually associated with the name of Mr Frank Platt. However, partly owing to the increased change-over of American spinners to finer counts, there has been a deterioration in the position of the Egyptian section, previously the more prosperous. As a result, the Egyptian spinners have regarded the price agreements with greater favour. The average dividend paid by 170 spinning and manufacturing companies rose from 1.60 per cent. in 1934 to 1.64 per cent. last year, and has probably shown a further and more substantial increase this year. The work of the Cotton Spindles Board, moreover, is likely to lead to improved profit margins, for the elimination of some of the surplus plant is expected to reduce price-cutting. The work of the Board will be watched with the greatest interest, since similar schemes have been mooted for the weaving and finishing sections of the cotton industry.

While the cotton industry is the chief market for textile machinery in Great Britain, it is not the only one. The silk, wool, jute, hemp and flax textile industries are all of importance, a rough measure of this significance being the net imports of the textile raw materials; these were as follows in 1935 (in thousand tons): Cotton, 535; silk 281; wool 270; jute 162; hemp 91; flax 56. The current prosperity of the wool textile industry is revealed by the increase of 41 per cent. in the net imports of raw wool between 1932 and 1935, but the great progress made by the silk industry, largely as a result of the establishment of foreign companies in this country following the increase in import duties, is less widely known. Net imports of raw silk in 1935 were 89 per cent. above those in 1931. The rayon industry is also a market for textile machinery of a specialised kind.

PRINCIPAL MANUFACTURES

In 1930, the six chief textile machinery companies were amalgamated. But Textile Machinery Makers, the combine, was unable to show a profit until last year. Platt Bros. and Company (Holdings) was able to pay arrears of preference dividends. Tweedales and Smalley, of Castleton, in which T.M.M. hold a controlling interest, also improved its financial position. A leading independent company, Fairbairn, Lawson, Coombe, Barbour, has recently been in the throes of capital reconstruction. Among loom specialists are British Northrop Loom, of Blackburn; Butterworth and Dickinson, of Burnley; Hacking and Company, and Robert Hall and Sons, of Bury.

Recently a number of textile machinery companies (e.g. Howard and Bullough, of Accrington, who are in the T.M.M. group) have turned over to the production of munitions, on which they were largely engaged during the war. Several firms are turning out products other than textile machinery. Howard and Bullough, which has long been famous for high-speed winding and twisting frames, is now making machinery for the rayon and staple fibre industry. The chief centre of the hosiery and knitting machinery section is Leicester, where among the most important firms are Wildt and Company, which now controls the production of the largest range of circular machines in the world; Mellor Bromley, who specialise in interlock machines; G. Stibbe, T. Berridge, and Bentley Engineering. Another well-known firm is Cotton and Company, of Loughborough.

A development to which all textile machinists have recently been giving considerable attention is the spinning of mixed fibres. While rayon has, perhaps, led the way in this respect, considerable attention has also been given to flax. On the whole, prospects of the textile machinery industry are brighter than they have been for some years.

ENGINEERING AND BUILDING

In spite of the slow progress of mechanisation in the building and allied industries, a surprisingly large amount of machinery is used directly or indirectly in a number of constructional processes. Progress would probably be more rapid if it were not for the marked conservatism of the building trade as a whole, and for the very slow evolution of its old craft traditions. Moreover, the difficulties encountered in any attempt to secure changes in the building regulations and the introduction and development of any new technical process in this industry inevitably impose a considerable and often decisive handicap on enterprise. Nevertheless, as a result of the high level of building activity in recent years, and the expansion of auxiliary trades, quite a substantial proportion of the output of the mechanical engineering industries goes to meet the needs of the constructional trades for mechanised tools.

EXTENT OF MECHANISATION

Concrete is entering more and more into modern building and road construction, and cement manufacture and concrete mixing have been almost completely mechanised for some time. Moreover, the increased use of concrete tiles and bricks, slabs and paving stones in place of clay or stone is increasing the amount of machinery employed in the industry, while technical progress in the handling of concrete—by means of vibrators and pumps, for example—is providing an additional market for engineering products. The same is true of the extraction of clay for the manufacture of bricks, which is now practically all won by mechanical means. Woodworking, for which the building industry provides directly about half the market, is also almost completely mechanised. In general, as high a degree of mechanisation has probably been achieved in the industries producing building materials as in most other manufacturing industries.

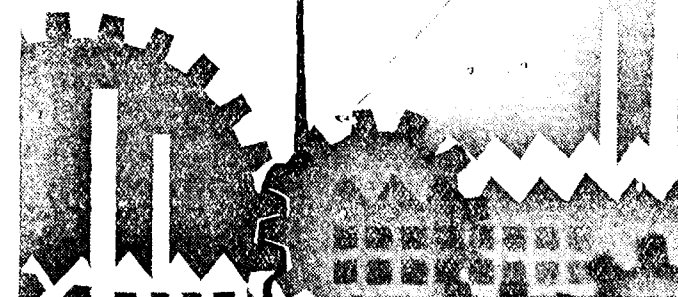
In the actual process of building, the increase in the employment of machinery has been less noticeable. The use of mechanical hoists, even on small contracts, is becoming increasingly common, but so far there has been little evidence of any tendency to extend mechanisation to the horizontal as well as the vertical transport of materials by the introduction of conveyors. Even this moderate extent of mechanisation on the site, however, has not been extended to the process of demolition. This is the more surprising in that road-breaking is now almost completely mechanised. But demolition contracts are still carried out practically without any motive force other than human muscle and the force of gravity. It is improbable that this state of affairs will persist for very long, particularly in view of the change-over from building in lime to building in cement, which will make demolition much more difficult.

There is, of course, a limit to the extent of mechanisation on the site. The employment of more machinery in the building industry will depend on the extent to which the proportion of the work executed under factory conditions can be increased at the expense of the proportion of the work executed on the site. If the cost of building is to be reduced in relation to the general level of prices, it is essential that this development, which, incidentally, reduces the dependence of building operations on the weather, should be pushed very much farther than it has gone so far. There has been some increase in the use of factory-made units in the last ten years—such as factory-made windows and doors, hollow block floors, and plaster board—but the progress so far achieved in this country has been nothing like the progress achieved abroad.

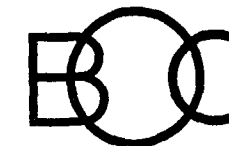
PRINCIPAL PRODUCTS

The table on page 10 shows the output of some of the principal products of the mechanical engineering trade which are employed predominantly by the building industry or in connection with new constructional works. Some of the items listed, such as conveyors, telfers and transporters, cranes, hoists and lifting machinery, as well as welding machinery, have a somewhat slender connection with the building industry proper, though they are closely dependent on the constructional and factory equipment trades. Similarly, a substantial proportion of the out-

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put of pneumatic tools is probably attributable to the demand from the mining and shipbuilding industries.

OUTPUT OF THE MECHANICAL ENGINEERING INDUSTRY:
MACHINERY FOR THE BUILDING, BUILDING MATERIALS AND
CONSTRUCTIONAL TRADES
(In thousands of £'s)

	1930	1933	1934
Road rollers—			
Steam	...	...	26
Motor	...	...	157
Brickmaking machinery	269	269	493
Cement making machinery	...	59	81
Concrete mixing machinery	362	312	419
Conveyors, telfers and transporters	1,554	1,445	1,869
Cranes, hoists and other lifting machinery	5,317	2,637	3,106
Excavating machinery	...	...	753
Pneumatic tools	422	366	400
Refuse and sewage disposal machinery	530	312	247
Roadmaking machinery	425	254	269
Stoneworking machinery	454	505	517
Waterworks equipment	584	426	731
Heating and ventilating appliances	2,935	2,282	2,799
Woodworking machinery	574	456	615
Welding machinery	144	129	187

The next table shows the total value of constructional engineering work carried out in the years 1930, 1933 and 1934, as recorded by the Census of Production of 1930 and the two subsequent Import Duties Act Inquiries. By far the greater part of this work is carried out by engineering firms:—

VALUE OF CONSTRUCTIONAL ENGINEERING WORK
(In thousands of £'s)

	1930	1933	1934
By the mechanical engineering industry	17,069*	7,409*	8,160*
By the iron and steel trades—Smelting and rolling (including wrought tubes)	90*	725*	697*
Hardware, hollowware, etc.	110	128	166
Chain, nail and screw trades	52	36	51
Iron and steel foundries	425	425	492
TOTAL	18,567†	8,733	9,566

* Excluding an output of £230,500 by the mechanical engineering industry and £143,000 by firms in other trades which were not included in the 1933 and 1934 inquiries.

† The 1930 figures include, and those for 1933 and 1934 exclude, steel purchased and fabricated which, in 1933, amounted to £3,856,000 by the mechanical engineering trade and £26,000 by the smelting and rolling trade.

The constructional engineering trade is likely to be stimulated considerably by the increase in factory construction, which will also benefit, among others, manufacturers of cranes, conveyors, hoists, and elevators. There is, in addition, quite a large volume of bridge-building and re-building in connection with road-widening and new road projects.

EXPORTS

As far as it is possible to ascertain, foreign markets are not very important, compared with domestic business, except in the case of conveying and lifting machinery, pneumatic tools and woodworking machinery. Imports of cement-making machinery, which are considerably greater

than exports, have been as large as home production in recent years. Nearly 20 per cent. of the output, by value, of conveyors were exported in 1930, and the corresponding proportions for the remaining categories in that year were: cranes, etc., 43.5 per cent.; pneumatic tools, 43 per cent.; and woodworking machinery, 34 per cent. Measured by weight, exports of pneumatic tools in 1935 were considerably above the level of 1930, a consequence of increased mining activity abroad, especially in South Africa. Although there has been some recovery in the export of other machinery, the volume of foreign sales remains substantially below the level of 1930—especially in the case of exports of cranes, which have fallen, in volume, by more than 50 per cent. The value of these exports has been fairly well maintained:—

EXPORTS OF MACHINERY
(In thousands of £'s)

	1930	1933	1934	1935	Jan.-Sept., 1936
Conveyors, telfers and transporters	293	86	127	207	132
Cranes, hoists, lifting and excavating machinery	2,309	693	932	1,190	999
Pneumatic tools	181	136	212	242	167
Woodworking machinery	196	89	121	142	120

A large number of firms are interested in this branch of the mechanical engineering industry, but many of them are small and not very well known to the public. There are several manufacturers of road rollers, of which Aveling and Barford, Ruston and Hornsby, and Fowlers of Leeds are probably among the best known. Ruston and Hornsby, together with Ransomes and Rapier, are the chief producers of excavating machinery. Well-known manufacturers of concrete machinery of all kinds are Ransomes and Rapier of Ipswich, Fowlers of Leeds, Wingets of Rochester, Parkers of Leicester, Stothert and Pitt of Bath, Powel and Hill of Croydon and Millars Machinery Company of Bishop's Stortford. Stothert and Pitt, however, are mainly interested in cranes. Cranes and transporters are also produced in some quantity by Babcock and Wilcox, while most of the heavy electrical manufacturers produce electric cranes. Herbert Morris of Loughborough is one of the best-known firms specialising in hoisting, elevating and conveying equipment. Waygoods hold a very large proportion of the market for lifts. The principal producers of pneumatic tools are Ingersoll-Rand and the Consolidated Pneumatic Tool Company. Murex, Quasi-Arc Electrode (a subsidiary of Turner and Newall) and British Oxygen have hitherto held the bulk of the market in welding plant. The demand for welding plant by the building industry is likely to expand fairly rapidly with changes in the building regulations. There are a number of well-known constructional engineering firms—the largest of these being Sir William Arrol and Company, Braithwaite and Company, Dorman Long, Redpath Brown, Cleveland Bridge and Engineering, Horseley Bridge and Thomas Piggott. The two Manchester firms, Bannister Walton and Company and Edward Wood, are also well-known constructional engineers.

MARINE ENGINEERING

The fortunes of the British marine engineering industry are closely linked to those of the shipbuilding industry, which, in turn, depend on world trade and shipping conditions. At the moment prospects for marine engineers are encouraging, for shipping freight rates are rising, and shipbuilding activity is rapidly expanding. Mercantile tonnage commenced in this country during the first nine months of 1936 exceeded that commenced in the whole of 1934, the tonnage under construction at the end of September last being 929,000, compared with 1,561,000 at the end of 1929.

Marine engineers suffered with the shipbuilding industry from the effects of the virtual cessation of construction during the depression. Incidentally, under the impact of the depression, the marine engineering industry lost about

one quarter of its labour force, and may encounter a serious shortage of skilled labour if the expansion of shipbuilding activity continues:—

EMPLOYMENT AND UNEMPLOYMENT IN MARINE ENGINEERING

July in each year	No. of Insured Persons	Insured Persons in Employment (a)	Unemployed Persons
1929	58,450	53,500	5,211
1930	60,670	51,700	9,347
1931	55,240	29,000	26,224
1932	50,330	21,300	29,274
1933	46,220	23,251	21,833
1934	46,760	32,849	13,621
1935	45,650	33,304	12,049
1936	...	...	6,013

(a) June in each year.

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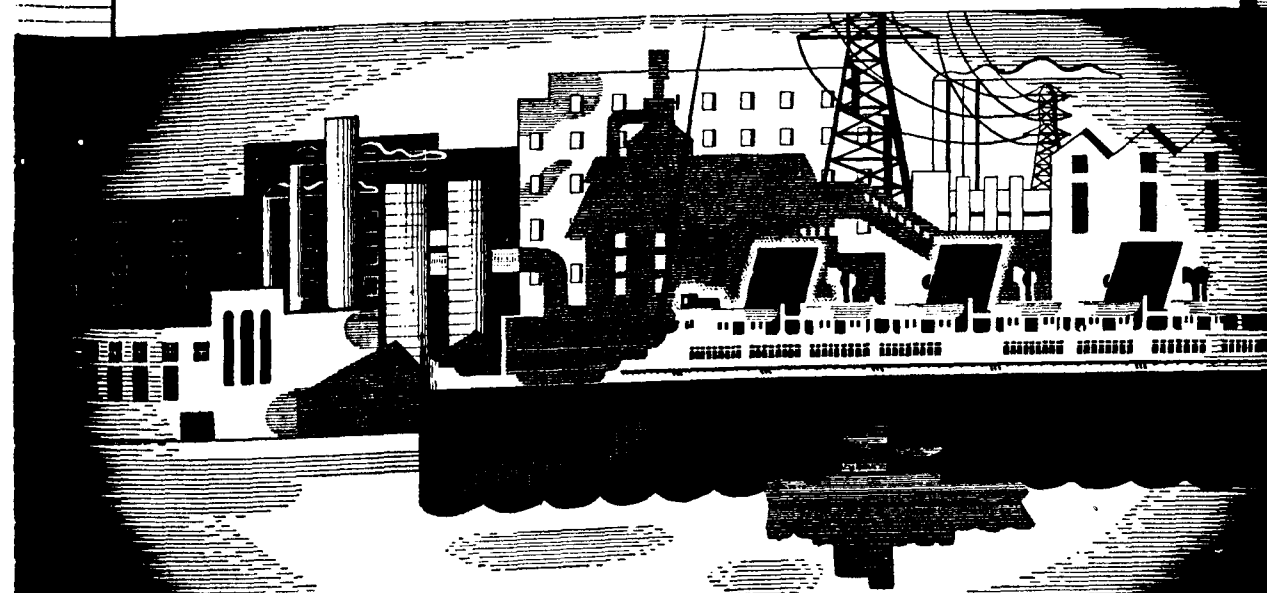
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TECHNICAL PROGRESS AND REPLACEMENT

The world's existing shipping tonnage is only slightly larger than in 1929, while the ships which were doing duty then are seven years older. Progress in hull and engine design has been so rapid during the past five years that many of the vessels in existence, though still practically as sound as when they were launched, are technically obsolete and of doubtful competitive value. Increased speed, greater cargo space, and lower fuel consumption have been the principal objectives of naval architects in recent years, and remarkable progress has already been achieved. Fuel consumption per ton-mile of cargo carried has probably been reduced by nearly 50 per cent. in recent years. As a result, the running costs alone of many vessels in existence exceed the running costs *plus* the fixed charges on similar vessels built to-day.

The effective life of a cargo vessel to-day is probably not much above fifteen years, and less for a tanker. Now, at the end of last June, no less than 41 per cent. of British mercantile tonnage was fifteen years old or more and 18.2 per cent. twenty years old or more. Abroad, the percentage aged fifteen years or over was 63.7 per cent. and that twenty years or over 31.5 per cent. This factor is probably of even greater significance to marine engineers than to the shipbuilding industry. A tendency to renovate existing vessels to meet the more exacting requirements of modern conditions is already noticeable, for the modernisation of old cargo tonnage is taking place on quite a large scale. By installing superheaters and perhaps also exhaust turbine equipment, and by taking advantage of the latest discoveries in propeller design and stream-lined rudder form, it is possible, at no very great expense, to reduce the fuel consumption of vessels with reciprocating steam engines by 25 per cent., add one knot to average speed and improve all-round efficiency by as much as 50 per cent. Progress in steam turbine and diesel installations has already been so rapid that nothing much can be done to increase the horse-power of cargo and passenger liners, which are mostly driven by one or other of these two sources of power, except by fitting them with completely new engines. It is interesting to note that the Union-Castle Line, which has been compelled under the new mail contract to increase the average speed to the Cape from seventeen to twenty-one knots in order that the passage time may be reduced from seventeen to fourteen days, has bought only three new vessels and has chosen five of its present ships to be re-engined in order to bring them up to the required standard of efficiency.

The shipbuilding industry is emerging from the slump with its internal affairs in good order. Between 1929 and 1932 the price of the average type of cargo vessel was halved, and there was strong competition to obtain contracts at any price in order to meet some of the expense of retaining essential staff. National Shipbuilders' Security, Ltd., has succeeded, with the co-operation of the whole industry, in reducing the capacity of British shipyards from about three million to about two million tons by buying up and scrapping yards that would in any case probably never have again been used for shipbuilding, but, nevertheless, did represent potential capacity. This work has been followed by the formation of a Shipbuilders' Conference to continue co-operation in other fields, so that the advantages of a rising turnover should not be dissipated by price-cutting.

The industry has also benefited indirectly from the Government's subsidy to tramp shipping and directly from the scrap-and-build scheme. The former, which provides assistance to British tramp shipping conditional on the elimination of rate-cutting in favour of co-operation, paved the way for the institution of minimum freight agreements on the majority of the great trade routes, though this success was due in no small measure to the improvement in trade. Nevertheless, these international agreements have introduced an element of stability into the shipping world which has reacted to the advantage of shipbuilders. The scrap-and-build scheme has not been an unqualified success, though it has already led to the placing of orders for about 190,000 tons, valued at £3½ millions, in return for which about 325,000 tons of old shipping have so far been nominated, or bought, for scrapping.

PROPULSION MACHINERY

Technical progress in the design of ship-propulsion machinery, which has been considerable in the last ten years, has set in motion a tendency towards the replacement of both steam reciprocating engines and steam turbines by internal-combustion engines. There has inevitably been a simultaneous change-over from coal to oil as a source of power, though this is also due to the substitution of oil-firing for coal-firing in boilers. The continuance of this trend should not, however, be taken entirely for granted. In the past five years there has been relatively little construction of small, low-powered cargo vessels, compared with passenger and cargo liners. As far as such cargo vessels are concerned, steam reciprocating engines are still holding their own, particularly when combined with exhaust-turbines, although the geared-turbine is gaining at the expense of that type of installation in low-powered vessels. In "luxury" vessels of medium size, as well as in the coasting trade, it is doubtful whether the predominance of the motor ship will be shaken. As regards competition between coal and oil as a fuel, much depends on the relative cost of the two fuels; it appears to be the general opinion that bunker coal may rise in price relatively to oil. The Blue Funnel line, for instance, is reported to be converting 23 of its turbine ships from coal to oil for this reason. On the other hand, considerable improvements have been made in the design of automatic stokers for coal-firing, whether used with water-tube or cylindrical boilers. Manchester Liners, for example, have been experimenting with some success with cylindrical boilers arranged for mechanical firing with coal.

In general, high-pressure steam turbines probably remain the most practical method of ship propulsion in really large vessels, where an installation with a power output in excess of 15,000 h.p. is required. It is interesting to note, however, that the two new Union Castle mailboats—the "Stirling Castle" and the "Athlone Castle"—are propelled by twin-screw ten-cylinder Burmeister and Wain two-stroke double acting engines developing over 20,000 h.p. At the other end of the scale, diesels are rapidly becoming pre-eminent in the coasting trade owing to economy in fuel consumption, since they can be stopped completely during the long periods which this type of vessel spends in port. In the vast intermediate range between these two extremes, diesel engines, steam turbines and reciprocating engines, and the alternatives of coal and oil firing, are still more or less capable of competing with each other for different purposes. In fuel consumption and fuel cost, diesels are the most, and reciprocating engines the least, economical, whichever type of firing is employed, but in the matter of capital cost the position is reversed. When overall running costs are considered it is generally found that diesel propulsion is the most, and reciprocating machinery the least, economical form of installation, notwithstanding the higher capital charges involved by the use of diesels. Much, however, depends on the relative cost of coal, boiler oil and diesel oil on different routes. On some routes and particularly in the United Kingdom trade, bunker coal is sufficiently cheap to give reciprocating machinery a slight advantage if the most efficient methods of coal-firing are employed. The next table, which is compiled from the annual report of Lloyd's Register, shows the relative importance of each type of machinery in new vessels and in the total tonnage in existence:—

RELATIVE IMPORTANCE OF VARIOUS METHODS OF SHIP PROPULSION

Built during	Total Steam and Motor Tonnage	Type of Engines			Fuel	
		Steam Reciprocating*	Steam Turbines†	Internal Combustion‡	Coal	Oil
(a) <i>Tonnage Built during Years ended June 30</i>						
(In thousands of gross tons)						
1929 ...	1,738	784	167	786	600	1,137
1930 ...	1,804	856	100	847	681	1,123
1931 ...	1,734	420	101	1,212	318	1,416
1932 ...	915	159	158	598	57	858
1933 ...	447	119	140	188	110	336
1934 ...	348	93	11	244	89	259
1935 ...	752	158	42	552	150	602
1936 ...	1002	236	185	580	199	803

* † and ‡ See notes on p. 13.

(b) Tonnage in existence at the end of June
(In millions of gross tons)

1928 ...	65.2	50.0	9.6	5.4	40.7	24.5
1929 ...	66.4	50.6	9.2	6.6	40.4	26.0
1930 ...	68.0	50.8	9.1	8.1	40.1	28.0
1931 ...	68.7	50.2	9.1	9.4	39.3	29.4
1932 ...	68.4	49.1	9.2	10.0	38.2	30.2
1933 ...	66.6	47.2	9.2	10.2	36.4	30.3
1934 ...	64.4	44.7	9.0	10.6	33.9	30.5
1935 ...	63.7	43.4	9.1	11.3	32.5	31.2
1936 ...	64.0	42.6	9.1	12.3	31.9	32.1

* Includes reciprocating engines with exhaust turbines.
† Includes turbo-electric. ‡ Includes Diesel-electric.

DECLINING EXPORTS

A less encouraging tendency in recent years has been the decline of shipbuilding orders for export, due mainly to economic nationalism, which does not count the cost, but also to the introduction of barter agreements between countries, and, in the case of Germany, to unwillingness to repay certain foreign debts except in the form of goods.

U.K. EXPORTS OF MARINE ENGINES AND MACHINERY (a)
(In thousands of £'s)

	(In thousands of £s)					Jan.- Sept., 1936
	1929	1932	1933	1934	1935	
<i>Fitted in Ships</i>						
1. <i>Steam Ships:</i>						
Reciprocating engines...	1,081	245	101	160	} 516*	650*
Turbines	718	176	81	...		
Boilers	736	201	84	83		
Other machinery	538	332	186	61		
2. <i>Motor Ships:</i>						
Engines	897	65	44	85	} 389*	450*
Other machinery	94	49	8	63		
<i>Separate</i>						
Steam reciprocating ...	221	28	25	31	36*	30*
Internal combustion ...	461	223	364	395	378	309
Total	4,746	1,319	893	877	1,319*	1,439*
	* Estimates.					

* Estimates.
(a) These figures are not quite complete, since it is impossible to distinguish exports of steam turbines for marine purposes. Exports of steam turbines for all purposes were valued at £466,121 in 1935 and £341,848 in January-September, 1936.

The marine engineering industry has inevitably suffered from this trend, for exports of marine engines and machinery other than in complete ships has never been proportionately very great, except in the case of diesel engines. Nor are exports of mercantile vessels likely to expand very much, at any rate in the near future. At the end of September, for example, only 5.1 per cent. of the shipping tonnage under construction in this country was intended for registration abroad as for sale, compared with 21.1 per cent. a year ago.

Practically all the large shipbuilding firms—such as John Brown, Swan Hunter and Wigham Richardson, Harland and Wolff, Vickers Armstrong, R. and W. Hawthorn Leslie, William Gray of West Hartlepool and the Fairfield Shipbuilding and Engineering Company of Glasgow—are manufacturers of ship-propulsion machinery. In addition to these, a number of firms specialise in the manufacture of marine machinery. These include North East Marine Engineering, and Wallsend Slipway and Engineering, both of Wallsend, White's Marine Engineering, Parsons Marine Turbine of Newcastle, Richardsons Westgarth, J. G. Kincaid of Greenock, and Wm. Doxford and Sons of Sunderland are well known. J. Stone of Deptford and the Manganese, Bronze and Brass Company are specialists in the manufacture of propellers, while G. and J. Weir is an important manufacturer of auxiliaries, such as pumps.

Naval re-armament orders have not yet played a major part in swelling shipbuilding activity. The 1936 naval programme calls for the construction of two battleships, seven cruisers, eighteen destroyers, two aircraft carriers, eight submarines, six sloops and six motor torpedo boats. It is not possible to lay down all of these ships until the expiry of the Naval Treaty on December 31, 1936. But the White Paper on re-armament (Cmd. 5107), which was published early this year, holds out prospects of a considerable expansion in naval orders during the next four years. The marine engineering industry is likely to benefit from naval re-armament, especially as it is practically certain to receive orders for machinery for such capital ships as are built in the Naval dockyards.

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OTHER BRANCHES OF MECHANICAL ENGINEERING

THE ramifications of mechanical engineering extend far beyond the six branches already surveyed, and its boundaries cannot be closely defined. The engineer plays an important rôle in iron and steel concerns, and such firms as Stewarts and Lloyds, the well-known iron and steel tube manufacturers, and Richard Thomas, the tinplate makers, as well as producers engaged in constructional steel work and in the production of rails and castings might well be included on a wide interpretation. Some of the remaining sections of mechanical engineering, as defined in a more narrow sense, are briefly discussed below.

Locomotives.—Their manufacture at one time held a high place in the engineering industry, but in recent years this section has declined seriously. The explanation is not far to seek. When the British railways opened their own engineering shops a number of years ago the industry came to depend almost exclusively on foreign markets. No fewer than 581 of the 585 main line locomotives produced in 1930 were exported. The virtual cessation of railway development abroad during the slump and the curtailment of replacement programmes hit British manufacturers hard. The value of locomotives exported fell from £3,750,743 in 1930 to £305,958 in 1932 and shipments of parts from £1,232,000 to £288,013. There has been some recovery since then, however, exports of complete locomotives rising to £739,507 in 1935 and £853,247 in the first nine months of 1936, and of parts to £653,273 and £547,939 respectively. At the same time, the industry has benefited from increased replacements at home in recent years, when the British railways have placed orders outside their own works. Nevertheless, it is doubtful whether the probable expansion of world railway transport will be sufficient in the near future to enable British locomotive manufacturers to recover their former level of output. According to the Census of Production of 1930 and the Import Duties Act Inquiries, the value of the output of main-line and light locomotives and parts fell from £5,612,000 in 1930 to £1,029,000 in 1933. Despite the increase in the value of output, to £1,694,000 in 1934, which has since continued, prosperity seems still a long way off. North British, the largest concern, has made no profit since 1927. Among other leading manufacturers, Beyer Peacock, Vulcan Foundry, Robert Stephenson and Nasmyth Wilson have been slightly more fortunate. Armstrong Whitworth are also important manufacturers of locomotives.

Rolling Stock.—Manufacturers in this industry have been more fortunate than locomotive builders, mainly because they are less dependent on exports. They are assured of a fairly constant, if not very profitable, flow of orders from the British railway companies, and, in times of expanding general business activity, of numerous and more remunerative orders from private wagon-owners, particularly from concerns engaged in the heavy industries. In the 1930 Census of Production, the output of railway carriages, wagons and parts, colliery tubs and trucks, and tramway cars was recorded at £8,450,000; wagons represented £4,204,000, or about one-half of the total value. Exports of carriages, wagons and parts were £5,021,600 in 1930, but, partly owing to the time-lag between orders and their completion, this figure is not strictly comparable with the Census returns and probably exaggerates the relative importance of exports. The value of production fell to £2,418,000 in 1933, but recovered to £3,981,000 in 1934. Exports, which fell to £527,291 in 1933, subsequently rose again, reaching £1,224,826 in 1935 and £945,197 in the first nine months of 1936. These figures do not include exports of complete wheels, and of complete wheels and axles.

The majority of carriage and wagon builders and of the wagon hirers have succeeded in reducing their losses or converting losses into profits during the past two years. The largest of them, Metropolitan-Cammell Carriage and Wagon, which took over the rolling stock interests of Vickers and Cammell Laird, recently underwent a drastic

process of rationalisation. The next largest concern—Birmingham Railway Carriage and Wagon—has paid dividends throughout the depression. Hurst Nelson and Company has a much steadier record, largely on account of its low capitalisation, its strong financial position and its interest in wagon hiring. Gloucester Railway Carriage and Wagon has also a substantial interest in hiring, but a less satisfactory profit record; like several of the other firms, it has launched out into allied work, such as the construction of bodies for buses.

Mining Machinery.—This section, by contrast, is one of the few British industries whose exports have more than doubled in value since 1930. In that year the value of the output of coal-cutting machinery, winding gear and other mining equipment was £2,428,000 and that of exports £1,074,000. By 1933 output had fallen to £2,043,000 and exports to £979,200, but in 1934 output recovered to £2,590,000 and exports to £1,514,000. In 1935 exports reached £2,285,300, and the value of shipments during the first nine months of 1936 was £1,254,844. The expansion of the industry in recent years was due mainly to the great increase in mining activity, particularly, gold-mining, within the British Empire. But the home market, too, has shown improvement, for mechanisation in coal mines has made rapid strides in recent years, and will no doubt continue with increasing profitability and pressure for higher wages. Although mechanisation has reached an advanced stage in some districts, it has hitherto made little progress in others, notably in South Wales.

A large number of companies are interested in the production of mining equipment. Metropolitan Vickers, Head Wrightson of Thornaby-on-Tees, Goodall Clayton of Leeds, Fullerton Hodgart and Barclay of Paisley, and Sir William Arrol and Company of Parkhead specialise on surface plant. Holman Brothers of Camborne, Mavor and Coulson of Leeds, Climax Engineering, Cowlishaw Walker of Stoke, the British Flottman Drill Company of Cardiff, Hardypick of Sheffield, and British Jeffrey-Diamond produce underground equipment, and Bradley Craven of Wakefield and J. Ward and Sons of Wigan, haulage gear.

Printing and Bookbinding Machinery.—This is another fairly stable branch of the engineering industry. The total value of output in 1930 was £3,745,000; type-setting and printing machines accounting for £2,895,000, bookbinding machinery for £124,000, and other machinery, such as bag, envelope, box- and carton-making machines for the remainder. The total value of output fell to £2,616,000 in 1933, but recovered to £2,984,000 in 1934. Exports declined from £1,308,764 in 1930 to £728,031 in 1932, and, after a slow recovery in the two following years, rose to £1,144,318 in 1935 and £783,585 during the first nine months of 1936.

Refrigeration and Air Conditioning.—These two branches of the engineering industry have benefited from the rise in the standard of living and the introduction of mechanical aids to modern life. The domestic refrigerator is rapidly rising to the position of a conventional necessity among the middle class. Moreover, the increase in the demand for perishable commodities, one of the features of the rise of the standard of living, and the results of scientific research into the problems of bulk food storage, have enlarged the demand for refrigerated space in ships, warehouses, and railway rolling stock. During the twelve months ended June 30, 1936, 41 vessels were fitted with new refrigerating installations under the supervision of the Surveyors of Lloyd's Register, and the total number of vessels holding the Society's Refrigerating Machinery Certificate rose from 546 in 1935 to 571, with an aggregate capacity of over 91 million cubic feet. The value of the output of refrigerating machinery rose from £1,471,000 in 1930 to £1,534,000 in 1933 and to £1,931,000 in 1934. The fall in prices masks an increase of, say, 80 to 100 per cent. in

the volume of production of refrigerating machinery between 1930 and 1934. The output of refrigerators in 1934 for domestic use accounted for only £397,000, or less than 21 per cent. of the total. Exports did not expand proportionately, with the result that the excess of imports over exports in 1935 was larger than in 1930. J. and E. Hall, Lightfoot Refrigeration, Electrolux, Frigidaire, Prestcold, and Kelvinator are well-known manufacturers of refrigerators. Recently, Electrical and Musical Industries have also entered this market. Some of these manufacturers produce air-conditioning plant, which is also produced by specialised concerns such as the Carrier Engineering Company.

Air conditioning has made considerable progress in the factory, cinemas, shops and restaurants, but some time may elapse before it is used on any scale in residential buildings. The 1930 Census of Production and the subsequent Import Duties Act Inquiries recorded an increase in the value of output of air-filtering plant from £30,000 in 1930 to £38,000 in 1933 and £41,000 in 1934; but these figures are incomplete, for air-conditioning plant was probably included under heating and ventilating appliances and general plant. The value of the output of these items in 1934 was £3,046,000, compared with £2,504,000 in 1933 and £2,935,000 in 1930. Owing to the fall in prices, the expansion in the volume of plant installed was probably greater than these figures indicate.

Machinery in Food and Drink Preparation.—The rise in the standard of living and changes in consumption are reflected in the trend of output of machinery for the food, drink and tobacco trades. In spite of a severe fall in the output of plant for the brewing and distilling industries, the value of the output of food processing plant, etc., was £4,098,000 in 1934, compared with £3,960,000 in 1933 and £4,053,000 in 1930. Details are given in the table below:

OUTPUT OF EQUIPMENT USED IN FOOD AND DRINK PREPARATIONS
(In thousands of £'s)

	1930	1933	1934
Brewing and distilling plant	612	210	354
Dairy plant	265	312	389
Food preparation machinery	1,544	1,375	1,394
Grain milling machinery	421	494	513
Sugar-making and refining plant	518	1,131	789
Tobacco and cigarette making machinery	693	438	659

Most of the output of sugar-refining plant is exported, the big increase of output in 1933 being due to large export orders. About half of the output of grain-milling machinery and about 40 per cent. of the output of dairy equipment is exported, but exports of the latter are practically offset by imports.

Washing Machinery.—Evidence of an increased demand for services is provided by the growth of the laundry industry. In the past ten years the laundry trade has been rapidly mechanised and transformed into a factory industry. It is not surprising, therefore, to find that the value of output of laundry machinery rose from £655,000 in 1930 to £743,000 in 1933 and £1,037,000 in 1934. Rather surprisingly, the value of the output of mangling and wringing machines for domestic use in 1934 was still £895,000, against £864,000 in 1933 and £854,000 in 1930.

Pumps and Weighing Machinery.—These two products of mechanical engineering are used practically throughout industry, and, consequently, accounted for as much as £5,000,000 of the output of the industry in 1930. The extent of the market which these products enjoy is partly responsible for their stability of output, which is illustrated in the following table:—

OUTPUT OF PUMPS, ETC., AND WEIGHING MACHINERY
(In thousands of £'s)

	1930	1933	1934
Air and gas compressors and exhausters	993	792	1,068
Pumps, kerbside petrol and oil	264	264	264
Other equipment	2,738	1,836	2,294
Weighing machinery	1,436	1,328	1,508

* Included in "Other equipment."

Between one-quarter and one-third of the output of compressors and exhausters is normally exported, the proportion for pumps being about one-third and for weighing machinery about one-tenth. Exports of air and gas compressors and exhausters nearly doubled in value between 1933 and 1935, having risen from £205,208 to

£391,284, compared with £322,000 in 1930. Exports of pumps were valued at £891,382 in 1935, against £673,067 in 1933 and £1,215,000 in 1930. Exports of weighing machinery fell from £324,000 in 1930 to £139,417 in 1933, but recovered to £211,573 in 1935. Among well-known makers of pumping equipment of all sorts are Worthington Simpson of Newark, G. and J. Weir, Mather and Platt, British Pulsometer, and Tangyes. W. and T. Avery, Limited, of Birmingham have a large share of the market for weighing machines and are also interested in the production of petrol pumps through Avery-Handoll.

Other Machinery.—There remains a group of smaller industries which specialise in the production of plant or machine tools for other trades. Of these the most important are makers of furnace plant, rolling mill equipment, gas and chemical plant, paper-making machinery and boot and shoe and sewing machinery. Apart from the last group, the prosperity of these sections depends on the fortunes of the industries which they serve and, more particularly, on the rate at which these industries are expanding. Among other specialised activities of the engineering industry are the manufacture of ball and roller bearings and the cutting of gears. The output of these various branches is shown below:—

OUTPUT OF VARIOUS ENGINEERING PRODUCTS
(In thousands of £'s)

	1930	1933	1934
Blast furnace plant	...	372	397
Other metallurgical furnaces and appliances	...	181	191
Other steel works, blast furnace and coke-oven machinery	234	...	...
Rolling mill machinery (excluding rolls)	365	150	365
Gas and chemical plant	1,245	682	705
Paper-making machinery	850	781	896
Tanning and leather working machinery	143	150	191
Sewing and boot and shoe machinery	3,524	2,693	2,684
Ball bearing and roller bearings	2,363	2,165	2,760
Gears and gear wheels	1,166	1,196	1,747

The manufacture of sewing machines is the only section which exports a substantial proportion of production.

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ENGINEERING AND THE INVESTOR

THE preceding pages of this Survey have stressed two main factors which determine the fortunes of the engineering industry—the ebb and flow of constructional activity and fluctuations in the volume of export trade. It follows that engineering shares, as a class, are subject to greater variation in capital value and earning power than industrial equities in general. The earnings of representative engineering ordinary shares, in fact, are subject to a double "gearing"—the first of a technical, and the second of a financial, nature.

It follows that a given reduction in the volume of the turnover of engineering companies in general is accompanied by a more than proportionate reduction in ordinary share earnings. Conversely, their rate of recovery from depression can be distinctly more rapid than that of typical concerns in the stable consumption goods trades. These factors stress the need for discrimination between engineering shares and stable industrials, at various phases of the trade cycle. Within the engineering industry itself there is scope for further selection. Some sections have been, and still remain, affected by secular handicaps. The slow recoveries of the railway equipment and textile machinery branches are clear illustrations. And the recovery of marine engineering profits is hardly more than a year old.

These factors are apparent in the accompanying table of profits and dividends of some representative concerns. For convenience the companies have been grouped according to their main (though sometimes not exclusive) interests. Babcock and Wilcox, for example, although grouped under "Prime Movers," does an extensive marine boiler business, which has undoubtedly contributed its quota to the satisfactory profits recorded last year. English Electric, on the other hand, may be taken as a typical concern which is likely to benefit from the swing from mechanical to electrical drive. For over a decade, however, earnings have been sub-normal, but the recent revival in home and overseas business suggests that the preference arrears from January, 1934, should be made good at no distant date.

The marine engineering group illustrates the ability of such leading concerns as John Brown, which has come through depression without accumulating heavy losses, to make a spectacular return to the dividend list, after active business has been restored for a comparatively short time. Tyneside, represented by Swan, Hunter, Wigham Richardson, has not been so fortunate as the Clyde, but already has a substantial share of naval work to promise better things in future. Harland and Wolff's record is, to some extent, a reflection of the *crise de famille* arising from the Royal Mail group collapse. Among the smaller concerns, Yarrow and Parsons Marine Steam Turbine have shown consistent profit-earning ability throughout depression.

A much more hopeful view has recently been taken of railway equipment concerns. There are, perhaps, better prospects from the rolling stock business than from locomotive building. Even before the depression the locomotive builders were unable to make satisfactory profits, and only Vulcan Foundry has shown modest recovery since. In this country the main-line railways largely cater for their own requirements, and the full force of reduced export business has thus been felt. Although arrears of maintenance are accumulating on railways the world over, there is still insufficient revival of railway fortunes to offer really good prospects for the locomotive manufacturers. Rolling-stock builders, however, enjoy more stability of profits, particularly through goods wagon hire-purchase business, and have already felt the incidence of industrial recovery.

Among the innumerable general engineering companies whose shares are quoted in the Stock Exchange list, the investor must discriminate carefully. Many have a somewhat localised market; some are affected by rising costs, particularly of materials; others have a specialised and consistently profitable business. While there may be good opportunities for the investor with local connections, therefore, it is largely to the latter class that the general investor must look. Under the heading "Textile and General

PROFITS AND DIVIDENDS OF REPRESENTATIVE COMPANIES

(Profits in Thousands of £'s)

Group, Company (and Date of Accounts)	1930	1931	1932	1933	1934	1935	1936
Prime Movers							
Babcock & Wilcox (Dec. 31)—							
Earned for ord.	575.8	534.8	185.7	201.7	361.0	462.1	...
Earned %	13.4†	12.4	4.3	4.7	8.5	11.5	...
Paid %	14†	14	7‡	6	8	8	...
English Electric (Dec. 31)—							
Total profit	2.9	209.4	106.2	Dr175.7	172.2	282.6	...
Earned for pref.	Dr103.8	34.1	Dr11.9	Dr267.8	31.9	130.1	...
Preference dividend unpaid during period.							
Marine Engineers							
J. Brown (Mar. 31)—							
Earned for divs.	24.2	Dr13.2	2.7	2.4	Dr63.4	73.0	400.6
Earned for ord. %	Nil	Nil	Nil	Nil	Nil	Nil	29.9†
Paid on ord. %	Nil	Nil	Nil	Nil	Nil	Nil	16.7†
Swan, Hunter (Dec. 31)—							
Earned for ord.	109.9	103.0	Dr43.2	Dr78.4	Dr16.0	144.5	...
Earned %	6.5	6.4	Nil	Nil	Nil	9.4	...
Paid %	6	5	2‡	Nil	3	5	...
Harland & Wolff (Dec. 31)—							
Total profit	367.9	Dr280.9	Dr117.2	Dr161.4	Dr70.4	67.8	...
First preference dividend unpaid during period.							
Railway Engineers							
Birmingham Ry. C. & W. (Dec. 31)—							
Earned for ord.	75.1	45.2	51.5	13	Dr22.1	Dr 6.8	...
Earned %	9.8	6.1	6.9	1.7	Nil	Nil	...
Paid %	10	5	5	5	5	5	...
Hurst Nelson (mid July)—							
Earned for ord.	71.8	49.1	16.7	6.8	12.5	13.1	21.0
Earned %	23.2	16.4	5.5	2.3	4.0	4.2	6.9
Paid %	20	20	7‡	2‡	3‡	3‡	6‡
Textile and General							
Brit. United Shoe (Dec. 31)—							
Earned for ord.	339.0	356.7	392.6	445.7	486.9	578.5	...
Earned %	17.8	17.2	18.0	18.8	19.4	22.0	...
Paid %	15*	22‡	15*	15*	15	15*	...
Mather & Platt (Dec. 31)—							
Earned for ord.	82.3	55.1	87.0	47.1	118.3	158.0	...
Earned %	6.0†	4.0	6.5	3.5	9.0	12.0	...
Paid %	10†	6	6	6	7‡	10‡	...
W. & T. Avery (Mar. 31)—							
Earned for ord.	107.6	92.5	88.7	84.2	91.7	112.5	136.0
Earned %	19.4	17.0	16.6	15.8	16.9	20.7	21.0
Paid %	15	15	15	15	15	15‡	15
Machine Tools							
Coventry Garage (Aug. 31)—							
Earned for div.	10.0	Dr4.3‡	Dr 1.3	Dr 1.5	3.3	13.8	...
Earned %	11.4	Nil	Nil	Nil	4.3	17.9	...
Paid %	5	Nil	Nil	Nil	Nil	Nil	...
Craven Bros. (Man.) (Dec. 31)—							
Prospectus profits	...	...	17.2	81.4‡	26.5	26.7	...

† Tax free. ‡ And 2 per cent. tax free from capital profits. § Broken period equated to 12 months. * Also capital bonuses: 1930, 20 per cent.; 1932, 1933 and 1935, 10 per cent. † And 20 per cent. capital bonus ‡ 15 per cent. dividend paid on former capital of 1932, 203. Other years, nil.

we have included three such companies. British United Shoe Machinery combines an enviable stability of dividends and rising earnings with frequently recurring share bonuses. Mather and Platt produce fire-fighting appliances and textile machinery, but their general engineering business has undoubtedly contributed to the recent improvement in earnings. W. and T. Avery is essentially a "stable-dividend equity," with occasional capital bonuses. The company occupies a predominant position as a maker of weighing apparatus of all kinds.

We may, finally, turn to a group which has attracted much recent market interest—machine tool makers and precision engineers. The former, after a long period of sub-normal demand, are now working at peak pressure to supply tools for British industry, and in particular for the re-armament programme. Current profits are near an all-time peak, and the investor has been invited to subscribe on terms which discount a further rapid advance in earnings. There seems no reason why this should not be achieved during the next twelve months, but present share prices might with advantage be related to the prospects of a longer period. This section of the engineering industry has hitherto shown the most pronounced fluctuation in earnings. About forty new issues have been made during the past two years, and although most of the companies are small, their re-armament interest ensures them a popular speculative following.

THE ECONOMIST

TRADE SUPPLEMENT

New Series

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THE STATE OF TRADE

THE expansion of business activity has been well maintained in recent weeks, and the latest industrial reports point to a continuation of recovery. The *Economist* index of business activity, which is adjusted for normal seasonal movements in activity, remained unchanged in October. The index shows that the volume of activity is now about 8½ per cent. above last year's average level.

While the general trend of activity remains upwards, the incidence of recovery has been gradually changing recently. In the first place, the upward movement is now proceeding on a wider front. Hitherto industries dependent mainly on outlets overseas have tended to lag behind the trades working mainly for the domestic market. The majority of export industries are now gaining ground more rapidly. For example, the increase in demand for shipping accommodation has brought about a material improvement in shipping, shipbuilding and marine engineering. The flow of orders to shipbuilders and marine engineers is gathering momentum. In addition to new construction of mercantile tonnage, many existing vessels are now being re-equipped

authorities, like those for September, was smaller than in the corresponding month a year ago. Compared with a year ago, the decline in October was 12 per cent., against a fall of 8 per cent. in September. It is possible therefore, that "unassisted" dwelling-house construction may soon take a definite downward turn; but the maintenance of "assisted" dwelling-house building and the increase in factory and commercial construction may prevent an early and steep recession in this branch of activity.

In general, the metal industries remain in the vanguard of recovery. The process of re-equipment of British industry, accelerated by re-armament, is still in full swing. Most branches of the metal industries are working at capacity, production of iron and steel, machinery and electrical equipment now being well above the pre-depression level. And, although the capacity of the iron and steel and engineering industries is being increased, they are unable to meet the rapidly increasing domestic requirements. Consequently the trend of exports is downwards,

while imports are steadily increasing. The current volume of imports of machine tools, for example, is more than twice as high as a year ago. Industries catering directly for the domestic consumer are able to expand their output with the increase in the national income. The value of retail

machinery. Again, the volume of new business in cotton textiles since September has been heavier than for a number of years. The downward movement in exports of cotton goods has been reversed. There has also been an improvement in jute textile manufacture, while exports of coal are tending upwards and should improve further with the resumption of trade with Italy.

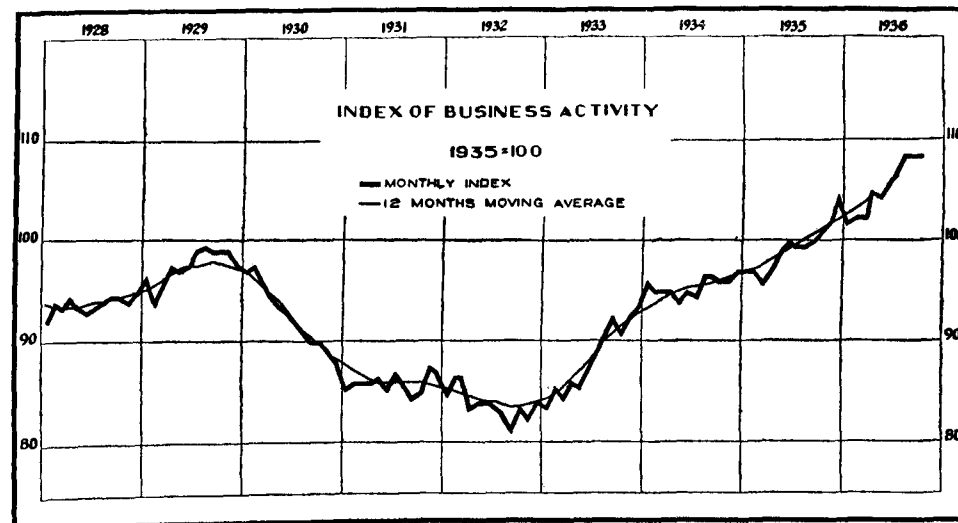
The cause of the gradual permeation of recovery to the depressed sections of British industry is to be found largely in the steady progress of recovery abroad. The increasing demand for, as well as the rise in the price per unit of, primary products has been accompanied by an increase in the purchasing power of a large number of countries and, consequently, by an expansion of international trade. As a result, the downward course of British exports, noticeable during the first half of this year, has given way to an upward trend. In October, for example, the value of British exports was higher than in any month since November, 1930. It is significant, moreover, that the expansion in exports has taken place despite a reduction in the volume of shipments of iron and steel, machinery and chemicals—three of our most important export industries. The improvement in exports has been quite marked in the case of cotton and other textiles, commercial vehicles and cycles, a reflection of the rising standard of living in primary producing countries.

Secondly, evidence is steadily accumulating that building activity has reached a peak. Although the volume of construction remains well above the level of a year ago, the value of all building plans passed in October by 146 local

sales in October, for example, showed an increase of 7.4 per cent. over the corresponding month a year ago. Most of the textile, clothing, and food, drink and tobacco industries are gaining ground; and the automobile industry is already assured of an increase in sales of private cars next year.

The incidence of recovery abroad is tending to become less uneven. The majority of primary producing countries are able to increase their exports at rising prices. Business in many countries of the sterling area, and especially in Scandinavia and the British Dominions, is still expanding. Moreover, the latest reports from former gold bloc countries are more encouraging, though the improvement has not yet gained much momentum, especially in France. Mainly as a result of re-armament and increased constructional activity, production and employment have continued to increase in Germany. In Belgium, Czechoslovakia and Poland industrial activity is higher than a year ago; but last year's improvement in Austria is not being fully maintained. In Japan there are some indications of hesitancy, but China's foreign trade is now expanding more rapidly.

In the United States the trend of activity remains upward. The output of consumers' goods is now practically as high as in 1929, and activity in the capital equipment industries is expanding rapidly. Foreign trade is also increasing, and the value of imports has exceeded that of exports in recent months.



HOME INDUSTRIES AND TRADE

The following reports on British industry cover, in most cases, the period to the middle of November. In the remainder they relate to the month of October.

COAL

Although conditions are still bad in certain areas, the coal trade is now benefiting from a modest seasonal improvement. Output was again higher in October and unemployment was further reduced. Moreover, the position is generally more satisfactory than at this time last year. Demand for house coal has, however, been slow to expand, and the volume of orders passing to the collieries has not yet attained the normal winter level. On the other hand, the market in industrial fuel has been very strong, little coal being available when contract demands were met. No shipments were made to Italy during October—a factor which is more than sufficient to account for the decline in exports compared with October, 1935. Under the recently negotiated agreement, Italy will take rather less than 2,000,000 tons of British coal and coke annually—or about one-half as much as was normal before the Abyssinian adventure.

IRON AND STEEL

Activity in the industry is still on the upgrade. The output of steel ingots and castings in October, at 1,060,500 tons, marked a new all-time record. But although imports of iron and steel are now running at a higher level, and exports at a lower level, than a year ago, the industry is still having difficulties in meeting the rapidly growing requirements of domestic consumers. Even in the finished steel section demand is in excess of capacity, and there is a tendency for deliveries against contracts to fall into arrears. In many districts producers of pig iron are now rationing consumers; moreover, it is understood that some consumers have had to substitute lower grades of iron for those generally used. On the other hand, the stringency in the semi-finished section has been somewhat relieved by increased imports of Continental materials.

ENGINEERING

Production continues to expand rapidly in most sections of engineering. With the exception of a seasonal decline in agricultural engineering activity, all sections are making headway. Moreover, demand is still expanding and there is no likelihood of a recession for at least twelve months. The proportion of insured workers in general engineering unemployed in October was only 7.0 per cent., compared with an average of 9.7 per cent. in 1929. Indeed, activity in the industry is now higher than at any time since the post-war boom. Home requirements are so large that the volume of exports has tended to fall, while imports continue to increase rapidly. Total imports of machinery increased from 1,233,200 tons in January-October, 1935, to 1,612,500 tons during the first ten months of 1936. During the same period imports of machine tools rose from 6,363 tons to 14,896 tons.

ELECTRICAL ENGINEERING

Activity in the electrical equipment industry continues to expand. The orders for heavy electrical machinery placed last month constituted a record for the industry.

INDEX OF NEW ORDERS RECEIVED BY HEAVY ELECTRICAL MANUFACTURING INDUSTRY*
(1920 = 100)

Period	Home	Export	Total
1928-October.....	83	107	91
1929 ".....	76	191	106
1930 ".....	64	181	94
1931 ".....	48	119	62
1932 ".....	58	67	55
1933 ".....	51	92	62
1934 ".....	94	128	106
1935-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
September.....	151	204	168
October.....	161	213	178

* 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

Latest information suggests that the advance over last year has been well maintained. Thus, new registrations of private cars and goods vehicles in September amounted to 21,557 and 6,297, respectively, against 19,031 and 4,963 in the same month of 1935. During the past year production figures, month by month, have exceeded the previous year's level. Output of private cars during the year ended September amounted to 353,838, against 311,544 in the previous twelve months, while commercial vehicle production totalled 108,109 units, against 92,176. Exports of cars during October, again exceeded the previous year's corresponding

figure, but, mainly in consequence of a reduction of prices. The average value per car was slightly lower than in 1935. Imports have also been well above the level of a year ago.

CHEMICALS

During October domestic business was fairly satisfactory in most sections. Industrial chemicals were in steady demand and, in general, a good trade was transacted in wood distillation products. In the coal tar products market there was not much interest in the heavy products, but other sections were steady, although business was restricted by a shortage of prompt supplies. Business in pharmaceutical chemicals was about average for the time of year. Exports of chemicals, drugs, dyes and colours during October showed a decline of nearly £160,000 compared with the same month of last year. There was also a decrease in imports, the total value being £125,570 less than in October, 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-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	135.5
July.....	1,403	163.6
August.....	1,332	155.3
September.....	1,544	180.0
October.....	1,860	216.8

* By authorised undertakers in Great Britain.

COTTON

Stimulated by the belief that prices are now likely to show an upward trend, consumers have been operating more freely, and spinners and manufacturers have consequently been busier than for a long while past. The improvement is reflected in the employment position, which is now considerably better than a year ago, and in the increase in the percentage of spindles in full production from 81 at the end of September to 86 a month later; this figure compares with 83 per cent. a year earlier. Home demand has continued active and exports have also improved. During October, the principal overseas markets all absorbed appreciably more than in the same month of last year, and order books are reported to have been extended.

WOOL

Active conditions continue, the improvement last month being reflected in a further reduction in the unemployment percentage and in an all-round hardening of prices. Unemployment is now lower than for many years past. Although short time is still being worked by some operatives, overtime is much more common and machinery is generally very active. During October, British exports of woollen and worsted yarns and manufactures suffered a slight setback and were rather smaller than in the same month of last year. However, with the notable exception of Germany, which is Yorkshire's best overseas customer, the majority of the export markets have absorbed larger quantities this year than last. Shipments to Italy have been drastically reduced, but this outlet is not of great importance.

JUTE

The strong statistical position of the fibre has resulted in an advance of prices, an increase which has spread to yarns and manufactures. Calcutta goods have been marked up, despite the failure of the associated mills to reach an agreement with the "outside" mills regarding working hours. Manufacturers in this country have received more orders, but unemployment remains heavy.

RAYON

In the spinning section activity is well maintained. Demand for staple fibre is increasing, and progress is being made with wool and staple fibre mixture yarns spun on cotton machinery. Nervousness regarding proposed increases in Lancashire weavers' wages is, however, hindering business, especially on the export side. Business in hosiery shows some improvement.

LINEN

With all classes of flax in active demand and sellers reticent, prices have advanced; high-class fibre is difficult to obtain. Despite the advance in quotations, consumers of yarn have operated freely, while cloth has also received increased attention, with producers securing better margins. Export business shows a further improvement, especially in damasks and fine goods.

BOOTS AND SHOES

Little change occurred in the footwear trades last month, an improvement in some districts being counterbalanced by a decline in others. Export trade, however, was below the level of a year ago.

POTTERY

A further improvement in this industry took place last month. Although the movement was mainly seasonal in character, the employment position is noticeably better than at this time last year. Exports of general earthenware were well ahead of the corresponding 1935 figure.

AGRICULTURE

The lifting of the potato crop has been carried out under favourable conditions. Some varieties are reported to be yielding light and small tubers, but others have done well. The yield per acre is forecast at 5.8 tons. Root crops have grown appreciably during October. The yield per acre of turnips and swedes is forecast at 12.4 tons, that of mangolds at 18.6 tons, and that of sugar beet at about 8.4 tons of washed and topped beet. Good progress was made with autumn cultivation during October. Wheat will probably be sown to the same extent as in recent years. Both cattle and sheep made good progress and, except in

a few districts, milk yields have been kept up to normal without difficulty.

SHIPPING

Demand for shipping tonnage continues on the upgrade, and freight rates consequently showed a further hardening tendency last month. The *Economist* index for October (1893=100), at 105.9, showed a rise of 5.5 per cent. over September, and was over 12 per cent. higher than a year ago.

BUILDING

The trend of activity has recently been somewhat uncertain, and the latest evidence apparently confirms the view that the expansion of the volume of construction has reached a peak. Our index of building activity, adjusted for seasonal variations, declined slightly between September and October; on the other hand, the index is still well above the level of a year ago. As in September, the value of all the building plans passed by 146 local authorities in October was lower than a year ago. While the total decline amounted to about 12 per cent., the fall in plans passed for dwelling houses was 17 per cent. It is somewhat uncertain, however, how far the plans passed by 146 local authorities reflect the trend of building activity in the country as a whole, especially as the London County Council area is excluded from the sample.

HOME TRADE STATISTICS—OCTOBER, 1936

	Sept., 1936	Oct., 1936	Compared with Oct., '35	Sept., 1936	Oct., 1936	Compared with Oct., '35
UNEMPLOYMENT— (State Insurance %)	12.1	12.1	— 2.4			
PRODUCTION—						
Coal (million tons)*	4.4	4.6	+ 0.2			
Iron (thous. ")	650.8	670.3	+ 126.0			
Steel (" ")	1,027.0	1,060.5	+ 153.2			
FOREIGN TRADE—						
Imports (million £'s)	71.9	80.5	+ 7.1			
Re-exports (" ")	3.9	4.5	+ 0.2			
British Exports (" ")	37.0	41.8	+ 1.9			
TRANSPORT—						
Railway Receipts (thous. £'s)*	3,160	3,039	+ 148			
Shipping Freights (av. level†)	86.2	91.1	+ 7.6			
COMMODITY PRICES (av. level‡)	73.6	74.6	+ 3.3			
TRADE DISPUTES (thous. working days loss)	166	148	— 322			
SECURITY VALUES (av. level§)	131.7	133.9	+ 12.6			
FINANCIAL DATA—						
Bank of England Notes (Mill. £'s)*	446	445	+ 45			
Bank Deposits (" ")*	2,180	2,202	+ 160			
Bank Advances (" ")*	850	860	+ 87			
Banks' Cash Ratio (%)*	10.1	9.9	— 0.1			
Bank Clearings:						
London (Million £'s)*	780	880	+ 159			
Manchester (" ")*	9.5	11.4	+ 1.3			
Three Months' Bank Drafts (Dis- count Rate %)*	4 1/2	4 1/2	— 1 1/2			
Day-to-Day Loans (%)*	4 1/2	4 1/2	...			

(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	108	107	89	112	83	...
1931	91	92	69	98½	83½	95½	62	73	86	82½	97½	86½	86½	87½	...	...
1932	90	90	71½	86	86	94½	57	59½	94	84	82	94½	91	88	89	...
1933	93½	90	78	89½	89½	96½	73½	70	101	92½	85	96	91	88	89	...
1934	97½	97½	88½	100	95	97½	88	93½	98½	100	92½	98	95½	96	96	...
1935	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	...
1933-October.....	95½	90½	78½	94½	91½	96	79	75½	97½	89½	90½	97	93	93½	91	91½
November.....	96	93½	84½	95½	92½	96½	80½	80½	103½	98½	87	97	92½	94½	92½	92½
December.....	96	95	86½	99½	92½	98½	80½	94	96	86	97	93	95½	95½	93½	92½
1934-January.....	96½	106½	84½	97½	93½	97	81	84½	104½	107	91	103½	96	98	96	93½
February.....	96½	93	84	100½	93½	98	83	92½	105	102½	88½	99	94½	113	95	93½
March.....	97	99½	86½	99½	94½	96½	84½	96	92	92	90½	99½	95½	103	95	94½
April.....	97½	94½	85	99	94½	96½	86	94½	98½	95	89½	97	95	96	95	94½
May.....	97½	94	83½	98	95	95½	86½	92½	99½	94	88½	95½	93½	84	94	95
June.....	97½	91½	90	101	95½	95½	88½	87½	103	103	93½	94	85½	95	95	95½
July.....	98	92½	84½	98½	96½	94½	89½	92½	101	107½	91½	93	94	85	94½	95½
August.....	98½	97	87½	102½	97	98	90	95½	98	114	89	93	94	89½	96½	95½
September.....	98½	95	88½	102½	97	96	90	95½	98	101	101	98	93	89½	96½	95½
October.....	98	97	89½	100½	95	97½	91½	94	89	98	95½	95½	96½	91½	96	96
November.....	98½	99½	94	98	95	97½	93	89	87	89	93	97½	95½	114½	96	96½
December.....	98½	93½	87	99½	95½	101	92½	96	97½	94	98	100	99	100½	97	96½
1935-January.....	98	96	92	103½	98½	98	93½	98½	98	85	95½	93	98	110	97	97
February.....	98	96	92	99	98½	99	95	94½	92	91½	104	97	98	94½	97	97½
March.....	98½	92½	93	99½	95½	96½	96½	97½	94	85	98½	97	96	92	96	97½
April.....	99½	98	97	97	99	101	98	93½	96	100	81	99½	97	97½	97	98½
May.....	99½	102½	99	100½	99	98	100	98	99	97½	105½	100	99	100	99	98½
June.....	100	99½	97	99½	99½	96½	99½	93½	112	108	96	100½	104	99	99½	99½
August.....	101	94	96½	98	100	98	99	104½	100	100½	97	100	100½	98	100	100½
September.....	101	92½	99	100½	99	100	101	105½	96½	104½	102½	102½	102½	95½	100	100½
October.....	101	100½	99½	98	100½	99½	103½	102	96	102½	102½	98	99½	96½	101	101½
November.....	101	105	101½	101½	101	100½	105½	102½	99	107	106	99	101	99	96½	102
December.....	101½	105½	108½	102½	102	104	108	113½	99	117	99½	103½	103	112½	104½	102½
1936-January.....	101½	107	104	104	103½	101	106½	117	106½	98½	92	98½	98	91	102½	102½
February.....	102½	100½	108	102	104	101½	107½	115	109	99	102½	100½	99½	93	102½	103½
March.....	104½	98	105	105½	104½	102	107½	112½	101½	100	100½	99	94	104	102½	104½
April.....	103½	103	111	106½	104½	102	106½	126	110	110½	101	100½	97	10	10	104½
May.....	104½	102½	107½	105½	104½	102	107½	116	112½	109	120½	99½	100	103	96½	10
June.....	105½	106½	107½	105½	103½	101½	109	121	119	121½	107	102½	104	104	106	...
July.....	106½	105½	109½	106	103½	103½	109½	123	120	121½	107½	107½	103	108½	107½	...
August.....	107½	105½	112	108½	106	106½	108½	132	127½	127½	106½	103	106	113½	108½	...
September.....	106½	105½	112	108½	106	106½	108½	132	127½	127½	106½	103	106	114½	108½	...
October.....	106½	105½	113	108½	107½	104½	107½	127½	102½	102½	106½	103	106	114½	108½	...

1936

Jan. 25 1936

Revised.

Provisional.

STATE OF TRADE OVERSEAS

BRITISH EMPIRE

Australia.—Crop prospects, states a cable from the National Bank of Australasia, have improved in consequence of good rainfall in the south-east; the wheat harvest is estimated at 130 million bushels. Butter production is, however, restricted by drought in the coastal districts of New South Wales and Queensland. Employment has improved and foreign trade is on the up-grade, but there are indications of some slackening of activity in certain industries. The Stock Exchange, however, is buoyant.

South Africa.—Although some authorities have recently expressed doubts regarding the continued expansion of business activity in the Union, there appears to be no sign of any setback. Markets in primary products are generally active and firm, and the outlook for agricultural industries appears satisfactory. Building activity is well maintained, gold production is on the increase and railway earnings continue to exceed Budget estimates. Foreign trade remains above last year's level.

Canada.—The expansion of business activity continues to make gradual progress and the general position is satisfactory. The improvement is reflected in better employment and in a higher level of industrial production. Bank clearings are also on the up-grade and wholesale prices are slowly rising. Construction industries still lag behind, but they are expected to benefit from a new housing scheme sponsored by the Government, with the co-operation of the banks.

India.—In consequence of satisfactory rainfall, the majority of the principal crops remain in good condition. The acreage under cotton, however, is 5 per cent. smaller than a year ago. Meanwhile, wholesale prices are slowly rising. Merchandise imports amounted to 1,067 lakhs of rupees in October, against 950 lakhs in September and 1,181 lakhs a year earlier. Exports of merchandise were 1,661 lakhs, against 1,518 lakhs in September and 1,450 lakhs in October, 1935.

EUROPE

France.—The official index of industrial production (1913 = 100) rose from 93 in August to 95 in September. A year ago the index stood at 94. So far the devaluation of the franc, which took place on September 26th, has not led to a marked expansion of business activity. Progress appears still to be hampered by the legislation on working hours and wages which is coming into force by stages. Moreover, the repatriation of capital has not yet assumed large dimensions and interest rates remain at a fairly high level. Nevertheless, there are signs of a slight improvement. Contrary to the normal seasonal trend, unemployment has tended to decline in recent weeks; the number of persons in receipt of benefit declined by 1,994 during October, compared with an increase of 11,884 during the corresponding period last year. Both wholesale prices and quotations for industrial securities continued to rise in recent weeks.

Germany.—Re-armament, industrial re-equipment and dwelling-house construction continued at a fairly high level. The index of industrial production of the German Institute for Business Research (1928 = 100) rose from 111.1 in August to 112.9 in September, compared with 103.4 a year ago. There was a seasonal increase in unemployment during October, from 1,035,200 to 1,076,000. The number of railway trucks ordered rose from 142,400 per day in September to 150,800 per day in October, against 138,700 per day a year ago. Pig-iron output increased from 1,198,000 metric tons in October, 1935, to 1,379,000 tons during the past month. Production of coal is also increasing and activity in the engineering industry continues at a high level. Wholesale and retail prices are scarcely changed on the month, and quotations for industrial securities have been fairly well maintained. Both imports and exports rose by about Rm. 20 millions between September and October, and the excess of exports over imports consequently remained unchanged at Rm. 75 millions.

Norway.—The index of industrial production rose by 5.7 per cent. between August and September, and foreign trade returns indicate an increase of 12 per cent. in turnover over September last year. Freight markets, especially for tankers, improved substantially, and laid-up shipping tonnage was reduced during the month by about 60,000 tons dw. Domestic trade improved appreciably, and prices showed an upward trend. Business on the Bourse—especially in shipping, whaling and industrial shares—was very brisk, and quotations climbed to new heights.

Austria.—Last year's expansion of business activity has not been maintained in recent months. The index of production for August (1929 = 100) was 80.4, against 85.3 a year ago. The number of applicants for work rose from 289,944 at the end of September, 1935, to 303,981 at the end of September last. The trend of wholesale prices continued upwards.

Poland.—Industrial production in Poland continues to expand gradually. The index of production for September is 74.9 (1929 = 100), against 73.5 in August and 68.3 in September, 1935. Both imports and exports in October were appreciably above the level of a year ago.

Greece.—Weather conditions were favourable for agriculture. The tobacco and currants markets were lively. Public receipts were satisfactory. Internal trade was better than in September. Foreign trade in September was slightly lower in volume, but higher in value, than a year ago. The wholesale and cost-of-living index numbers rose further. The Stock Exchange was less active than in September and prices tended to fall.

UNITED STATES OF AMERICA

The trend of business activity continued upwards. But according to the Federal Reserve Board's index of industrial production, the level of output in September was still about 8 per cent. below the pre-depression level. The output of consumers' goods is now practically as high as in 1929. Christmas trade is expected to be better than in any year since 1929, and sales of automobiles in 1937 are expected to exceed this year's sales. Activity in the capital equipment industries is increasing rapidly. As production in some branches of activity is reaching capacity, expenditure on renewals and extensions of plant and equipment is increasing. Foreign trade is also expanding rapidly, and the value of imports has exceeded that of exports in recent months. The outlook remains encouraging.

AMERICAN TRADE STATISTICS—OCTOBER, 1936

	September, 1936	October, 1936	Compared with Oct., '35
EMPLOYMENT —(1923-25 = 100)†	88.9	...	+ 5.3
PRODUCTION —			
Bituminous coal (Thous. tons)	37,200	42,935	+ 6,238
Pig-iron (" ")	2,730	2,993	+ 1,015
Steel (" ")	4,161	4,545	+ 1,429
Steel Corporation—shipments (Thous. tons)	962	1,007	+ 320
Building permits (Thous. \$)	88,696	90,687	+ 23,673
FOREIGN TRADE —			
Imports (Thous. \$)	215,525	...	+ 53,972
Exports (" ")	219,967	...	+ 21,778
TRANSPORT —			
Weekly average of car loadings (Thous. cars)	765	819	+ 99
SECURITIES —			
30 industrial stocks—			
Highest quotations‡	169.55	177.63	+ 36.16
Lowest quotations‡	165.16	168.26	+ 40.20
Thous. shares sold during month— (New York)	30,872	43,998	— 2,665
Capital issues excl. refunding (Thous. \$)	178,989	188,694	+ 39,432
BANK DEBITS —			
New York (Million \$)	15,656	16,809*	+ 1,076
Other cities (" ")	17,592	19,805*	+ 2,843
RETAIL BUSINESS —			
Total sales, mail order houses§ (Thous. \$)	82,579	101,242*	+ 24,130

* Preliminary estimates made by Messrs Moody, subject to revision. † Federal Reserve Board Index of Factory Employment. ‡ Closing prices. § Partly estimated. || Compared with Sept., 1935.

LATIN AMERICA

The decline in Argentina's exports, compared with last year, is being rapidly made good, the feature being the increase in maize shipments. Prospects for the fine cereal crops are excellent and the general outlook in Argentina is quite good. In Uruguay, the Exchange Commission is dealing promptly with applications covering payments for imports received from countries to which quotas have been allotted; these quotas are now based upon the £ sterling instead of the French franc. The currency is now pegged to the £, and its exchange value is being supported by sales of new-clip wool. A law in Paraguay provides for the liquidation of obligations hitherto protected by moratoria, and commercial debts in foreign currencies arising from imports will be liquidated by quotas extending over eighteen months. In Chile, the difficult situation in the export market for sterling and United States dollars continues. Peru's overseas trade continues to expand. German "compensation" trade is noticeable in Brazil, Peru, Chile and the Central American countries. Prices of coffee in Brazil have risen following the Coffee Convention in Bogota. It is doubtful whether the proposed quota system for coffee-producing countries will solve the problem of over-production in Brazil. The growing coffee crops of the Central American countries are generally reported as good.

THE FAR EAST

In Japan, business conditions appear to be rather less active than of late. The movement is reflected in a reactionary tendency on the commodity markets, prices of cotton and silk yarn having been noticeably easy during the past few weeks. On the Stock Exchange, foreign bonds slumped on the news of impending special taxation, and industrial shares were a dull market. Meanwhile foreign trade, both in China and Japan, continues to make headway. Japan's imports amounted to 197 million yen in October and exports to 246 million yen, against 186 and 246 million yen respectively for the corresponding month of 1935. China's imports totalled 81.9 million dollars in October, against 61.2 last year, while her exports amounted to 59.2 millions, against 48.4 in October, 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	Czechoslovakia	France	Germany	Netherlands	Poland	U.S.S.R.	Canada	South Africa	British India	Japan	United States	Czechoslovakia	Germany	Hungary				
	<i>d</i>	<i>k</i>	<i>k</i>	<i>k</i>	<i>k</i>	<i>m</i>	<i>k</i>	...	...	<i>l</i>	<i>l</i>	<i>l</i>	<i>l</i>	<i>k</i>	<i>k</i>	<i>k</i>				
1913	24,337	1,903	1,189	3,338	15,842	156	748	1,037	1,037	665	1,311	1,776	43,088	1,927	7,269	460				
1929	21,837	2,245	1,377	4,482	13,620	965	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	2,493	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	2,483	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	11,430	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—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	20,695	2,208	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	13,014	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	13,677	1,056	2,586	10,270	760	1,161	1,907	2,935	40,400	1,473	13,303	662				
February	19,555	2,337	909	3,855	12,676	960	2,140	10,267	771	1,142	1,736	3,148	43,396	1,275	12,989	572				
March	20,303	2,470	916	3,956	12,872	960	2,055	10,270	771	1,142	1,736	3,148	43,396	1,275	12,989	572				
April	18,195	2,435	927	4,059	11,875	979	2,059	9,377	829	1,210	1,876	3,071	40,811	1,320	12,387	523				
May	18,994	2,319	859	3,870	12,156	979	2,059	9,377	829	1,210	1,876	3,071	40,811	1,320	12,387	523				
June	17,136	1,359	800	3,433	12,299	985	2,064	9,495	883	1,276	1,498	3,152	32,876	1,184	13,302	484				
July	18,478	2,499	918	3,915	13,375	1,120	2,339	9,509	883	1,276	1,498	3,152	32,876	1,184	13,302	484				
August	17,330	2,296	921	3,154	12,995	1,077	2,387	9,509	883	1,276	1,498	3,152	32,876	1,184	13,302	484				
September	19,106	2,159	1,139	3,484	13,318	...	2,692	9,766	963	1,256	1,785	...	42,808	1,452	11,908	...				
October	20,300	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...				

PIG IRON												STEEL						
Period Monthly Average	United Kingdom	Belgium & Luxemburg	France	Saar	Germany	Sweden	U.S.S.R.	Canada	United States	United Kingdom	Belgium & Luxemburg	France	Saar	Germany	Sweden	Canada	United States	
	<i>b</i>	<i>d</i>	<i>k</i>	<i>k</i>	<i>k</i>	<i>k</i>	<i>k</i>	<i>k</i>	<i>k</i>	<i>a</i>	<i>a</i>	<i>k</i>	<i>k</i>	<i>k</i>	<i>k</i>	<i>k</i>	<i>c</i>	
1913	860	419	434	114	1,397	61	...	85	2,601	649	307	391	159	1,467	62	88	2,564	
1929	643	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	928	22	521	12	735	445	395	470	122	479	44	29	1,128	
1933	349	386	527	133	439	27	597	19	1,119	595	383	544	139	632	53	35	1,913	
1934	506	405	513	132	729	44	867	35	1,348	780	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—October	553	409	492	...	1,196	47	1,077	46	2,010	922	404	557	...	1,551	85	97	3,166	
November	538	416	469	...	1,198	44	1,029	66	2,099	918	412	508	...	1,483	82	96	3,204	
December	568	426	506	...	1,194	49	1,151	72	2,140	825	421	560	...	1,442	81	100	3,131	
1936—January	565	429	508	...	1,273	49	1,140	62	2,059	926	428	561	...	1,585	77	102	3,098	
February	594	419	500	...	1,173	45	1,109	57	1,887	954	422	538	...	1,495	76	95	3,048	
March	644	433	543	...	1,251	47	1,252	55	2,073	986	422	571	...	1,538	81	103	3,080	
April	672	432	554	...	1,211	52	1,215	35	2,432	1,007	422	571	...	1,467	87	109	4,006	
May	654	327	470	...	1,228	50	1,247	57	2,628	981	304	505	...	1,569	82	96	4,111	
June	676	414	519	...	1,241	47	1,193	36	2,636	990	412	542	...	1,631	81	84	4,049	
July	616	456	465	...	1,312	47	1,111	39	2,755	887	436	460	...	1,725	79	81	4,262	
August	616	456	465	...	1,382	48	1,111	39	2,755	887	436	460	...	1,725	79	81	4,262	
September	661	452	492	...	1,350	51	1,199	53	2,774	1,043	460	541	...	1,721	92	87	4,228	
October	681	...	...	...	...	...	...	...	3,041	1,078	...	...	...	...	...	...	4,618	

Source: "Annuaire des Industries Siderurgiques."

b Including ferrous alloys.

c Excluding castings.

d Safeable coal; since 1935, all coal is safeable.

PIG IRON

Period Monthly Average	United Kingdom	Belgium & Luxembourg	France	Saar	Germany	Sweden	U.S.S.R.	Canada	United States
1913	869	419	434	114	1,397	61	362	92	3,580
1929	643	579	461	112	828	22	521	12	3,580
1932	303	392	527	133	439	27	587	19	1,118
1933	349	386	527	133	439	27	587	19	1,118
1934	506	405	513	152	728	44	867	51	1,778
1935	544	411	482	...	1,045	47	1,042	51	1,778
1935—October	553	409	492	...	1,198	47	1,077	46	2,010
November	538	416	469	...	1,196	44	1,020	66	2,099
December	588	428	506	...	1,194	49	1,151	72	2,140
1936—January	605	429	508	...	1,279	47	1,140	77	2,059
February	594	419	500	...	1,173	45	1,109	62	2,059
March	644	433	543	...	1,251	47	1,215	55	2,073
April	640	424	524	...	1,211	50	1,247	60	2,691
May	672	432	554	...	1,241	42	1,167	57	2,628
June	654	327	470	...	1,312	47	1,198	36	2,636
July	676	414	519	...	1,362	48	1,111	39	2,636
August	616	456	465	...	1,350	51	1,199	53	2,774
September	681	452	492	...	1,350	51	1,199	53	3,041
October	681	...	...	...	...	...	...	...	3,041

a Figures for Luxembourg communicated by the "Groupe des Industries Siderurgiques." b Including ferro alloys. c Excluding castings. d Saleable coal; since end 1921, excluding Ireland. e British Provinces only. f Establishments whose production in 1933 amounted to 99.39% of the total. g Excluding Luxembourg. h Until end 1928 saleable coal. i Since 1922, excluding Polish Upper Silesia. j Coal sold. k Since March, 1935, Saar Territory included with Germany. l Including coal waste. m 1928.

WHOLESALE PRICES

WIRELESS																		
Monthly Average	U.K.		Belgium	Czecho- slovakia	Den- mark	France	Germany (Official)	Holl- and	Italy	Nor- way	Poland	Spain	Sweden	Switzer- land	Austra- lia	British India	Canada	South Africa
	Board of Trade	Econo- mist																
	<i>k</i>	<i>f</i>	<i>d</i>	<i>e</i>			<i>a</i>	<i>a</i>	<i>a</i>	<i>m</i> 100				<i>c</i>		<i>i</i>	<i>i</i>	
1913	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100
1929	127.2	85.1	150	100	62.7	137.2	100	481	149	96.3	100	140	141.2	165.7	141	149.4	116.0	
1932	85.6	86.1	501	74.5	117	42.7	96.5	64.8	310	122	65.5	101.0	109	96.0	129.7	91	104.2	91.5
1933	85.7	86.9	501	72.2	125	39.8	93.3	63.1	283	122	59.1	96.5	107	91.0	129.5	87	104.8	91.3
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—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	...	130	54.5	102.7	118	92.6	135.9	92	113.8	...
December	91.4	98.3	578	77.1	139	354	103.7	62.7	...	131	52.6	103.3	118	91.9	134.1	93	113.6	...
1936—January	91.8	98.4	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	91.8	98.4	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	91.7	97.4	578	77.0	139	376	103.8	61.7	...	132	53.0	101.1	118	91.9	139.2	92	112.6	99.8
May	91.9	97.4	574	77.0	139	370	103.9	61.2	...	132	53.7	101.3	118	92.0	139.9	90	112.2	...
June	91.9	96.0	569	76.5	139	374	104.1	61.8	...	132	53.9	100.6	118	92.1	140.0	90	112.9	...
July	92.6	96.6	570	76.6	138	378	104.1	61.8	...	132	53.7	...	119	93.0	142.5	91	116.1	96.4
August	93.7	98.6	576	75.7	140	392	104.2	62.5	...	134	54.0	...	120	93.3	145.5	90	119.0	...
September	95.2	100.2	582	75.9	142	402	104.5	62.9	...	136	54.6	...	124	96.8	144.5	91	120.0	...
October	96.1	101.3	584	77.1	143	420	104.3	62.8	...	136	...	...	...	...	...	...	...	98.7
On other	97.6	102.7	601	...	146	471	104.2	...	...	136	...	...	...	...	...	...	...	...
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FINANCE

Notes in Circulation—(000,000's omitted)

Period	United Kingdom	Austria	Belgium	Bulgaria	Czechoslovakia	Denmark	Finland	France	Germany	Greece	Hungary	Italy	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	State Notes
	£	Schilling	Francs	Leva	Koruna	Kron	Markka	Francs	Reichsmark	Reutenbank	Drachma	Pengé	Golden
1913.....	29.6	...	1.067	189	152	113	15,714	2,742	...	245	...	313	...
1929.....	369.8	1,034	14,683	3,094	8,230	397	1,361	68,571	5,044	...	5,193	...	...
1931.....	364.2	1,183	18,270	2,919	7,879	349	1,244	68,571	5,044	...	5,193	...	...
1932.....	371.2	914	18,135	2,835	6,267	332	1,085	85,275	4,776	...	4,904	...	...
1933.....	392.0	952	17,093	2,984	5,996	375	1,184	82,613	3,845	...	4,773	...	...
1934.....	405.2	994	17,656	2,449	5,610	366	1,277	84,412	3,901	...	4,812	...	...
1935.....	424.5	976	20,583	2,497	5,761	384	1,381	81,150	4,235	...	4,800	...	...
1935-September.....	398.2	953	20,792	2,498	5,736	368	1,336	82,339	4,143	...	4,777	...	...
October.....	399.9	963	21,035	2,413	5,715	387	1,402	83,366	4,159	...	4,781	...	...
November.....	401.3	953	20,792	2,493	5,739	384	1,319	82,417	4,183	...	4,781	...	...
December.....	424.5	976	20,583	2,497	5,761	384	1,381	81,150	4,235	...	4,800	...	...
1936-January.....	397.1	929	20,595	2,177	5,298	365	1,342	81,593	4,098	...	4,800	...	...
February.....	399.9	931	20,362	2,113	5,210	375	1,415	81,249	3,948	...	4,818	...	...
March.....	406.5	952	20,817	2,293	5,413	371	1,529	83,197	4,267	...	4,840	...	...
April.....	416.9	952	21,274	2,252	5,369	382	1,516	82,582	4,318	...	4,840	...	...
May.....	426.1	958	21,418	2,247	5,482	392	1,501	81,765	4,430	...	4,841	...	...
June.....	434.8	950	21,768	2,453	5,701	381	1,465	83,196	4,389	...	4,843	...	...
July.....	448.6	952	22,104	2,204	5,426	373	1,469	85,892	4,471	...	4,857	...	...
August.....	443.4	944	22,495	2,261	5,522	376	1,513	84,344	4,510	...	4,857	...	...
September.....	449.4	943	22,531	2,790	5,742	377	1,551	87,750	4,657	...	4,857	...	...
October.....	442.7	932	22,331	2,663	5,652	407	1,561	87,108	4,713	...	4,857	...	...

Period	Italy	Norway	Poland	Romania	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
	Lire	Lit.	Kroner	Zloty	Lei	Gd. Rbls.	Rbles.	Kronor	Francs	£	Dollars	Dollars	Yen
1913.....	42,284	499	108	...	437	...	234	314	...	...	...	...	426
1929.....	16,774	80	318	1,340	259	21,144	1,028	1,501	569	999	42.2	359	1,642
1931.....	14,295	...	334	1,218	241	23,750	2,370	2,784	583	1,699	48.2	306	1,331
1932.....	13,672	...	315	1,003	332	21,594	2,922	2,925	598	1,611	45.0	306	1,428
1933.....	13,243	...	327	1,004	342	21,219	3,069	3,333	648	1,510	45.1	304	1,543
1934.....	13,145	...	333	981	344	22,307	...	3,499	708	1,440	45.2	304	1,627
1935.....	...	...	348	1,007	404	23,127	...	788	1,366	46.4	211	12.0	1,767
1935-September.....	15,273	...	331	981	406	21,993	...	4,999	771	1,317	41.7	208	1,972
October.....	15,271	...	329	1,047	417	22,430	...	743	1,325	42.0	217	11.6	1,990
November.....	...	...	331	1,034	412	22,329	...	733	1,323	42.6	219	12.2	1,946
December.....	15,456	...	348	1,007	404	23,127	...	788	1,366	46.4	211	12.0	1,767
1936-January.....	...	...	339	959	386	22,298	...	734	1,275	42.4	200	12.2	1,481
February.....	...	...	346	979	408	22,127	...	756	1,274	41.8	203	12.4	1,485
March.....	14,490	...	357	979	397	23,036	...	5,935	795	1,319	42.5	204	1,498
April.....	...	...	364	1,010	399	22,401	...	780	1,311	42.9	204	13.1	1,498
May.....	...	...	366	1,061	414	21,983	...	757	1,302	41.9	209	15.0	1,498
June.....	...	...	376	1,019	403	22,268	...	792	1,301	41.5	211	15.2	1,491
July.....	...	...	382	998	409	22,412	...	780	1,292	41.4	213	15.3	1,491
August.....	...	...	387	1,031	419	23,817	...	801	1,303	41.6	222	15.1	1,491
September.....	...	...	390	1,048	421	24,269	...	853	1,369	41.8	239	14.1	1,491
October.....	...	...	408	1,001	434	...	...	859	1,413	...	...	14.6	1,491

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 = 8,273 millions. e Marks including Reichsbank and Darlehenkassenscheine. 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 franc = 1,829 millions. j Since May, 1922, including Luxembourg. k 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, 1929.

LONDON RATES OF EXCHANGE

Period	Paris	Brussels	Milan	Zurich	Madrid	Amsterdam	Stockholm	Oslo	Copenhagen	Berlin	Vienna	New York	Buenos Aires
End of	Francs to £1	Belgas to £1	Lire to £1	Francs to £1	Pesetas to £1	Florins to £1	Kronor to £1	Kronor to £1	Kronor to £1	Marks to £1	Schillings to £1	Dollars to £1	Pence to £1
Par level.....	124.21	35.00	92.46	25.22	25.22	12.07	18.159	18.159	18.159	20.43	34.54	4.861	47.62
Highest, 1935.....	75.50	29.53	66.00	15.44	36.50	7.43	19.45	19.45	19.45	22.45	27.50	4.98	48.83
Lowest, 1935.....	70.56	19.95	65.62	14.33	34.00	6.87	19.35	19.35	19.35	22.35	24.25	4.71	47.40
Beginning of—													
July, 1914.....	25.15	125.35	25.25	21.16	26.10	12.11	18.30	18.25	18.30	20.49	34.52	4.87	47.6
January, 1928.....	124.00	34.92	92.32	25.27	28.24	12.09	18.11	18.34	18.20	20.45	34.52	4.87	47.6
January, 1929.....	124.00	34.88	92.64	25.18	29.74	12.08	18.13	18.19	18.17	20.45	34.52	4.87	47.6
January, 1930.....	123.91	34.88	93.22	25.13	36.62	12.09	18.13	18.19	18.20	20.43	34.41	4.85	47.6
January, 1931.....	123.66	34.76	92.74	25.04	46.30	12.05	18.13	18.16	18.16	20.38	34.41	4.85	47.6
January, 1932.....	85.50	24.08	66.62	17.37	40.18	8.44	17.75	18.15	18.12	14.25	30.00	3.38	40.1
January, 1933.....	85.50	24.08	66.62	17.37	40.18	8.44	17.75	18.15	18.12	14.25	30.00	3.38	40.1
January, 1934.....	83.00	23.99	65.12	17.34	40.90	8.31	18.37	19.40	19.40	14.00	28.50	3.33	42.1
January, 1935.....	74.68	21.02	57.62	16.79	39.53	8.09	19.40	19.40	19.40	12.24	26.50	4.94	47.6
January, 1936.....	74.43	20.24	61.25	15.15	35.93	7.29	19.40	19.40	19.40	12.24	26.50	4.94	47.6
August.....	76.15	20.76	63.62	15.37	37.12	7.25	19.40	19.40	19.40	12.24	26.50	4.94	47.6
September.....	76.42	20.82	63.87	15.44	41.00	7.41	19.40	19.40	19.40	12.24	26.50	4.94	47.6
October.....	76.42	20.82	63.87	15.44	41.00	7.41	19.40	19.40	19.40	12.24	26.50	4.94	47.6
November.....	105.14	28.97	92.87	21.27	...	9.05	19.40	19.40	19.40	12.24	26.50	4.94	47.6

	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	Place	Method of Quoting	October Quotations		
											Highest	Lowest	Average
Par level.....	18	51	40.00	s. d.	s. d.	s. d.	s. d.	s. d.	New York.				
Highest, 1935.....	2.50	18.86½	128	1 6	1 6	2 0½	2 0½	2 4	Oct., 1935	Dollars to £1.	4 92½	4 88½	4 90½
Lowest, ".....	3.50	22.50	115	1 6½	1 3¼	1 2½	1 1½	2 4½	Sept., 1936	"	5 07½	4 93	5 04½
				1 6½	2 8¼	1 10½	1 2½	2 4½	Oct., 1936	"	4 95½	4 88½	4 90½
Beginning of—													
July, 1914.....	16 ½	51½	89½	1 3½	1 10½	2 6½	2 0½	2 4½	Paris.				
January, 1927.....	5 ½	50½	39.65	1 6½	1 11½	2 5½	2 0½	2 4½	Oct., 1935	Francs to £1.	75 75	74 31½	74.40
January, 1928.....	5 ½	51	39.35	1 6½	2 0½	2 7½	2 0½	2 4½	Sept., 1936	"	77 06½	76 25	76.75
January, 1929.....	5 ½	51	39.64	1 6½	2 0½	2 7½	2 10½	2 4½	Oct., 1936	"	106 50	103 00	105.90
January, 1930.....	5 ½	46½	39.80	1 5 ½	1 8 ½	2 1½	2 10½	2 3½					
January, 1931.....	4 ½	35½	39.89	1 5 ½	1 8 ½	2 1½	2 10½	2 3½	Amsterdam.				
January, 1932.....	4 ½	31½	28.00	1 6 ½	1 5 ½	2 5	2 0½	2 3½	Oct., 1935	Florins to £1.	7 27	7 22½	7 24½
January, 1933.....	30 ½	35½	—	1 6 ½	1 5 ½	2 1½	2 10½	2 3½	Sept., 1936	"	9 10	7 40½	7.685
January, 1934.....	4 ½	35½	—	1 6 ½	1 3½	1 11½	2 1½	2 4½	Oct., 1936	"	9 40	8 98	9.120
January, 1935.....	31	20½	117	1 6 ½	1 5 ½	1 7½	1 3	2 3½					
January, 1936.....	21½	22½	127	1 6 ½	1 8 ½	1 5	1 2½	2 4½	Berlin.				
August.....	2 ½	24½	130	1 6 ½	1 3½	1 2½	1 2½	2 4½	Oct., 1935	Reichmarks to £1.	12 20	12 14	12.197
September.....	2 ½	25	131½	1 6 ½	1 2½	1 2½	1 2½	2 4½	Sept., 1936	"	12 30	12 30	12.581
October.....	2 ½	26½	131½	1 6 ½	1 2½	1 2½	1 2½	2 4½	Oct., 1936	"	12 30	12 30	12.030
November.....	2 ½	25	131½	1 6 ½	1 2½	1 2½	1 2½	2 4½					

a Daily rate. b Since dollar devaluation on February 1, 1934. c Krone to £1. d Paper pesos to £1 after January, 1935. e Pence to £1. f 11.45 paper pesos to £1 after January, 1935. g Nominal. h No quotation.

FOREIGN TRADE

IMPORTS for Domestic Consumption—Merchandise Only—(000's omitted)

IMPORTS FOR CONSUMPTION																		
Period	U.K.	Irish Free State	Belgium	Bulgaria	Czechoslovakia	Denmark	France	Finland	Germany	Greece	Italy	Japan-Slavia	Netherlands	Poland	Sweden	Switzerland	U.S.S.R.	Egypt
Monthly Average	£	£	Francs	Leva	Koruna	Kroner	Francs	Markka	Marks	Drachma	Lire	Dinars	Gulden	Zloty	Kronor	Francs	Roubles or Gold Rbl.	£
	<i>k</i>		<i>f</i>				<i>g</i>	<i>h</i>		<i>a</i>	<i>b</i>	<i>c</i>	<i>d</i>	<i>e</i>	<i>f</i>	<i>g</i>	<i>h</i>	
1913	54,931		3,363,384	15,775	1,661,820	64,785	701,778	41,035	897,474	14,828	393,893	632,896	325,231	70,545	159,985	231,987	73,386	2,271
1929	92,589	5,020	2,951,520	693,719	1,661,820	142,907	4,851,719	583,026	1,120,556	1,106,270	1,805,347	400,023	157,728	122,350	118,539	187,690	92,086	4,453
1931	66,512	4,139	1,978,495	398,339	977,075	117,483	3,416,609	288,700	569,590	730,390	971,300	238,300	108,286	71,832	96,210	146,890	58,670	2,212
1932	54,352	3,459	1,347,499	289,275	621,785	100,850	2,485,487	286,500	388,755	654,300	687,256	248,300	100,730	68,924	91,400	132,744	29,074	2,774
1933	52,412	2,931	1,233,000	183,500	489,200	92,080	2,669,000	328,100	350,300	702,500	618,100	297,800	68,500	68,580	108,730	119,540	19,370	2,390
1934	56,750	3,234	1,142,000	187,300	530,300	108,880	1,925,000	397,600	370,900	732,500	638,900	308,300	77,990	71,720	122,330	106,940	20,110	2,602
1935	58,470	3,087	1,117,000	250,700	580,900	106,230	1,745,000	445,300	346,600	f890,100	...	...	...	...	...	...	...	...
1935—Sept.	57,220	3,021	1,415,000	214,600	622,900	124,140	1,508,000	468,000	317,700	881,800	f636,800	287,700	75,990	63,820	124,640	100,260	83,230	2,771
Oct.	68,650	3,478	1,711,000	314,500	687,800	121,200	1,723,000	557,100	335,800	939,000	...	395,400	94,520	79,240	144,600	116,570	102,530	3,301
Nov.	66,884	3,499	1,621,000	355,500	758,200	108,000	1,736,000	506,500	346,100	1,037,300	f704-0	356,600	85,780	76,950	153,060	113,260	80,450	3,366
Dec.	69,049	2,911	1,804,000	288,200	754,300	104,900	1,933,000	441,300	347,000	f953,800	...	326,700	72,670	78,990	153,280	125,060	110,950	2,841
1936—Jan.	65,704	2,878	1,810,000	284,200	750,500	128,000	2,026,000	461,300	364,100	f895,700	...	342,500	79,230	75,610	133,480	87,450	72,440	2,743
Feb.	56,686	3,137	1,658,000	303,100	545,400	93,630	1,954,000	394,800	355,400	f935,600	...	293,800	74,170	75,260	155,000	87,090	76,650	2,152
Mar.	62,152	3,147	1,758,000	219,500	585,800	90,850	2,126,000	469,400	360,600	f862,900	...	326,000	80,910	83,430	129,780	91,460	161,890	2,708
April	60,744	3,190	1,660,000	269,800	584,600	93,630	1,954,000	469,400	360,600	f1,022,900	...	324,300	75,800	81,130	129,960	88,600	121,430	2,603
May	63,544	3,393	1,660,000	295,700	639,200	129,260	1,967,000	564,200	337,400	f1,018,700	...	294,200	76,930	62,070	121,420	93,450	108,070	2,024
June	62,636	3,072	1,427,000	291,200	659,200	115,720	1,831,000	559,800	360,100	f961,000	...	312,700	79,820	82,440	152,500	95,350	99,920	2,032
July	63,739	3,397	1,559,000	195,000	518,400	106,410	1,851,000	500,000	345,700	f876,600	...	274,300	81,690	87,330	125,810	87,890	137,570	2,285
Aug.	61,701	3,072	1,639,000	209,500	583,400	113,160	1,764,000	527,500	333,400	f970,800	...	353,100	81,850	97,070	142,310	96,590	110,230	2,797
Sept.	68,037	3,237	1,856,000	248,400	7610,200	148,990	1,862,000	...	...	...	...	...	92,390	94,330	...	128,010	...	...
Oct.	76,069	...	...	...	...	...	2,247,000	...	...	...	...	...	...	...	...	...	...	...

CAPITAL ISSUES.—(000,000's omitted)

Period	United Kingdom	Austria	Czechoslovakia	France	Germany	Italy	Netherlands	Poland	Romania	Sweden	Switzerland	United States
Monthly Average	£	Schilling	Koruna	Francs	Mark	Lira	Gulden	Zloty	Lei	Kronor	Francs	Ruppes
1913	16.3	...	...	...	...	...	...	...	...	...	...	...
1929	23.8	8.5	3.1	42	1,259	80.2	607	29	17.8	318	23	56
1931	23.8	8.5	3.1	42	1,259	80.2	607	29	17.8	318	23	56
1932	15.7	4.9	2.7	11	12.3	30.4	31	11.6	87	11	32	33
1933	20.4	17.9	21	...	...	...	...	...	...	...	...	...
1934	14.1	...	...	...	...	...	...	...	...	...	...	...
1935	19.7	...	...	...	...	...	...	...	...	...	...	...
1936	...	...	...	...	...	...	...	...	...	...	...	...
January	33.7	...	...	...	...	...	...	...	...	...	...	...
February	17.1	...	...	...	...	...	...	...	...	...	...	...
March	11.1	...	...	...	...	...	...	...	...	...	...	...
April	10.3	...	...	...	...	...	...	...	...	...	...	...
May	17.0	...	...	...	...	...	...	...	...	...	...	...
June	10.1	...	...	...	...	...	...	...	...	...	...	...
July	19.1	...	...	...	...	...	...	...	...	...	...	...
August	6.5	...	...	...	...	...	...	...	...	...	...	...
September	7.6	...	...	...	...	...	...	...	...	...	...	...
October	24.0	...	...	...	...	...	...	...	...	...	...	...

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. In the case of the Netherlands, Switzerland and the U.K. both issues of 1913 and 1929 are included. Excluding Treasury Bills. Excluding large railway issues. Until end 1922 paper mark. Société de Banque Suisse. Figures of net amount of new issues, excluding western departments; since 1928 amounts actually issued, whole territory.

BANK RATES

Period	1931	1932	1933	1934	1935	1936
End of	June	Dec.	June	Dec.	June	Dec.
London	2.25	2.25	2.25	2.25	2.25	2.25
Paris	2.25	2.25	2.25	2.25	2.25	2.25
Berlin	2.25	2.25	2.25	2.25	2.25	2.25
New York	2.25	2.25	2.25	2.25	2.25	2.25
Amsterdam	2.25	2.25	2.25	2.25	2.25	2.25
Brussels	2.25	2.25	2.25	2.25	2.25	2.25
Rome	2.25	2.25	2.25	2.25	2.25	2.25
Switzerland	2.25	2.25	2.25	2.25	2.25	2.25
Vienna	2.25	2.25	2.25	2.25	2.25	2.25
Warsaw	2.25	2.25	2.25	2.25	2.25	2.25
Tokyo	2.25	2.25	2.25	2.25	2.25	2.25
Calcutta	2.25	2.25	2.25	2.25	2.25	2.25

* Federal Reserve.

LONDON BANKERS' CLEARING RETURNS

Period	Town	Metropolitan	Country	Total
1913	14,191,275	855,648	1,889,481	16,436,404
1929	39,935,924	1,881,989	3,078,764	44,896,677
1931	31,813,808	1,667,852	2,752,209	36,233,869
1932	27,833,633	1,610,407	2,467,919	32,111,959
1933	27,148,480	1,556,675	2,406,471	32,111,626
1934	31,740,117	1,759,528	2,884,512	35,484,157
1935	32,443,575	1,887,112	3,229,664	37,559,751
1936 (Nov. 16)	28,558,186	1,672,013	2,868,291	33,098,490
1936 (Nov. 18)	30,497,139	1,792,830	3,118,062	35,418,031

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	Iron and Steel	Coal
Monthly Average	£	£	£	£	£	£	Cwts.	Centals	Centals	Sq. Yds.	Tons	Tons
1913	24.2	2.7	23.5	5.8	16.1	34.3	8.8	1.8	0.7	589	0.41	0.1
1929	44.7	4.6	28.3	6.6	27.9	47.8	9.3	1.3	0.7	306	0.38	5.0
1932	31.1	2.7	13.7	3.6	13.1	23.0	8.8	1.0	0.8	182	0.16	3.2
1933	28.3	2.3	15.0	3.8	12.6	23.5	9.4	1.2	0.8	179	0.16	3.3
1934	28.8	2.5	17.5	4.0	14.3	25.4	8.6	1.1	0.7	172	0.19	3.3
1935	29.7	2.6	17.6	4.4	15.4	27.4	8.4	1.1	0.7	162	0.20	3.2
1936	30.2	2.9	19.6	4.1	17.9	28.6	9.3	1.1	0.7	174	0.18	2.6
March	28.4	2.4	20.0	3.9	17.9	26.0	8.3	1.1	0.7	141	0.18	2.5
April	27.6	2.7	19.9	4.5	17.2	28.2	8.9	1.1	1.1	146	0.20	3.2
May	31.5	2.6	19.3	3.5	16.4	24.9	10.3	1.3	0.7	130	0.17	2.6
June	29.9	3.0	20.1	4.6	18.2	31.5	8.7	1.4	0.4	176	0.22	3.4
July	29.0	2.8	18.8	4.0	17.8	27.5	7.5	1.1	0.3	159	0.16	2.8
August	32.9	3.0	19.6	4.3	19.1	28.8	7.6	0.9	0.3	154	0.18	3.0
September	38.9	3.6	21.5	4.8	19.8	32.2	8.9	1.4	0.3	178	0.19	3.2
October												

* Yards.

RAILWAY STATISTICS: FREIGHT TRAFFIC.—(000,000's omitted)

	Austria		Germany		Italy		Canada		United States		Great Britain (g)					
											Freight Trade (f)					
	(b) (h)	(a)	(e) (i)	(c) (e)	(e)		Merchandise ‡	Coal, etc. ‡	Minerals ‡ and Other Merchandise	Total ‡						
Monthly Average—	Tonnes-Km.	Tonnes-Km.	Tonnes-Km.	Tonnes-Km.	Tonnes-Km.	Monthly Average—	Tons	Tons	Tons	Tons	Ton-Miles					
1929	379	5,745	1,017	4,831	59,897	1929	5.1	17.2	5.4	27.7	1,482					
1932	221	3,242	840	3,092	31,508	1931	4.3	14.4	4.0	22.7	1,276					
1933	245	3,479	759	2,845	33,475	1932	3.8	13.8	3.4	21.0	1,163					
1934	253	4,165	714	3,183	36,202	1933	3.8	13.7	3.5	21.2	1,177					
1935	262	4,682	...	3,294	37,992	Four weeks ending 1—										
1935—October	318	5,490	...	4,675	45,551	1935—October 5—	3.9	13.2	3.8	20.9	1,195					
November	310	5,184	...	3,593	40,103	November 2—	4.2	15.1	4.3	23.6	1,284					
December	279	4,585	...	3,106	38,215	November 30—	4.2	14.8	4.3	23.3	1,347					
1936—January	229	4,827	...	2,880	40,672	December 28—	3.6	14.1	3.9	21.9	1,240					
February	218	4,559	...	2,947	42,563	January 25—	3.7	15.3	3.9	22.9	1,274					
March	243	5,158	...	3,350	40,868	February 22—	3.7	15.0	4.0	22.8	1,336					
April	228	4,575	...	3,411	41,091	February 28—	4.0	14.0	4.3	22.8	1,340					
May	248	4,881	...	3,335	41,091	March 21—	3.3	13.4	4.1	20.5	1,164					
June	260	5,036	...	3,020	43,645	April 18—	3.3	13.5	4.5	22.0	1,287					
July	269	5,293†	...	3,918	41,989	May 16—	3.9	13.5	4.1	20.5	1,164					
August	266	5,059†	...	3,273	...	June 13—	3.7	12.1	4.3	20.1	1,120					
September	...	5,479†	...	3,918	...	July 5—										

* 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 = metres 1,609.34. (g) Fiscal year ending June 30. † From January, 1932, onwards figures relate to 4-week periods. (h) Figures from 1933 not comparable with previous figures. (i) Provisional figure.

UNEMPLOYMENT

Period	United Kingdom	Belgium	Denmark	Germany	Netherlands	Norway	Sweden	Switzerland	United States
End of Month	U.K.	Belgium	Denmark	Germany	Netherlands	Norway	Sweden	Switzerland	United States
1921—June	17.8	9.9	16.8	4.0	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	3.8	31.6	12.9	14.9	23.0	18.6	8.9	6.8
1928—June	10.7	0.6	13.5	6.2	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	6.8
1929—June	9.6	0.4	10.0	8.5	2.6	11.3	7.3	10.0	6.8
December	11.4	2.4	22.4	20.1	12.3	18.9	16.9	13.1	11.4
1930—June	15.8	1.9	8.7	10.6	8.5	10.8	8.3	18.5	10.6
December	20.2	9.2	25.1	31.7	18.2	25.5	23.3	23.4	17.0
1931—June	21.8	9.0	11.3	29.7	11.7	...	12.9	27.6	16.3
December	20.9	17.0	32.2	42.2	27.8	27.2	27.1	28.0	21.1
1932—June	22.3	13.7	24.9	43.1	27.2	26.2	19.1	30.0	21.9
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	24.0	21.0
1934—June	16.4	17.1	15.5	14.3	29.1	27.2	14.9	20.9	18.0
December	16.1	22.2	30.3	14.3	32.9	32.8	25.0	...	18.0
1935—June	15.3	15.8	12.6	19.0	32.9	21.1	12.7	17.8	15.4
December	14.2	17.9	41.7	13.7	40.7	26.0	22.5	13.7	14.6
1936—June	13.1	11.0	11.2	6.8	31.2	12.8	10.3	12.8	13.9
July	12.7	11.4	12.0	6.0	35.4	12.5	9.0	...	12.5
August	12.3	11.4	12.3	5.6	34.1	...	9.1	12.0	10.9
September	12.1	...	12.9	5.3	34.3	...	...	...	10.9
October	12.1	...	12.3	5.5	...	...	...	...	...

Number of Workers Covered by Last Returns

Millions	U.K.	Belgium	Denmark	Germany	Netherlands	Norway	Sweden	Switzerland	United States
1936	12.8	0.8	0.42	8.9	0.6	0.07	0.4	0.4	0.18

† Ex. Irish Free State since March, 1923.

SECURITY VALUES

	United Kingdom	Nether- lands	Sweden	Switzer- land	Canada	United States
	" Bankers' Magazine "	Official, 49 Ordinary Industrial Shares	Official, 52 Industrial and Shipping Shares	Banque Nationale, (1) 26/33 Industrial Shares	Official, (1) Common Industrial Shares	Standard Statistics Co., 342 Industrial Shares
365 representative securities						
Base	Dec., 1921 = 100	1921-25 = 100	Dec., 1924 = 100	Nov. value = 100	1926 = 100*	1926 = 100
	(a)	(b)	(c)	(d)	(e)	(f)
1930—June	110.0	135.5	119.0	85	148.2	209.3
Dec.	112.5	118.5	114.4	60	131.8	177.6
1931—June	111.1	103.6	108.6	50	120.1	180.7
Dec.	102.2	90.7	98.5	35	70.4	116.8
1932—June	111.0	78.9	100.6	25	50.7	106.3
Dec.	116.1	95.8	109.4	35	57.3	126.5
1933—June	118.7	105.1	114.3	39	64.5	159.7(k)
Dec.	122.0	108.4	117.6	37	64.8	159.4
1934—June	125.3	114.5	121.8	34	71.3	156.6
Dec.	132.7	113.5	126.5	28	83.0	151.6
1935—June	130.3	115.6	125.5	33	90.0	169.9
Dec.	129.5	120.1	126.4	34	89.3	162.3
1936—June	130.6	125.1	128.8	38	100.6	181.7
July	131.0	126.1	129.4	37	117.3	176.7
Aug.	131.6	129.5	131.0	38	114.8	177.2
Sept.	132.1	139.7	141.7	40	116.4	180.3
Oct.	132.9	135.9	133.9	...	120.0	228.8

ment, certain temporary restrictions are imposed on this principle, as well as on the principle of self-government, particularly at the Centre;

(4) *Decentralisation*, so that the Federation, though in the case of the States it derives its authority from the surrender by them of certain powers, is in the case of the Provinces based on the delegation by the Crown of large powers to them.

THE FEDERAL CENTRE

The federal section is, of course, the most complicated part of the whole scheme, since it associates units which have very different political structures. Thus, the States are now autonomous units which, by a series of individual treaties and agreements, have recognised the suzerainty of the King Emperor, but form no part of his dominions. In all matters, therefore, over which the Federation will have control, it will be necessary for the Rulers of the States, by means of an Instrument of Accession, to delegate their powers to the Federal Authority. In all other matters they will retain their present degree of autonomy, subject, of course, to the supervision of the Paramount Power exercised through the Viceroy and not the Federal Authority. Under the Act, the Federation cannot be established until the rulers of States representing at least half the total population of the States, and entitled to at least half the State seats in the Federal Upper Chamber, have adhered to the Federation. For British India, the Act will restore all powers to the Crown, and these powers will then be re-divided as between the Centre and the Provinces. Most of the powers of the Federal Authority will apply equally to the States and to British India, but there are certain matters, such as income tax and other direct taxation, in respect of which the Federal Authority will have power over British India alone. In the Federal Centre the principles of self-government and responsibility are conceded, but as a transitory measure certain subjects (i.e., Defence, Foreign Affairs and Ecclesiastical Matters) are removed from the control of the Federal Legislature and Executive, and are reserved to the Governor-General, who will have control over them and be responsible to the Secretary of State and the Imperial Parliament for them.

The Governor-General will also have a special responsibility in five questions:—

- (1) Prevention of any grave threats to the peace and tranquillity of India, or any part thereof;
- (2) Safeguarding of the financial standing and credit of the Federation;
- (3) Protection of the rights of the Indian States, and the legitimate interests of minorities and of the rights and legitimate interests of the Public Services;
- (4) Prevention of commercial discrimination;
- (5) Any matter which affects the administration of any department under the direction and control of the Governor-General.

In these questions he will normally be guided by the advice of his Ministers; but he will have power to reject such advice and act on his own initiative if, in his opinion, the advice given by his Ministers endangers the interests which he is required to protect. He will also have power to take over the whole administration in the event of a breakdown in the Constitution. It should be emphasised, however, that all these are reserve powers which it should not normally be necessary for the Governor-General to employ. Apart from these restrictions, the Executive will be responsible to the Federal Legislature. But the Act has been careful to avoid the laying down of definite rules in such matters as the appointment of a Prime Minister, the collective responsibility of Ministers, or the representation of minority interests in the Executive. The last question is, however, referred to in the Instrument of Instructions to the Governor-General.

The three reserved subjects of Defence, Foreign Affairs and Ecclesiastical Matters will be administered by three Counsellors appointed by the Governor-General, and he will also have the assistance of a Financial Adviser. It will be seen, therefore, that the Federal scheme is essentially dyarchic in character. This has been accepted in principle, not from any belief in its intrinsic merits, nor from a lack

of realisation of the difficulties inherent in it, but because it appeared to be the only practical way in which a half-way house could be found between the maintenance of the present irresponsible Executive and complete self-government and responsibility.

The Federal Legislature will be bicameral. The Council of State will consist of 260 members, of whom 156 will represent British India and 104 will represent adherent States. Of the 156 British-Indian members, 6 will be nominated by the Governor-General. The Legislative Assembly will consist of 375 members, of whom 250 will represent British India and 125 will represent adherent States. The Council of State will be directly elected on a high franchise, and the Legislative Assembly by members of Provincial Lower Houses, with special reservation of seats for the minority communities, for which the electorate will be the communal members of the Provincial Lower Houses. The Representatives of the States will be appointed by their Rulers, or by a group of Rulers, in the case of the smaller States.

THE PROVINCIAL FIELD

In the provincial field, dyarchy has been abolished and a unitary government established under a Governor appointed by the King. The Governor will be advised by a Council of Ministers, who will be responsible to an elected legislature with full powers over the whole field of provincial administration. The relationship between the Governor and his Ministers will be much the same as that between the Governor-General and his Ministers in the transferred sphere, and the provincial Governor will also have comparable powers and special responsibilities. His special responsibilities will be the same as those of the Governor-General, except that the financial stability of the province will not be included, but he will be responsible for securing the execution of orders issued by the Governor-General. The Governor will have executive and legislative powers (both negative and positive), which will enable him to carry out his special obligations and also to take over the entire government in the event of a breakdown in the Constitution. These powers are, of course, simply reserve powers, which it is not intended that he should use as long as the normal system of government functions smoothly.

In six Provinces the Legislature will be bicameral and in the remainder uni-cameral; but provision is made for any province to be able to alter this form after ten years with the approval of the Imperial Parliament. The principle of direct election to the Legislature has been accepted and the franchise is to be extended from the existing 3 per cent. to 14 per cent. of the total population of India, or 40 per cent. of the adult male population. Provision is also made for the representation of minorities, on the basis of the Communal Award, as modified by the Poona Pact.

THE CONSTITUTION AND THE FUTURE

Such is the framework of the new Act, though it is impossible in this article to deal with many important questions covered by the Act, such as the consequent limitation of the powers of the Secretary of State and the Council of India, the protection of the Public Services, the Judicature (including the establishment of a Federal Court) and the prevention of commercial and other forms of discrimination, and the separation of Burma. It must, moreover, be borne in mind that it will come into operation in two parts. The provincial sections will take effect as from April 1, 1937, but the federal sections will only be put into operation after the stipulations with regard to the adherence of the States have been carried out and both Houses of Parliament have presented an Address to the Crown.

The new Constitution is, in fact, an elaborate system of checks and balances, under which a great advance is made towards both self-government and responsible government, but with considerable reserve powers retained by British authorities. The basic idea is that, with the exception of Defence, Foreign Affairs and Ecclesiastical Matters, the administration of India should be in the hands of Indians responsible to elected legislatures, but supported by a Governor-General or Governor appointed by the King and assisted by the Indian Civil Service. So long as this

administration is efficiently carried out and due regard paid to the subjects forming the special responsibilities of the Governor-General or Governor, there should be no interference by the representatives of the British Government. At the same time abundant powers have been given to the Governor-General and the Governors to intervene in any of these matters if the Indian administration fails. The critics of the scheme are mainly divided between those who say that the checks are so strong that no real freedom and responsibility will accrue to Indian Ministers and, on the other hand, those who feel that so much power has been given to Indians, that it will prove impossible in practice for the Governor-General or Governor to take effective action against the wishes of his Ministers. Time alone can show whether either view is correct; but this great divergence of view in itself shows us the measure of flexibility inherent in the new Constitution. The trend of Indian thought leans towards precise definitions and clear

statements of powers and responsibilities, while British political psychology is based on its own experience of an unwritten political Constitution. The new Indian Constitution is a compromise between these two attitudes of mind, and the first fence to be negotiated in the point-to-point of Indian political development is to secure the combination of these two attitudes of mind in making a practical application of the paper Constitution to existing conditions and contemporary thought in India. At present, the British opposition to the Act has died down and the doubts of the Indian Princes seem in a fair way towards being resolved. Before further progress can be made in the relationship between Great Britain and India, the functional process of the digestion of the new Constitution must take place internally. The question of the mutual relationship between the different races, religions and political units of India must be settled first and must be settled by Indians themselves.

THE PEOPLES AND REGIONS OF INDIA

It is almost impossible for those who have no first-hand acquaintance with India to form any adequate conception of the conditions under which the new constitution of India will have to work. Excluding minor administrations such as Goorg or Delhi, and Baluchistan, little of which is British territory, there will be eleven self-governing Provinces. These together with the Indian States constitute an area as great as Europe without Russia, containing just as many varieties of race and language, if not more, and considerably greater varieties of script. This position is illustrated with least difficulty Province by Province, but the federal legislature will only reflect the composition of the provincial ones in so far, of course, as it represents British India. The Indian States are likely to modify that complexion considerably.

SIND	
Population in millions	
Hindu ...	1
Muslim ...	3

In the north-west are Sind and the North-West Frontier Province, both predominantly Muslim; but the former contains a considerably higher proportion of Hindus, who are, on the whole, better educated than their Muslim fellows. The Hindus of Sind resent the separation of Sind from Bombay, by which they lose the solid backing of the great Hindu majority of that province.

N.W.F.P.	
Population in millions	
Hindu ...	0.1
Muslim ...	2

In the North-West Frontier Province the Hindu element is comparatively small, even if the Sikhs be counted with them; though this community uses a different character (*Gurmukhi*) for the written language, the Punjabi of the Hindus being ordinarily written in the same Persian script as the Pashto of the Muslims in that province. It is perhaps significant of the whole position in Indian provinces that in spite of having two different languages, and two different characters for one of these, the North-West Frontier Province is the most homogeneous of the autonomous units—in all but language.

PUNJAB	
Population in millions	
Hindu ...	6
Sikh ...	3
Muslim ...	13
Density, 283 persons per square mile	

The Punjab is also predominantly Muslim, and although the bulk of the Muslim element is, like the Hindu portion, Punjabi-speaking, and is also very largely akin to the Hindu element in the race, there is a marked political cleavage between them. This is complicated by the presence of the Sikhs, who, as the rulers of the province immediately before the British conquest, claim a greater preponderance in public affairs than their actual numbers

would justify. Their relations with the Hindu population are intimate, and since the local Government has been allotting appointments proportionally to the various communities, cases have occurred of parents bringing up their sons as Sikh or Hindu according to the state of the official employment market.

UNITED PROVINCES	
Population in millions	
Hindu ...	41
Muslim ...	7
Density, 442 persons per square mile	

In the Punjab's eastern neighbour, the United Provinces, the division of the population is at first sight simpler. Only one language, Hindustani, need be considered. It is called Hindi where it leans more to the Sanskrit, and Urdu when more flavoured with Persian; but two scripts are in use, the Devanagari and the Persian. In this very thickly populated province, Hindus are greatly in the majority. But in spite of this, or perhaps because of it, the United Provinces have been the scene of some of the most savage religious faction-fighting that India has known of recent years. On the whole, however, the United Provinces of Agra and Audh, the traditional stronghold of the northern Hindu culture, is in a better position, as far as cultural and religious unity goes, to control its own destiny than the majority of Indian provinces.

BIHAR	
Population in millions	
Hindu ...	26
Muslim ...	4
Tribal ...	2
Density, 447 persons per square mile	

The case here is complicated by the Chota Nagpur plateau and the Santal Parganas, with their large population of more or less primitive tribes, alien in life, in interests and in languages to the rest of the province, and partially excluded from the new constitution, a position to which reference will be made later.

Although the density of population on the Chota Nagpur, inhabited by these partially excluded tribes, is only 258 to the square mile, the density in the plains is 642. This figure approaches Bengal's 646.

BENGAL	
Population in millions	
Hindu ...	22
Muslim ...	27
Density, 646 persons per square mile	

The Bengalis live almost entirely under rural conditions, except for the million and a half in Calcutta. Although language and script are common to Hindu and Muslim, the feeling between the two is acute. Muslims predominate in the east of the province, Hindus in Calcutta and in the west, while the two are more evenly balanced in the central districts. The Hindus of Bengal are educationally much ahead of the Muslims, and the proportion of Hindus who

November to May inclusive, of less than one inch; Bombay of less than half an inch, and the dry season of Hyderabad lasts from October to June. The only two important regions that do not experience drought during the winter half-year are the Punjab plains of the extreme north-west, which receive up to 30 in. of cyclonic rain in winter during the cool season, so that they can grow wheat unirrigated as a winter crop; and the coastal plains and hills of south-east India, which receive winter rains from the north-east trades which have traversed the Bay of Bengal, augmented by heavy cyclonic storms in the late autumn.

The bulk of India's rain comes with the south-west monsoon winds which, when the sun approaches the northern tropic, reversing the north-east winds of those latitudes, sweep across India from the south-west. The over-heated plains of India seem almost at a given moment to tap the saturated air-currents of the equatorial Indian Ocean, and the monsoon "bursts" with torrential rains on the steep face of the Western Ghats of Bombay, and on the Arakan coastal hills of Burma. The mean monthly rainfall figure for Bombay jumps from half an inch in May to 21 inches in June. Accompanied by electric storms, born in the Bay of Bengal, the monsoon current forces its way up the funnel of the Ganges plain, and against the highlands of Assam and eastern Bengal. Very heavy, and in parts excessive and even devastating rains fall in these areas. The average annual rainfall for Cherrapunji in Assam is 418 inches.

But, as the winds descend, after crossing the Western Ghats to pass across the Deccan plateau, or weaken as they penetrate into the scorching plains of the upper Ganges and Indus, the rainfall decreases rapidly, becoming deficient in amount and even negligible. Hyderabad's rainiest month has a mean of less than 4 inches.

Owing, then, largely to the relief features of the land, the blessings of the monsoon are very unevenly distributed.

But this is not all. A very serious feature of this seasonal rainfall regime is the uncertainty that characterises it. The expressions "a good monsoon," "a poor monsoon," "the monsoon has failed," spell the story of hopes realised, of disappointment, or it may be of disaster.

We may divide India into regions of natural plenty—the alluvial rice plains of Bengal, where water control is as important as water supply, the jute swamps of the Ganges delta, the tea plantations of the Bengal and Assam hills, the coastal plains of Bombay and Madras, the water-holding "black-earth" region of the Bombay cotton district; into regions of uncertainty, e.g. the United Provinces, Bihar and Orissa, and the Central Provinces, where, on an average, one year in five is dry, and where severe drought occurs every ten years, and where irrigation is a protection against famine in years of bad monsoon; and into regions of deficiency, e.g. the Punjab, Sind and Rajputana, where irrigation forms an integral part of the agricultural regime. But even in the areas of heavy and reliable rains the long period of drought must be remembered, and it is only by the toil of man that the dry months can be made productive. Irrigation and water management are essential even in the most favoured districts if advantage is to be taken of the warm climate throughout the year. Unfortunately, irrigation possibilities are limited.

The main problem is that of water storage. The northern plains reap the benefit of Nature's stores in glacier and snow-field; and the Ganges and Indus waters can be tapped by canals which store the water and lead it to the cultivable fields. Over 18 million acres of crops were irrigated in 1934-35 by Government canals in the United Provinces, Punjab and Sind, and some extension of this, the most effective type of large-scale irrigation, is no doubt possible in the fertile alluvial plains of the north and along the coasts of the peninsula. Irrigation by the peasant by means of shallow private or deeper communal wells plays a very important part in Indian agriculture. The high-water table of the Ganges plain is tapped by innumerable wells. This is undoubtedly the most economical method of irrigation and is estimated to produce the best results with a minimum of waste. The Government encourages construction of wells by rebates of taxation and other means, and is increasing the number of State electric tube wells. It is estimated that about 12½ million acres are irrigated annually by wells. There would seem to be a wide field for the extension and improvement of such constructions in most parts of the country.

The most serious problem is presented by the plateau areas of peninsular India, where there is little or no natural storage, where the run-off of rain water is rapid (partly as a result of deforestation), where the deeply incised valleys make the conducting of water by canals extremely difficult, and where, with a marginal rainfall, the failure of the monsoon is disastrous. The damming of rivers and streams to form reservoirs to collect and store the monsoon rain is the chief method of combating water shortage in the Deccan. These reservoirs, usually called "tanks," vary from tiny primitive earth-dammed ponds to huge masonry-dammed lakes like the new Cauvery-Mettur reservoir covering 60 square miles and emponding 93,500,000,000 cubic feet of water, and feeding an elaborate canal system.

But in these regions of unreliable rainfall the farmer only too often sees his embankments washed away by flood, his tank filled with silt, or dried up completely with the dwindling of the supply stream. Only a great outlay and elaborate engineering can augment the water supply on a large scale, and the return for such outlay would be much more uncertain than that on the alluvial plains fed by permanent streams. It is as dangerous to extend cultivation in an area of unreliable irrigation as it is in an area of marginal and uncertain rainfall.

Owing to its peculiar climatic conditions, India has come to be the most heavily irrigated country in the world. Nearly 30 million acres are irrigated by Government works. Undoubtedly, the organisation and development of Indian agriculture will depend largely on the extent to which irrigation can be carried out.

INDIA AS AN INDUSTRIAL PRODUCER

INDUSTRIALISATION has long been a cherished goal of the articulate classes in India. Great resentment has been felt at the decline of the traditional indigenous industries under British rule and at the invasion of the Indian market by cheap mass-produced Western goods. During the second half of the nineteenth century, modern cotton and jute mill industries developed, mineral production (in particular from the Bengal coalfields and the Burma oilfields) and factories in connection with the plantation industries increased; while early this century the commercial production of steel and the industrial use of hydro-electricity began. Nevertheless, the policy of the Government remained *laissez-faire*; the proportion of the population dependent upon industrial pursuits (including the handicrafts) did not rise above 10 per cent.; and India continued to import two-thirds of her consumption of iron and steel goods and machinery, and a mass of miscellaneous manufactures. Foreign capital and management continued to predominate in the large-scale industries, with the exception of the cotton mills (financed mainly by Indian capital from their inception), and the various Tata concerns, including the steel and hydro-electricity works.

Since the middle 'twenties, under the protection of the tariff, the expansion of industrial output has been phenomenal, although, partly owing to improvements in organisation and technique, there has recently been no equivalent expansion in employment. In fact, the proportion of the population dependent upon industry as a whole has tended to decline, and in some industries—in particular the jute and cotton industries—there has in some years been an absolute decline in numbers employed. On the other hand, the real wages of workers in large-scale industries have been maintained, in great contrast with the drastic decline since 1929 in the incomes of the agricultural classes. Hence the problem of industrial unemployment in its Western form has begun to make itself felt. In addition, there has been continuous depression in the cotton mills of Bombay, which have suffered severely from the competition of lower-cost goods from the new "up-country" mills.

THE INDIAN COTTON MILL INDUSTRY

	Number of Mills	Paid-up Capital (lakhs)	Looms	Spindles (millions)	Numbers employed	Output of piece-goods (million yds.)
1913-14	264	18.60	96,888	6.6	260,847	1,164
1925-26	303	47.50	154,591	8.4	370,617	1,954
1930-31	310	40.06	171,725	8.8	407,189	2,561
1932-33	331	37.76	181,705	9.1	403,760	3,169
1934-35*	336	...	187,234	9.0	414,884	3,397

* Figures for 1934-35 are from the Indian Finance Year Book, 1936.

In spite of the situation in Bombay, the Indian cotton mill industry has reconquered the home market. In 1934-35 it produced 3,397 million yards of piece-goods (3,567 millions in 1935-36), compared with an import of 943 million yards, thus more than reversing the pre-war situation. In 1933-34 it was calculated that, of the total consumption of cotton piece-goods in India, Indian mills supplied 56 per cent., imports supplied 15 per cent., and hand looms supplied 28 per cent. The steel industry supplied 72 per cent. of the home market in 1932-33, contrasted with 30 per

cent. in 1927-28; production has since continued to increase. Hence, whereas before the war India imported about 820,000 tons of iron and steel goods per annum, and exported only 42,000 tons, in 1934-35 she imported only 370,000 tons and exported 476,000. The match industry now has a practical monopoly in the home market (which before the war was supplied entirely by imports); the output of refined sugar has increased sixfold in six years and is expected in a few years to supply the whole of India's needs; and India is rapidly becoming self-sufficing in cement, paper, glass, soap and hardware.

A number of "modern" industries, although still small in scale, produce electric lamps and appliances, rubber tyres, water-softening plant, cooking stoves, asbestos, paints and enamels. Nevertheless, India will require to import a large variety of manufactured goods, especially those of high quality, for many years to come.

It must not, however, be forgotten that the bulk of this progress has been achieved in the home market. In the past the jute mills have been the only industry organised primarily for export, while it has also been the one great industry which has been depressed. This depression may be accounted for partly by the speed of economic nationalism and partly by increased competition from substitutes. The increased use of grain elevators, in particular, has reduced the demand for jute bags. In future, only the iron and steel industry promises to be able to compete on equal terms in foreign markets. A considerable export of pig-iron and steel bars has already developed. This industry has great natural advantages, and is the cheapest large-scale producer of pig iron in the world.

PRODUCTION AT THE TATA IRON AND STEEL WORKS* (In 1,000 tons)

	1921-22	1925-26	1929-30	1931-32	1933-34	1935-36
Pig-iron	270	573	739	804	841	900
Steel ingots	182	470	580	602	721	880
Finished steel	125	320	408	449	531	646

* The Tata works at present is the only producer of steel in India, but pig-iron is produced at several works.

At present subsequent processes are relatively costly, but great improvements are being introduced at the Tata works, which should eventually enable Indian steel to hold its own in competition with the products of any country.

The progress made in almost all the other industries appears to depend upon continuance of protection. Although India has great advantages in raw materials, she suffers from a number of grave disadvantages. In particular, capital is dear, and there is a prejudice against the use of foreign capital; there are great defects in the spheres of industrial leadership, organisation and finance; and the inefficiency of labour is not fully counterbalanced by the prevailing very low rates of wages. Another disadvantage is that sources of industrial power, for instance, coal and oil, are highly localised; so power is dear in many centres.

Although India has begun to modernise her industries, it can hardly be said that she is as yet being "industrialised"; and her industrial progress seems to depend upon the maintenance of protection.

INDIAN AGRICULTURE

AGRICULTURE supports nearly 75 per cent. of the Indian population. The budgets of the Central and Provincial Governments are vitally influenced by the state of agricultural production and prices during the year; and it is the silent and toiling agriculturists of India who are at the background of every scheme of national uplift and development.

India has been one of the countries most severely hit by the fall of agricultural prices; and the Indian ryot, particularly susceptible to the movements of prices and peculiarly vulnerable by reason of his antiquated and inefficient methods of cultivation and marketing has been left exposed in an increasingly competitive world. The precise extent

of the fall in prices may be measured from the statistics published by the Director-General of Commercial Intelligence and Statistics, Calcutta. In 1928-29, the year before the onset of depression, the value of agricultural crops (rice, cotton, groundnut, wheat, barley and sugar-cane), taken at an average harvest price, was about Rs. 1,034 crores. In 1933-34, it was only Rs. 473 crores—a fall of 53.4 per cent.

The present helplessness of the Indian agriculturist may be due to this "Great Depression"; but even before it, his position was never bright. There is appalling poverty among the rural population. Various causes have combined to bring about an abnormally low standard of living.

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None stands out more vividly than the excessive pressure on land. While in the countries of Europe and elsewhere the movement of the population has been from agriculture to manufacturing industries, in India the opposite has been the case. In 1891, agriculture engaged 65 per cent. of the people; in 1931, the percentage had increased to 73.9. During the same period the area of cultivation has remained almost constant. The total net area sown to crops in 1932-33 was 228 million acres—less than one acre per cultivator. "Economic" holdings of land are rare, and their paucity is accentuated by laws of inheritance which tend to increase fragmentation. Even the changing seasons adversely influence the agriculturist; if drought occurs, he is ruined; for, despite increased irrigation, only 18 per cent. of the cultivable land has irrigational facilities.

INDIA—PRODUCTION OF STAPLE CROPS
(Lakhs)

	1915	1920	1929	1933	1934	1935
Rice (tons)	273	320	321	311	309	301
Wheat (tons)	101	96	86	95	94	97
Sugar (tons)	24	30	27	47	51	59
Groundnuts (tons)	9	8	32	30	33	21
Cotton (bales)	52	58	5	46	50	48
Jute (bales)	104	85	99	71	80	85
Tea (lbs.)	3,133	3,771	4,038	4,337	3,832	3,985

Agriculture absorbs the ryot's energies only for about six months in a year, and for the rest of the time he is in a state of enforced idleness, for he has no subsidiary industries to augment his income. He has to labour under the burden of a debt of formidable dimensions. Various estimates have been made regarding the volume of indebtedness for each province; the Central Banking Enquiry Committee investigating in 1931 concluded that it must

be nearly Rs. 900 crores (£675 millions). To-day the weight of the debt must be considerably higher and more crushing, because the slump of agricultural prices has concomitantly expanded the real burden of debt, which may now be nearly Rs. 1,500 crores. Many ryots in India are born, live and die in virtually unredeemed enslavement to the village money-lender. Transfers of land from agricultural to non-agricultural classes are increasing.

The Government are aware of the extent of the agrarian problem. In 1926 the Royal Commission on Agriculture was appointed with wide terms of reference. Its report was one of the first of its kind in India. But, save for the creation of the Imperial Council of Agricultural Research and the recent appointment of some Agricultural Marketing Officers, measures designed to improve the cultivators' lot have yet to be passed. Barring a few Land Mortgage banks in Madras and Bombay, there is hardly any credit institution in India to emancipate them from the bondage of unproductive debt. Despite the laudable work of the Agricultural Departments in the Provinces, especially in the Punjab, cultivation still remains inefficient.

The problem as a whole bristles with difficulties. What is required is not rose-water surgery, but an energetic effort to attack it on every side. "Agriculture is not merely a way of making money by raising crops . . . it is essentially a public service performed by private individuals for the care and use of the land in the national interest; and farmers in the course of their pursuit of a living and private profit are the custodians of the basis of national life." The present time is propitious for the beginning of a new and bold policy. In another six months the new constitution in the Provinces will have come into being; and as agriculture is a Provincial subject, much of the success of the new constitution will depend on the spirit in and the method by which the people's elected representatives grapple with the problem.

INDIA'S FOREIGN TRADE

UNTIL the end of last century the growth of India's foreign trade was due to a great export trade in foodstuffs and raw materials (e.g. wheat, rice, cotton, jute, tea, oilseeds), in return for which cotton piece-goods, plant and machinery for the railways and growing factory industries, and a wide variety of miscellaneous manufactures were imported. Towards the end of the century a large demand also developed for sugar and mineral oil, India's own supplies proving insufficient for her growing needs.

During and after the Great War, new trends became visible in the nature and direction of trade. For instance, manufactures tended to form a larger proportion of the export trade, while there was a considerable decline in imports of those manufactures which competed with Indian products, e.g. cotton goods and certain iron and steel goods. The direction of trade changed because of the decline of trade with enemy countries, the shortage of European shipping (which tended to eliminate England's former *entrepôt* trade, and to stimulate direct trade with the United States and the Far East), and changes in the relative importance of the principal items of trade. England lost a considerable proportion of her lion's share in Indian trade, especially in exports to India, largely because of the decline in demand for cotton piece-goods due to the development of the Indian mills and of increased competition from Japan. The United Kingdom's share in India's imports fell from 62.8 per cent. pre-war to 35.5 per cent. in 1931-32, while her share of India's exports, which was 25 per cent. pre-war, after actually rising during the war (to 31.1 per cent.) fell to 21.9 per cent. in 1929-30.

In 1929 the "great depression" began, on account of the unprecedented fall in prices, especially of foodstuffs and raw materials. This depression was characterised in India by a severe relative (as well as absolute) fall in exports, which practically eliminated India's normal excess of exports over imports. India's payments to England on account of the political and commercial connections between the two countries, e.g. for pensions and salaries,

shipping charges, interest on loans, profits due in England, etc., had to be met from some other source.

Luckily, gold filled the gap. Between 1931 and 1935 no less than 32 million ounces, valued at 270 crores (£203 millions) were exported. Since about 1933, however, a revival has been apparent: the fall in prices has been checked; the discrepancy between the prices of imports and exports has been almost eliminated; both the value and volume of trade has increased (although neither the pre-depression nor even the pre-war level has yet been regained); and the outflow of gold has slackened. Moreover the United Kingdom's share in the Indian market in India's export trade has tended to revive, although the latest completed returns (for 1934-35) show a slight setback in comparison with 1933-34.

INDIA'S PRINCIPAL EXPORTS*

Commodities	Average, 1909-10-1913-14	Average, 1914-15-1918-19	Average, 1919-20-1923-24	Average, 1924-25-1928-29	Average, 1929-30-1933-34	1933-34	1934-35	1935-36
Raw cotton—								
Rs. (crores)	33	33	44	71	37	28	34	33
1,000 tons	430	391	521	610	541	489	615	607
Raw jute—								
Rs. (crores)	22	12	19	31	14	10	10	13
1,000 tons	764	464	554	768	665	748	752	771
Manufactured jute—								
Rs. (crores)	20	40	43	54	19	21	21	23
Grain, etc.—								
Rs. (crores)	45	37	32	41	22	11	11	12
1,000 tons	4,411	3,141	2,009	2,967	2,332	1,870	1,765	...
Oilseeds—								
Rs. (crores)	24	12	23	27	18	13	10	9
1,000 tons	1,453	708	923	1,191	1,015	1,124	875	...
Tea—								
Rs. (crores)	13	17	26	29	21	19	20	19
1,000 tons	266	322	320	347	354	318	324	313
Raw hides and skins—								
Rs. (crores)	14	17	15	18	10	10	8	49
1,000 tons	50	57	53	56	40	42	40	...
Metals & manufactures thereof—								
Rs. (crores)	5	8	2	5	4	3	3	...
1,000 tons	52	72	133	543	641	672	631	771
Others—								
Rs. (crores)	1	1	3	2	2	1	2	...
1,000 tons	619	495	681	679	433	305	515	793

* All the figures are taken from the "Annual Review of Indian Trade," except those for 1935-36, which are taken from the "Indian Finance Year Book."

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INDIA'S PRINCIPAL IMPORTS*

Commodities	Average, 1929-34	Average, 1934-35	Average, 1935-36	Average, 1929-34	Average, 1934-35	Average, 1935-36
Cotton piece-goods— Rs. (crores)	45	4	58	58	23	13
Rs. (crores)	2,618	1,810	1,335	1,752	1,094	761
Iron and steel— Rs. (crores)	12	10	21	19	9	5
Rs. (crores)	808	422	661	992	522	329
Sugar— Rs. (crores)	13	14	19	17	7	2
Rs. (crores)	634	472	444	798	637	264
Machinery and millwork— Rs. (crores)	5	5	21	16	13	12
Rs. (crores)	3	4	8	10	9	6
Mineral oil— Rs. (crores)	90	82	138	209	217	186
Wool and woollens— Rs. (crores)	3	1	2	4	2	2
Rs. (crores)	3	3	5	4	3	3
Silk and silk goods— Rs. (crores)	6	3	12	4	4	4
Rs. (crores)	3	2	5	5	3	2
Provisions, etc.— Rs. (crores)	2	2	2	5	3	2
Rs. (crores)	4	1	1	5	4	3
Mechanically propelled vehicles— Rs. (crores)	1	3	3	4	4	4
Chemicals— Rs. (crores)	1	3	3	4	4	4

* All the figures are taken from the "Annual Review of Indian Trade," except those for 1935-36, which are taken from the "Indian Finance Year Book."

India, like most other countries, exhibits a strong tendency towards greater self-sufficiency. Whereas before the war cotton manufactures formed no less than 36 per cent. of the value of her total imports, they now form less than 15 per cent.; imports of sugar have fallen from 9 per cent. to 2 per cent. of the value of total imports; and imports of iron and steel goods from 7 per cent. to 5 per cent. Nevertheless artificial trade restrictions have not been as far-reaching as in many countries. Quotas, for instance, have been confined to Japanese goods. The Indo-Japanese Agreement of 1934 allotted to Japan an annual import quota of 125 million yards of piece-goods unconditionally, 325 million yards if she purchased one million bales of Indian cotton, and 400 million yards if she purchased 1½ million bales. It also fixed the duty on non-British piece-goods at 50 per cent. The agreement was to remain in force until 1937, and at present renewal is under consideration.

PERCENTAGE SHARES IN INDIA'S IMPORTS OF COTTON YARN

Year	U.K.	Japan	China	Total
1913-14	80	2	...	2
1929-30	46	25	24	49
1931-32	38	20	42	62
1932-33	29	40	30	70
1933-34	37	37	25	62
1934-35	32	37	30	67

PERCENTAGE SHARES IN INDIA'S IMPORTS OF COTTON PIECE-GOODS

Year	U.K.	Japan
1913-14	97.1	0.3
1928-29	75.2	18.4
1930-31	58.8	36.1
1932-33	48.7	47.3
1933-34	52.2	43.8
1934-35	58.5	39.6

The increase in trade between the United Kingdom and India may be partly attributed to the Ottawa Agreement;

PERCENTAGE SHARES OF PRINCIPAL COUNTRIES IN INDIA'S OVERSEAS TRADE

Countries	Pre-war Average	Post-war Average	Average 1924-25 —1928-29	1929-30	1930-31	1931-32	1932-33	1933-34	1934-35
	I E T	I E T	I E T	I E T	I E T	I E T	I E T	I E T	I E T
United Kingdom	63 25 40	58 24 39	49 23 33	43 22 31	37 24 29	35 28 31	37 28 32	42 32 37	40 32 36
Rest of Empire	7 16 12	8 17 13	8 15 12	9 14 12	9 16 13	9 16 13	8 17 13	8 14 11	9 14 12
Total Empire	70 41 52	66 41 52	57 38 45	52 36 43	46 40 42	44 44 44	45 45 45	50 46 48	49 46 48
Japan	2 7 5	7 13 10	7 12 10	10 10 9	11 10 9	11 9 9	15 10 13	14 8 11	16 16 16
United States	3 7 6	8 12 10	7 11 9	7 12 10	9 9 9	10 9 9	10 9 9	10 8 8	10 8 8
Germany	6 10 8	3 5 4	6 8 7	7 8 8	7 6 7	8 6 7	8 6 7	8 6 7	8 6 7
Italy	1 3 2	1 3 2	2 4 4	3 4 3	3 3 3	3 3 3	3 3 3	2 4 3	2 4 3
France	1 7 5	1 5 3	1 5 3	2 5 4	2 5 4	2 5 3	1 6 4	1 5 3	1 3 2

N.B.—I = imports. E = exports. T = total. Exports exclude re-exports.

but as it started before 1932, and has already received a check, it is clear that other factors, such as the adhesion of India to the sterling standard on the one hand, and the keen competition from Japan (which extends far beyond the sphere of cotton goods), have still more potent effects on the distribution of trade than Imperial preferences.

One interesting development is the improvement in the position of Indian raw cotton and pig iron in the British market. It is hoped that Lancashire may soon consume some 500,000 bales of Indian cotton,* while India has already captured practically the whole British market for imported pig iron. Indian preferences have undoubtedly helped sales of British manufactures to India. India and the United Kingdom are the best market for each other's goods. Nevertheless Indian public opinion, or at least the Indian legislature, objects to Imperial Preference, and notice has already been given for the termination of the Ottawa Agreement. Under the new Constitution India is more likely to raise than to lower tariffs, even on British goods. Whether substantial preference will be retained for British goods depends, of course, on the result of the negotiations at present proceeding. No one can foretell political judgments; but on purely economic grounds it is to be expected that, provided there is no ground for the suspicion that preference is being forced upon India, the undeniable importance of the British market will suffice to induce India to conclude some kind of preferential agreement. There is little expectation that the Indian market for Lancashire goods will be regained, but owing to the high (50 per cent.) duties on foreign cotton goods, there is no reason why Lancashire's one big remaining market should be quickly reduced.

In this context it may be noted that the new Federal Constitution provides ample safeguards against disruptive financial policies and against commercial discrimination.

In the second place, even though India becomes more self-sufficing in staple commodities, it should not be concluded that the value of her market will decline. Given internal and external peace, there is every reason to expect considerable expansion in home production (agricultural and industrial) and hence in incomes; while mere growth in population means increased demand. Should the standard of life improve even slightly, the demand for the conventional necessities and luxuries of civilised life will greatly expand. The very fact of industrial development will necessitate the purchase of goods which India herself does not produce. As India's productive powers overtake her own demand for certain goods, new wants will develop. It is already noticeable that imports of "modern" types of manufactures are beginning to take the place of the older staple goods formerly obtained from abroad—e.g. motors instead of cotton piece-goods. The position and outlook of India's export trade is satisfactory, as India mainly supplies goods which are complementary to, rather than competitive with, the products of highly industrialised countries, such as Great Britain.

* In 1935-36 Great Britain imported 455,000 bales of Indian cotton.

THE INDIAN TARIFF

In most countries fiscal policy has undergone drastic modification in the post-war years. India is no exception to the Indian rule. Originally imposed for revenue purposes, the Indian customs tariff has recently been transformed into a highly effective protective instrument. That India should levy customs duties is almost inevitable; for in such a country the customs tariff forms one of the most convenient means of taxation. Accordingly, after a period of almost complete free trade, a low general tariff, accompanied by certain countervailing excise duties, was imposed in 1894. Little change was made until after the outbreak of the war, when the imperative need for increased revenue compelled the Government to stiffen the tariff. Successive increases carried the general import duty from 5 to 15 per cent. *ad valorem*, the latter figure being reached in 1922, when the public finances had been subjected to the full strain of a severe post-war depression. By this time the tariff was already having a protective effect. Protection had not, however, been adopted as the Government's official policy; for the excise duties had generally been left at the pre-war level.

Securing fiscal autonomy early in 1921, the Government of India appointed a Fiscal Commission to make recommendations for future tariff policy. Urging that the industrial development of the country had been by no means commensurate with its vast size, its enormous population or resources, the Commissioners favoured a policy of protection, designed to develop the country's industries. A minority advocated drastic action; but the majority report, the main recommendations of which were adopted by the Government, was couched in more moderate terms. A policy of "discriminating protection" was advocated, applicable to industries selected after their claims had been carefully examined by a Tariff Board. Further suggestions were that raw materials and machinery

should be admitted free; that semi-manufactures should be subject to a small duty only; that export duties should be abolished altogether or reduced to a low level; and that Imperial Preference should not be adopted as a general principle. In deciding whether any particular industry was eligible for protection, the Tariff Board should adopt the following criteria: the industry must be one for which India possesses natural advantages; it must, however, be unlikely to develop without protection; and it must offer the prospect of being able ultimately to produce at a profit without artificial aid. These proposals found favour with the Government and on July 10, 1923, the Legislative Assembly accordingly passed a resolution appointing a Tariff Board and adopting the proposed policy of "discriminating protection."

The Tariff Board, appointed initially for one year, and subsequently on the basis of biennial renewal, remained in existence, with changes in personnel, until July, 1934, and conducted over fifty different investigations. When the spate of applications began to abate, it became unnecessary to keep a permanent board in being. The present method, therefore, which may be open to obvious abuses, is to appoint a Tariff Board *ad hoc* for each inquiry. It may be emphasised here that an industry claiming protection is required first to apply to the Government and to make out a *prima facie* case. Only when this has been done is the application referred to the Tariff Board, who are expected when advising the Government to bear in mind the three criteria mentioned above. Despite these safeguards, however, it would appear to the impartial observer that protection has in practice been granted on a more liberal scale than the strict interpretation of these criteria would seem to warrant.

The present position of the Indian import tariff is thus approximately as follows. There are general revenue duties,

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ranging usually from 20 to 30 per cent. *ad valorem*, supplemented by stiff protective duties (some specific, some *ad valorem*) on certain commodities. There are also some special duties—specific in character—levied under the Safeguarding of Industries Act, 1933, which, although of general application, were primarily designed to protect the Indian manufacturer against the importation of cheap products from Japan. Finally, the import tariff provides for Imperial Preference which, although opposed in principle for a number of years, was reluctantly adopted after the Ottawa Conference. It may also be noted that *export* duties are still levied on raw jute, jute manufactures and rice.

The principal industries now benefiting from protection are iron and steel, textiles, sugar, paper and matches. It is proposed to examine the experience of the first three of these in some detail, to illustrate how the Indian essay in protection has worked out in practice.

The Indian steel industry, like its British counterpart, has been singled out for especially favourable treatment at the hands of an apparently generous Government. Large extensions of plant during the war left the industry—which is actually little more than one concern, the Tata Iron and Steel Company—seriously over-capitalised and encumbered with much surplus capacity. An appeal to the Government fell on ready ears; for the prosperity of the industry was held to be necessary not only for economic reasons, but also on grounds of national defence and (one suspects) of national prestige. The Tariff Board's first inquiry was accordingly into the position of this industry and, in brief, its recommendation was that assistance should be given in the shape of a protective tariff. The measure of protection was to be the difference between a fictitious "fair selling price" for Indian steel and the probable price of imports. These proposals were incorporated in the Act of June, 1924, which was to remain in force for three years and which granted the executive power to increase the duties if necessary. Only three months elapsed before additional assistance was granted in the form of bounties. The essential provisions of the 1924 Act were extended for a further seven years when the original term expired in 1927. Needless to say, protection—which in this case takes the form of a combination of specific and *ad valorem* duties—was again extended, this time until 1941, when the provisions of the 1927 Act came to an end. That this programme of protection has been effective, is shown by the steady contraction of imports since 1924. Behind the tariff wall the domestic steel industry has been able greatly to extend its activities; but it does not yet appear to be any more able to stand on its own feet than it was in 1923.

The cotton textile industry, an old-established Indian industry, derived considerable advantage from the raising of the tariff during the war and was further benefited when the notorious cotton excise was suspended in December, 1925, and finally abolished in the following year. Not content, however, with the advantage already enjoyed, the industry appealed for thorough-going protection and its case was referred to the Tariff Board in June, 1926. After deciding, when the report of that body had been received, that there was no case for protection, the Government yielded to pressure from the Bombay millowners and imposed specific duties upon imported cotton yarn in September, 1927. These duties were alleged to be necessary to protect the home industry against "unfair" Japanese competition and were accordingly imposed for a period of three years, by which time labour legislation in Japan would have removed the cause. That legislation was duly passed, but the Indian import duties were renewed for a further term of three years, on a different pretext, in 1930. Under the latter Act piece-goods were also protected by a combination of specific and *ad valorem* duties, the object being to exclude the cheaper manufactures of Japan, while still permitting the importation of finer qualities from Britain. These duties, which are now to be continued until March, 1939, imposed a burden upon the struggling hand-loom weaver and upon the consumer of cotton manufactures, but indubitably stimulated the development of the Indian cotton mill industry. Thus, imports of cotton manufactures, which were valued at Rs. 5,348 lakhs in 1929-30 and at the still higher figure of

Rs. 5,695 lakhs in 1928-29, fell abruptly to Rs. 2,217 lakhs in 1930-31. The output of woven goods from domestic mills has accordingly enjoyed a progressive expansion and is now about 170 per cent. above the pre-war level.

We turn, finally, to a rather different example—that of cane sugar. The duty on imported sugar, now avowedly protective, was first imposed for revenue purposes during the war and proved such a fruitful source of income that measures were soon taken to increase it. After being raised on an *ad valorem* basis several times in the post-war years, the duty was made specific, at Rs. 4-8 per cwt., in June, 1925. At current prices this was equivalent to over 50 per cent. *ad valorem*. One consequence of the change was a drop in the value of imports from Rs. 207 millions in 1924-25 to Rs. 156 millions in 1925-26. In March, 1930, the duty was raised to Rs. 6 per cwt., equivalent to approximately 120 per cent. *ad valorem* at the current level of prices; imports duly fell from Rs. 158 millions in 1929-30 to Rs. 110 millions in the following year. All this time the duty was still regarded as a revenue duty; but in 1930 the Government invited the Tariff Board to consider the sugar industry's claim to protection. The Board recommended that a protective policy should be adopted for a period of fifteen years. In March, 1931, although this recommendation had not been formally adopted, the import duty was raised to Rs. 7-4 per cwt., the rate suggested by the Board for the first seven years of protection. Subsequent increases, accompanied, however, by the imposition of a small excise duty, have carried this impost to a figure of no less than Rs. 9-1 per cwt. According to present arrangements, this is to be continued until March, 1938. So drastic a measure of protection could hardly have failed to promote the hot-house growth of the cane sugar industry, and the output of raw sugar has, in fact, risen continuously from 27 lakhs of tons in 1929 to 59 lakhs in 1935. Imports have now fallen to small dimensions, and the time when the industry will be able to satisfy the whole of the domestic demand is near at hand.

What conclusion does our survey suggest? Any attempt to assess the consequences of the adoption of the new tariff policy is rendered difficult by reason of the fact that numerous other changes in the economic data have been occurring simultaneously. It would appear certain, however, that the policy of "discriminating protection," though moderately liberal in conception, has in practice proved more protective than discriminating. True, the development of the country's industries has in some measure been achieved—but at a heavy cost. Some industries have been enabled to expand their output, but only in consequence of a rise in prices which the consumer has had to pay. Moreover—since a tariff cannot be at the same time protective and revenue-producing—the new policy has involved the Government in a loss of revenue under certain heads, which has had to be made good elsewhere. Well over one-half of the national revenue is derived from the customs; and the loss from one duty has therefore necessitated the raising of others. A system of taxation which, judged by Western standards, was already seriously regressive has been made still more so, and a rise in the on excellent authority—and British domestic experience lends colour to the suggestion—that protection has served in many cases merely to bolster up inefficiency and to create a very vocal body of vested interests, which will make it exceedingly difficult for the Government to revert to a more liberal fiscal policy should it desire to do so in days to come.

It is not to be expected that the Government will be able in the near future to do much to reduce the general level of the protective duties now in force. It is, however, profoundly to be hoped that every effort will be made to increase the productive efficiency of existing enterprises, that the fruits of such improvements may be passed on to the consumer; and that, in bestowing any additional favours, the Government will be more ruthless than hitherto in its interpretation of the criteria laid down by the Fiscal Commission. The relief of the poverty-stricken masses in this great Dominion requires a much more far-reaching Government policy than a piecemeal programme of "discriminating protection."

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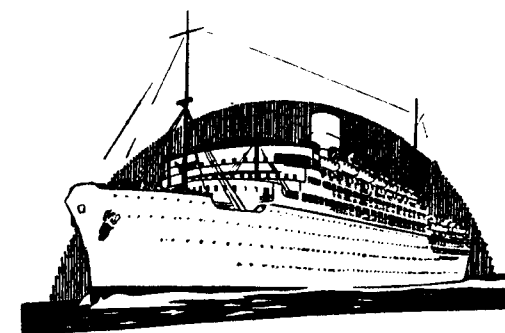
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INDIA'S INTERNAL AND FOREIGN DEBT

(BY A SPECIAL CORRESPONDENT)

WITH large constitutional changes in the offing, India's credit assumes paramount importance. When the Indian Federation comes into being the administration of Indian finance will, subject to the special responsibilities vested in the Governor-General, be in the hands of an Indian Finance Minister sitting in the Indian Cabinet. It is, therefore, well worth while to consider the position of India's internal and external debt, as expressing the results of a long period of official administration, and as indicating the nature of the heritage to be transferred in due course to the Indian Ministry.

It may be useful to consider India's public debt under certain distinct aspects:—

- (1) The volume of the debt, and its division between rupee debt and sterling debt;
- (2) The cost of the service of the debt; and the extent to which the debt is represented by productive assets; and
- (3) The provisions made for the reduction or avoidance of debt.

India sterling debt originated from the days when the loanable resources of India itself were altogether insufficient to meet the growing needs for capital for the purpose of developing the railways and irrigation system. It was natural also, for political and financial reasons, that India should supply its needs from the London market, which was both the cheapest centre for borrowing and was also in the best position to appraise the credit of the country. In the last 25 years the rising wealth of India has enabled the country to meet its capital needs from internal resources to a far greater extent than was formerly the case, with the result (as will be seen from the figures below) that though the aggregate debt has largely increased, the proportion of the debt expressed in rupees has risen in greater degree than the sterling debt:—

At	Rupee debt*	Sterling debt
March 31, 1911	Rs. 138 crores (£103.5 millions)	£178 millions.
March 31, 1926	Rs. 418 crores (£313.5 millions)	£342 millions.
March 31, 1936	Rs. 458 crores (£343.5 millions)	£376 millions.

* Conversions have been effected at 1s. 6d. per rupee.

It may be taken that the policy of the Government aims at satisfying as large a share as possible of the country's capital needs from resources raised within the country; but the execution of this policy depends partly on the relative cost of borrowing in London and in India respectively, and partly on the exigencies of exchange. It is significant that during recent years, when exchange has been favourable, the Government of India have been able to make a substantial reduction in the sterling debt, which on September 30, 1936, stood at about £358 millions, compared with £388 millions on March 31, 1931.

The real burden of the debt is closely bound up with the character of the debt itself—that is, how far it is balanced by productive assets and how far it is unproductive, representing war debts or Budget deficits. From this angle, India is probably in an almost, if not completely, unique position among the great countries of the world. It has always been the policy of the Government to devote certain appropriations from its Budget revenues for capital purposes and the amounts thus contributed have had the result that the unproductive debt has been subjected to a process of attrition, and a part of India's Railways have been built out of current revenues as distinct from loaned funds. The Indian Government have, moreover, always enjoyed a just reputation for conservative finance. While there have been times when, for one reason or another, the year's accounts have shown deficits, as is inevitable in the case of a country exposed to seasonal vicissitudes, these have been largely outweighed by the surpluses of prosperous years.

A large part of the aggregate surpluses of the past has been devoted to the reduction or avoidance of debt. Alterations in exchange rates and the complexities of accounting make mathematical precision in such matters difficult, but the figures below bring out the essentials of the position and compare the amount of debt debited to the Commercial Departments—mainly Railways—with the total permanent and floating debt. In the former are included certain amounts loaned to the Provincial Governments on an interest-bearing basis.

	Debt debited to commercial departments	Total permanent and floating debt
March 31, 1911†.....	Rs. 344 crores	Rs. 405 crores.
March 31, 1926*.....	Rs. 738 crores	Rs. 874 crores.
March 31, 1936*.....	Rs. 968 crores	Rs. 960 crores.

* Sterling portion converted at 1s. 6d. per rupee. † Sterling portion converted at 1s. 4d. per rupee.

At the end of the last financial year the total of the Unfunded Debt, excluded from the above figures and covering such items as Provident Fund balances, Post Office deposits and cash certificates, amounted to about Rs. 250 crores. Leaving these liabilities out of account the upshot of the preceding table is to show that at the end of the last financial year the Central Government's debt was fully balanced by the productive assets, of which the railways formed the largest part. The recent trade depression has, it is only fair to state, seriously affected the profitability of the Indian railways, though in this regard they still compare favourably with the railways of most leading countries. When in latter years the net earnings have not sufficed to cover the full interest costs, the deficiency has been met from reserve funds accumulated in better times, and there is every reason to hope that, as prosperity returns, the Indian railways will regain a large measure of their former prosperity.

The credit position of India has been fortified by specific allocations from general revenue in the nature of sinking funds which in the past ten years have varied from approximately Rs. 7 crores to Rs. 3 crores per annum. The aggregate amount of these appropriations over the last decade reveals an excess of Rs. 28½ crores over the net results (plus or minus) of the revenue budgets. These facts serve to explain the result that, in spite of substantial borrowings necessitated by the Great War, the financing of past deficits and other unproductive expenditure, the Government of India finds itself to-day without any dead-weight unproductive debt in the usual sense of the term. In the circumstances it is natural that Indian Government loans command a high prestige in the critical market of the City.

The investor may, however, ask whether the forthcoming constitutional changes will affect the security which has hitherto existed during a prolonged period of official administration. The answer is two-fold. When the Federal scheme is introduced, the new Government of India Act will impose on the Governor-General an individual responsibility for the safeguarding of the financial stability and, of course, to the protection not only of the external debt, but also to the correspondingly large volume of internal debt. The Act provides the Governor-General with adequate powers to make this responsibility effective and enables him to appoint a specialist Financial Adviser to assist him in the discharge of his duties in this sphere. While this is an ultimate safeguard, there is no reason to doubt that Indian Ministers will desire to maintain the high standing that Indian credit enjoys in the world's money market. They will recognise that the interests of the country will require in the future as they have in the past the observance of the accepted canons of sound finance; for only the resources required for developing the economic structure of the country.

THE BUDGET OF BRITISH INDIA

It must be remembered—as is pointed out elsewhere in this Survey—that the Central Budget of the Indian Government covers only (a) British India, apart from the States' and Provinces' budgets, and the railways; and (b) the Central services. This explains why the Budget of the Central Government, which touches some 288 millions of people, amounts to an annual sum of no more than about 121 crores of rupees, i.e. 12,100 lakhs, or £90,750,000 at 1s. 6d. to the rupee—not so very much more than the London County Council's annual budget for a city of eight millions.

The Central Budget itself is framed simply. Since, and including, the financial year 1924-25, the railways have separate finances, and only the net railway revenue and expenditure is carried into the Central Budget.

The Budget totals have not varied much during the last decade. On the revenue side, the mainstay is customs revenue, which has steadily accounted for a large proportion of the total—it is just under 50 per cent. in the current year. As might be expected in a country of low current year. As might be expected in a country of low incomes, income-tax yields only 12½ per cent. of the total, to which it has fallen since its peak share when the depression was at its worst. Taxation per head in British India in 1933/4-1936/7, inclusive of the provincial land-tax, works out at between Rs. 4.68 and Rs. 4.89. In 1936-37 it is estimated to work out at Rs. 4.81. Opium, for social reasons, now yields a negligible revenue; the contentious salt-tax, made notorious by Mr Gandhi, keeps up its yield; and the currency and mint operations no longer yield the handsome—though, absolutely, scarcely significant—profit they once did. It is a monument to the conduct of British India's Central finances that the tax which was levied on income levels below Rs. 2,000 per annum

in the slump, has been abolished since April 1, 1936, and that surpluses now arise. Nevertheless, it is clear from the Budget that the British Indian population as a whole bears a not inconsiderable burden of indirect taxation, which altogether accounts for well over one-half of the revenue.

The following table shows the main items in the Central Budgets before the depression began, in 1932-33 at the bottom of the depression, in the last two financial years, and in the current year. The figures are "gross":—

BRITISH INDIAN BUDGETS: 1927/28—1936/37

(In crores and lakhs of rupees)

	Accounts 1927-28	Accounts 1932-33	Accounts 1934-35	Revised Estimate 1935-36	Budget Estimate 1936-37
REVENUE:					
Customs	48,21.4	51,95.2	52,67.4	54,71.0	54,82.0
Income-taxes	15,08.4	17,97.4	17,54.5	16,80.0	15,67.0
Excise	8,63.2	10,07.4	8,00.0	8,70.0	8,75.0
Salt	3,94.5	89.9	71.9	61.7	47.4
Opium	38,67.5	33,37.2	32,36.8	31,96.8	31,73.7
Railways (net receipts)*	2,77.5	2,30.6	1,48.1	1,22.0	1,26.1
Currency and mint	11,95.8	9,82.0	12,31.5	10,35.7	10,05.2
All other heads†					
Total Revenue	1,27,26.3	1,26,39.7	1,25,10.2	1,24,37.2	1,22,76.4 ²
EXPENDITURE:					
Railways: Interest, etc.*	32,39.7	33,37.2	32,36.8	31,96.8	31,73.7
Debt services	15,61.1	18,45.6	13,25.1	13,62.8	12,20.2
Civil administration	11,20.8	9,68.8	11,10.4	10,46.0	11,10.1
Military services	56,33.9	50,37.5	49,64.3	50,06.3	50,38.2
Currency and mint	87.7	65.7	73.5	43.1	34.0
All other heads†	40,83.1	12,29.8	17,64.1	17,82.2	16,93.9
Total Expenditure†	1,27,26.3	1,24,84.5	1,24,74.2	1,24,37.2	1,22,70.1
Surplus (+) or Deficit (—)	...	+ 1,55.2	+ 36.0	...	+ 6.3

* As per separate Railway finances, since, and including, financial year 1924-25.
† Charged to revenue. ‡ Including expenditure on posts and telegraphs, civil works, irrigation, etc. § Including net receipts from irrigation, posts and telegraphs, interest, military votes, etc.

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On the expenditure side, military services account for a steady 40-45 per cent. of the Central expenditure; and if certain transport and other charges on military account be included under this head it would rise to 50 per cent. of the total. Railways' interest and miscellaneous charges have been stable, while the debt services have been reduced by a combination of measures raising India's credit standing preparatory to big conversion operations. The military and railway items alone account for three-quarters of the Central expenditure, and if we add debt services and civil administration, the four items cover more than five-sixths of the total.

The railways' deficit has been a source of trouble since the depression. Net receipts have not sufficed since 1932-33 to replenish the reserve fund, and so to cover expenditure. Consequently loans have been made from the Railway Depreciation Reserve Fund as described in the article on page 19.

The inauguration of the new Constitution was made dependent on the existence of favourable financial conditions in India. Early last spring, the British Government sent out Sir Otto Niemeyer to report to Parliament on India's finances and the financial relations of Centre and Provinces, as a preliminary to the necessary Orders-in-

Council which, under the new Government of India Act, will usher in provincial autonomy next April. Sir Otto's report was favourable. Consequently only one more Central Budget under the existing regime remains to be presented, that of next March. Sir Otto was mainly concerned with the size of the necessary Central subventions to "deficit" Provinces, and the time-table for the transfer to the Provinces of part of the proceeds of income-tax, as provided in the new Constitution. Of the Rs. 4½ crores needed as subventions from the Centre, Rs. 2½ crores are provided in the 1936-37 Budget; Rs. 2 crores must be found, plus Rs. 2½ crores to compensate in 1937-38 the loss of revenue from a newly separated Burma. Sir Otto accordingly recommended retention of the remaining "depression" income-tax surcharges, and provided a schedule of provincial allocations of tax burdens.

On all the evidence, the finances of British India would appear to be well able to bear the initial stresses of the new Constitution. A period—perhaps as long as five years—must pass before the new Centre and Provinces arrange their new financial relations. But of the country's economic ability to meet these tests, and of its financial resources, there can be no question.

INDIA'S BALANCE OF PAYMENTS

THE balance of payments for a big trading country and big debtor like India is vital. It measures her competitive trading capacity and her transfer capacity, and conditions her credit. The value of the foreign trade of India in the first ten post-war years showed a considerable rise above the pre-war level. There was, however, no commensurate increase in the volume of trade, since post-war prices were so much higher. There was also a simultaneous rise, though relatively small, in India's export surplus, which reached 86.5 crores in 1928-29. Since then the values of both exports and imports have dwindled in successive stages till they were almost equal in 1931-32 in the neighbourhood of 135 crores, the favourable surplus having been practically wiped out. In the following years the export balance showed signs of recovery, but only haltingly and with occasional setbacks. The figure for 1935-36 (30.55 crores) does not include the trade over Kathiawar, which in 1934-35 showed an import surplus of 3.7 crores. It would therefore be more correct to write this figure down to somewhere near 27 crores.

Although the fall in exports was due to the effects of depression, economic nationalism has hit India. For example, the balance of Indo-German trade which, according to Indian trade figures, was 14 crores in 1913-14 and 16 crores in 1928-29 (in both cases a ratio of over 2:1 in favour of India) has been turned into an appreciable unfavourable balance in recent years (-367 lakhs in 1935-36). In pursuance of her foreign exchange policy Germany has been increasingly substituting Brazilian cotton and Italian rice for Indian products.

It is difficult to foresee what the resultant effect of these varying forces on India's balance of trade will be. On the whole a further increase in the export surplus seems probable, particularly if world agricultural prices go on rising. On the other hand, it appears very unlikely that the annual export surplus could, over the next few years, be restored to its pre-depression level of some 80 crores.

The most remarkable development in India's balance of payments in recent years has been transactions in specie. The traditional "sink for precious metals," to use the expression first introduced by Jevons, where gold in millions of ounces had disappeared uninterruptedly through decades, suddenly started disgorging it in vast quantities at a time when the Indian Government seemed to stand on the threshold of a long period of transfer difficulties.

With the linking of the rupee to sterling in September, 1931, gold appreciated much above its legal parity, fixed by the Currency Act, 1927, at 1 tola of 180 grains troy = Rs. 21 3a. 10p. In the following November it reached

	Average of 10 pre-war years ending 1913-14	Average of 10 post-war years ending 1929-30	1928-29	1931-32	1934-35	1935-36
Merchandise:—						
Exports, private*	+ 19,467	+ 32,572	+ 33,796	+ 18,055	+ 15,830	+ 16,426
Imports, private†	- 12,293	- 24,259	- 25,142	- 12,569	- 13,699	- 13,371
I. Balance of trade in merchandise, private	+ 7,174	+ 8,313	+ 8,654	+ 3,486	+ 1,931	+ 3,055
Gold (private)‡	- 2,087	- 2,404	- 2,120	+ 5,797	+ 5,254	+ 3,735
Silver (private)§	- 767	- 1,549	- 1,304	- 259	- 37	- 127
Currency notes (private)¶	...	- 27	- 12	+ 26	+ 37	+ 29
II. Balance of transactions in treasure (private)‡	- 2,854	- 3,980	- 3,436	+ 5,564	+ 5,254	+ 3,637
III. Total visible balance of trade, i.e. (I) and (II) together	+ 4,320	+ 4,333	+ 5,218	+ 9,050	+ 7,185	+ 6,692
IV. Balance of remittances of funds	- 3,796	- 2,336	- 4,139	- 3,432	- 4,978	- 4,645
V. Total visible balance of trade, i.e. (III) and (IV) together	+ 524	+ 1,997	+ 1,079	+ 5,618	+ 2,207	+ 2,047

* Includes re-exports.
† Exclusive of the value of railway materials imported, direct by State railways working under company management, actions which do not enter into the balance of trade.
‡ Excludes trans-Kathiawar ports.
§ Includes figures for the

almost 28.5 rupees per tola. The prospect of higher prices, coupled with the acute economic distress prevailing in the country, induced many to part with their gold. It is, however, not always clearly realised why this gold was exported. Theoretically, the Government was—and still is—under the obligation to buy gold, but only at the price corresponding to the legal parity of the rupee. To sell gold to the Government would have meant a sacrifice of the market premium on gold. As the Government, however, regularly purchased large quantities of sterling at the current exchange rate, bullion dealers could export gold, obtain sterling in return, sell that to the Government in exchange for rupees, and by this roundabout process realised the market rupee price for their gold.

Silver movements show some striking alterations. The post-war average of silver imports was more than double the pre-war figure. In 1926-27 the net imports amounted to some 20 crores. During the following years the figure fluctuated downwards and stood at 10 crores in 1930-31. Since then, the silver import surplus on private account has practically disappeared; and if Government transactions are included, there has been an appreciable export surplus amounting to 6, 4, 5.4 and 1.6 crores of rupees respectively during the last three financial years. Silver imports on private account showed some signs of revival in the later

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Before the present depression started, the export surplus in commodity trade substantially exceeded the requisite minimum of 55 or 60 crores, the excess margin having been utilised for large imports of specie. Since 1931-32 there has been a constant deficiency, and the balance of payments has been adjusted only by exporting gold. It is therefore pertinent to ask how long and in what dimensions gold exports might be expected to continue. The total gold outflow, amounting to 32.5 million fine ounces from 1931-32 till March, 1935, compares with a previous net inflow of 44 million ounces since April, 1920. On the available data, the total gold holdings of India in September, 1931, i.e. before the heavy efflux set in, might

Next comes the Imperial Bank of India, which was originally an amalgamation of the three Presidency banks. As such it formerly performed many of the functions of a

Since 1931 there has been a race, as it were, between an unfavourable commodity balance and gold exports. So far they have tended to meet half-way. Although the danger zone is not yet crossed, a possible diminution in gold exports would probably be compensated by a growing export surplus in merchandise trade, thus enabling the Government to tide over such transfer difficulties as will immediately confront it.

If the mahajan finds that his own resources are becoming strained, he seeks accommodation from a shroff, or native banker. This accommodation takes the form of hundis, or bills of exchange, usually of two months' usance. The shroff discounts these bills out of his own resources, and if he in turn needs accommodation he may obtain it from

We have stressed the aspect of Indian banking which is concerned with the financing of the peasant—because, all said and done, this is India's main banking need. Obviously it stands in need of reform, but it is not easy to find the right cure. Fundamentally it is a question of social change. So long as savings take the form of hoarding there must be a scarcity of credit, and it is noticeable that since the great gold dishoarding movement began in 1931 the internal banking system has become more liquid, and so, in the banking system proper, money has been much cheaper. The first need to-day is to spread banking facilities into the heart of the mofussil or outlying districts. One step in this direction would be to replace the present hierarchy of the banias, mahajans and shroffs by branch banking systems, of a size and extent suited to the needs of each part of the country. Even that would by itself be insufficient, for the next and almost insurmountable task would be to educate the people to make use of the banks. It is difficult to see how the centuries-old habit of hoarding could be quickly eradicated, but the common instruments of banking, such as cheques and bills of exchange, should be available in the vernacular, and

Sir Otto Niemeyer, referring to the "frankly disquieting" position of the railways in his recent inquiry into the allocation and distribution of the Central and Provincial sources of revenue, declared that it was "not enough to

All these suggestions do little more than touch the fringe of the problem. The real difficulty lies in the social habits of the population. If under the new Constitution they progress, banking and investment may replace hoarding. Then the demand for a wider banking system will automatically arise and in time will be met. Then and only then can the parallel problem of financing India's crops be satisfactorily solved.

contemplate that in five years' time the railways may merely cease to be in deficit," a result which would "tend to prejudice or delay the relief which the Provinces are

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SUBSCRIBED CAPITAL	Rs. 40,00,000
PAID-UP CAPITAL	Rs. 35,50,000
RESERVE FUND	Rs. 46,50,000

entitled to expect." The demand for adequate revenues from the Provinces, particularly in view of the additional expenditures involved in the working of the new Constitution, renders it imperative that railways pay their way as early as possible and resume their contributions to the State. The need for immediate financial rehabilitation in the interest of the railways themselves was even more emphatically urged by the Public Accounts Committee of the Assembly. The recommendation by these two authorities for immediate inquiry by an expert has led to the appointment of the Railway Committee, with Sir Ralph L. Wedgwood as chairman, to suggest measures for improving the financial condition of the railways at an early date.

The collapse of railway earnings since 1930 has unfortunately synchronised with the rapid growth of road motor transport, and the railways have begun to complain seriously of the severity of competition. Comparative statistics of inland transport facilities have so far shown that India, compared to other countries, has been poorly served and that there is greater scope for the expansion of both rail and road facilities than is usually assumed. But the increasing buses and lorries are reported to be more competitive than complementary. The Government of India Act of 1935 has taken over the present system into its sections by placing the roads and road development in the Provincial legislative lists and the railways in the Central or Federal lists.

With the threat of diversion of traffic to the road looming before them, the railways will, sooner or later, have in their own interests to seek some sort of compromise and co-ordinated arrangements with motor transport. Any attempt to do so, to the extent that the road carriers would be worse off under the bargain, will be clearly opposed by interests which would by then have organised themselves in the Provinces. The provincial psychology needs to be appreciated. The provincial citizen knows that the road and the road carriers are within the ambit of his influence, and he could by proper pressure get roads constructed and the motor transport undertakings conform to his requirements. The railway obeys the behests of a Central or Federal authority, situated probably far from the Province.

Impending changes of a far-reaching character have been somewhat obscured this year by the continued deterioration in railway finance and the efforts to set it right. The establishment of the Federation within a year or two means that the constitution of the Statutory Railway Authority, the non-political body contemplated by, and to be created under, the Government of India Act to administer the railways of the country, is not far off. Before the transfer of control of the railways from Government to that Authority, a drastic revision of the present out-of-date Railway Act,

1890, has to be undertaken. Apart from changes designed to bring an ancient Act into conformity with modern conditions, the proposed legislation will have to amplify the railway sections of the Parliamentary Act and define the relations of the Statutory Authority and the Federal Government. The present Railway Convention of 1924 may have to be overhauled and the railways may get an opportunity to state their case for scaling down the present rate of contributions to the State. Though the situation offers little promise of any great relaxation in this respect, a remission of the contributions already accrued during the past six years, but not paid, may be expected in view of the practical impossibility of the railways meeting them in the near future. Another event affecting the Indian railway system will come with the separation of Burma. The Burma railway, which has been part of the Indian railway system since 1877, will, with its 1,900 miles of line and 35 crores of railway capital, become a separate entity by itself, with its own railway board, budgets, etc.

Indian public opinion on railway matters is more concerned over a different problem. The policy of extending direct State management over State-owned railways now operated by companies incorporated in Great Britain received a temporary check in 1929 on account of high interest rates, and the contracts with the Assam, Bengal, and North-Western and Rohilkund and Kumaon Railways were renewed. In view of the present favourable conditions of the capital market, the demand for extending the policy has been recently made. The contracts with the Bengal and North-Western and the Madras and Southern Mahratta are due to expire in 1937, and a resolution recommending their acquisition and operation by the State was carried in the Assembly early in 1936. The Government of India have not announced their decision yet, but it seems very doubtful that the present position can be maintained. No compromise seems feasible, as the State had definitely committed itself to nationalisation in the closing decades of the last century when it bought out the original proprietary companies. With the enlarged scope for public opinion to influence Government policy under the new constitution, the pace is likely to be accelerated and the policy of nationalisation unhesitatingly pursued. If the process of acquiring the present company-managed lines on the expiry of their existing contracts is continued, no more companies will be left after 1950, the year in which the Bengal-Nagpur will pass into the hands of the State.

Thanks to the sagacity of the administrators and the conservative principles of finance adopted from the beginning, the Indian railways have been on the whole free from the effects of over-capitalisation and duplication, a fact imparting a great confidence in the financial stability of the railways under fully-fledged State management.

INDIA AND THE INVESTOR

INDIA'S industry, for the most part, is locally financed. The British investor, therefore, is largely restricted to Indian Government and railway obligations. An examination of the section dealing with India's Debt and Budget will convince him that India's finances are managed with a financial austerity and a regard for debt redemption which could hardly be equalled. Finance, in fact, has always been a "reserved subject" in the administration of British India. It remains so under the new Constitution.

In this section, it is necessary only briefly to recapitulate the main features of the Indian Budget. About two-thirds of the tax revenue is provided by Customs, and about one-fifth by income tax. On the expenditure side (excluding the self-balancing railway budget) defence appropriations account normally for about 55 per cent. and the debt services for rather below 15 per cent. In terms of direct "cover"—if such a calculation bears much meaning—the Government debt services could be met nearly 7½ times.

This combination of administrative control and adequate revenue (even in the deficit years 1931-32) gives the Indian

sterling loan a status which is second only to the credit-ranking of the British Government itself. It is measured, in the market, by a yield differential of about 5s. per cent. in the terms which India has obtained in the London market for conversion operations. The latest of these issues, in July last year, was of 3 per cent. 14-17 year stock, at 98. The replacement of £12 millions of 6 per cent. bonds by £10 millions of this 3 per cent. stock yields its full benefit during the current year, and a further £16.8 millions of 5½ per cent. sterling stock have been repaid without floating redemption date before 1942, but the 3½ per cent. stock, of which £88,667,884 is at present outstanding, is redeemable at the Indian Government's option. It is doubtful, however, whether the Government could obtain better terms in perpetuity by recalling this issue.

Will the position of the debt service be affected by the introduction of Provincial Autonomy? The Provinces will need assistance from the Central Budget, estimated at

nearly 2 crores annually. In addition, the separation of Burma will involve a net loss in revenue of 2½ crores. Subventions on this scale from the Centre will commence from April next year. Again, the adjustment of income tax from revenue between Centre and Provinces, and the size of grants-in-aid under Sec. 142 of the Act must be determined, so that the Provinces can start on "an even keel." Will there be any repercussions upon the financial stability of the Centre?

We may conclude, broadly, that the budgetary and exchange security which holders of Indian stocks at present enjoy is not likely to be weakened when Provincial finance is self-administered. What other opportunities does the investor enjoy in Indian securities? He has a selection of well-secured Corporation stocks, including the issues of the Commissioners of the Port of Calcutta and of the Trustees of Bombay and Karachi Ports. The railway issues occupy a very specialised terrain. Several provide a guaranteed minimum return, plus a share of profits, such, for example, as Assam-Bengal, Bengal Nagpur, Madras and Southern, and Bombay, Baroda. These are trustee stocks, with a speculative interest.

In this section, too, are found several annuity issues. These are the legacy of the old "Guaranteed Companies" whose ordinary capitals were converted into Government guaranteed annuities at the expiration of their contracts with the Government. Four classes of annuities exist, designated "A" to "D." It is a matter of some complication for the lay investor to compare the current quotations with an estimated redemption value, since the rates at which the sinking fund investments have been made must necessarily be assumed. Among the debenture stocks, however, comparisons are clearer. It is still possible, to quote one example, to obtain an appreciably higher yield on East Indian 4½ per cent. irredeemable stock, which is a trustee issue guaranteed by the Secretary of State, than on Indian 2½ per cent. stock.

We may, finally, glance at the openings offered by banking, industrial and mining companies, in India. Her two representative banking institutions—Chartered Bank of India, Australia and China and National Bank of India—enjoy high status with the British investor. A number of British industrial concerns have established subsidiaries there—Imperial Chemical Industries and Associated Portland Cement among them. Industrial ordinary share opportunities, however, are largely confined to utilities, steel, jute and mining. Calcutta Electric is the largest concern in the first group. It has, in recent months, been concerned in a rates controversy, which has affected the market to some extent. Smaller and well esteemed issues are also represented by Cawnpore, Delhi and Madras electricity undertakings. The recently announced merger arrangements between the Bengal and Indian Iron and Steel concerns appears to have changed the outlook for the Indian steel industry considerably. For too long, essential technical expansion has been held up, owing to the peculiar profit-sharing arrangements between the two companies, and the funding of loan capital will yield substantial economies.

The jute industry has recently staged a recovery, at least in prices. Calcutta's present demand, indeed, almost suggests that prosperity has been restored over-night. In fact, however, the manufacturing industry, represented by such concerns as Victoria Jute, Samnuggur and Titaghur, has still to solve the problems of "outside" competition and working hours. Until the effect of crop restriction becomes clearer, the recovery prospects of shares in this industry cannot be regarded with complete confidence. Among mining concerns, the group of gold producers on the Kolar field in Mysore includes Champion Reef, Mysore, Nundydroog and Ooregum. Burma Corporation's prospects have been improved by recent development, but the shares have made much smaller progress than other representative base metal producers owing to the shorter expected life of the mine.

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INDIAN SHIPPING

BRITISH INDIA possesses only a small mercantile marine, though its carrying capacity is slowly increasing. The number of steamers and motorships of 100 tons and over, classified by Lloyd's Register as belonging to India and Ceylon, rose from 138 in 1929 to 167 in June, 1936. Concurrently, the capacity of the fleet increased from 175,400 gross to 223,685 gross. But despite this increase, the mercantile tonnage represented only 0.35 per cent. of the world's carrying capacity.

I. SHIPPING MOVEMENTS IN FOREIGN TRADE

(Tonnage in thousands)

(a) ENTERED WITH CARGOES

Nationality of Vessels	1929-30	1932-33	1933-34	1934-35	1935-36
British	5,633	4,681	4,792	5,120	5,429
British Indian (excluding native craft)	43	17	17	17	5
American	188	216	223	260	314
French	149	105	163	154	131
German	587	364	352	379	456
Italian	580	577	710	679	490
Japanese	541	493	533	654	777
Other foreign	616	464	537	643	667
Total foreign	2,661	2,219	2,519	2,768	2,835
All nationalities (excluding native craft)	8,337	6,917	7,328	7,905	8,269

(b) CLEARED WITH CARGOES

Nationality of Vessels	1929-30	1932-33	1933-34	1934-35	1935-36
British	5,872	4,875	5,044	5,387	5,534
British Indian (excluding native craft)	74	57	33	43	79
American	242	235	258	262	284
French	150	86	134	54	27
German	649	406	435	444	545
Italian	562	597	722	750	505
Japanese	635	553	525	621	679
Other foreign	615	420	516	604	535
Total foreign	2,853	2,298	2,590	2,735	2,575
All nationalities (excluding native craft)	8,799	7,230	7,667	8,165	8,188

In his address to the shareholders of the Peninsular and Oriental Steam Navigation Company on December 9th, the Hon. Alexander Shaw pointed out that only about one-half of the trade between Calcutta and Japan, via the Straits and China, is now carried in British vessels, and that over 80 per cent. of the traffic from Bombay to Japan, and over 89 per cent. of the trade from Japan to Bombay,

is now in the hands of Japanese companies. No less than about 73 per cent. of the total tonnage employed in the trade from India to Japan now flies the Japanese flag. Formerly the bulk of this trade was carried by British vessels.

II. SHIPPING MOVEMENTS IN COASTING TRADE

(Tonnage in thousands)

(a) ENTERED WITH CARGOES

Nationality of Vessels	1929-30	1932-33	1933-34	1934-35
British	13,433	14,535	15,647	16,985
British Indian	2,294	2,589	2,787	3,124
Foreign	2,895	2,673	3,116	3,523
of which: Swedish	96	131	162	155
Norwegian	324	408	611	689
German	848	739	766	882
Italian	320	322	468	583
Japanese	516	653	617	790
Native craft	1,203	1,024	1,068	1,198
Total	19,825	20,820	22,619	24,830

(b) CLEARED WITH CARGOES

Nationality of Vessels	1929-30	1932-33	1933-34	1934-35
British	13,491	14,225	15,571	17,221
British Indian	2,302	2,460	2,618	3,089
Foreign	2,864	2,696	2,943	3,393
of which: Swedish	96	130	144	161
Norwegian	346	411	556	641
German	824	724	769	827
Italian	381	334	387	458
Japanese	537	685	613	769
Native craft	1,269	1,168	1,285	1,281
Total	19,927	20,559	22,417	24,984

Coastal traffic, it will be seen, has increased fairly rapidly in recent years. The bulk of the coastal traffic, as of over-sea trade, is carried by British ships. The British proportion of the total tonnage entered and cleared with cargoes rose from 67.6 per cent. in the year ended March, 1930, to 68.6 per cent. in 1934-35. Apart from native craft, the Indian proportion of the tonnage entered and cleared, though still relatively small, rose from 11.5 per cent. in 1929-30 to 12.5 per cent. in 1934-35. The traffic handled by native craft has remained practically unchanged in recent years, and its relative importance, therefore, has tended to decline. Swedish, Norwegian, Italian and Japanese vessels have all shared in the expansion of India's coasting trade.

LIFE ASSURANCE IN INDIA

INDIA is a great and growing market for life assurance. In 1933 official figures show that the number of companies subject to the provisions of the Indian Life Assurance Companies Act of 1912 and the Indian Insurance Companies Act of 1928 was 341, of which 194 were constituted in India and 147 outside India. Of the Indian companies, only 15 do not transact life business; 34 carry on both life and other branches; and no less than 145 confine their activities to life assurance only. The converse holds for the 147 foreign companies, of which 123 do no life business; 13 transact both life and other branches; and 11 are interested only in life assurance. Of the companies in the last two groups, 16 are constituted in the United Kingdom and 6 in British Dominions and Colonies.

The 1912 Act follows closely British life assurance legislation as set out in the Assurance Companies Act, 1909. Consequently there is much less Government regulation and control in India than in most countries. For example, no restriction exists on investments, and no Government standard is laid down for the actuarial valuation of liabilities. Insurance conditions in India, however, naturally differ widely from those in this country; and at present an Advisory Committee is considering what changes are desirable in the legislation.

Premium rates are much in excess of British rates. Thus, if we compare the whole-life non-participating rates of a large first-class Indian office with those of a similar institution in this country, we find that the difference in

premium amounts at age 20 to about $\frac{1}{2}$ per cent. of the sum assured, and at age 50 to 2 per cent. of the sum assured. The differences in respect of endowment assurances are smaller, and vary between $\frac{1}{2}$ per cent. and 1 per cent. of the sum assured.

The average net rate of interest earned by the Indian offices in 1929 was about 5 $\frac{1}{2}$ per cent. Since then the rate has fallen steadily, but in 1933 it was still in excess of 5 per cent. These high interest earnings are useful in mitigating the high premiums required by mortality considerations. Unfortunately, the expenses of management are also extremely high, measured by British standards. Thus, in 1933 the average rate of expense was 30 per cent. of the premium income, or about twice the rate in this country.

In the last ten years new sums assured have expanded very rapidly—a feature which, of course, has tended to produce a heavy expense ratio. Thus, in 1933, new sums assured written by the Indian offices were Rs. 24.83 lakhs, against Rs. 6.89 lakhs in 1924; in the same period the total income of these offices has increased from Rs. 2.90 lakhs to Rs. 8.15 lakhs. Total new business in 1933 amounted to 183,000 policies, assuring 33 crores, and yielding a premium income of 1 $\frac{1}{4}$ crores, to which the Indian offices contributed 155,000 policies, 24 crores and 1 $\frac{1}{4}$ crores, respectively. The share of the British offices in the new sums assured was 3 $\frac{1}{2}$ crores, and of the Dominion and Colonial offices, 5 crores. The average new sum

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Alliance Assurance Co., Ltd.

AGENTS IN BURMA FOR:

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The Salvage Association.
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Glasgow Salvage Association.
Marine Office of America, New York.

BRANCHES:

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INDIA: Calcutta, Bombay, Chittagong, Rawalpindi and Cochin.

CEYLON: Colombo.

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MANAGING AGENTS FOR:

The Indo Burma Petroleum Co., Ltd., Rangoon

The Attock Oil Co., Ltd., Rawalpindi.

The Pyinma Development Company, Ltd., Rangoon,

SHIPPING

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Henderson Line (Glasgow).

India Natal Line to South Africa.

Indo China Steam Navigation Co., Ltd.

Elder Dempster Lines, Ltd.

The Scindia Steam Navigation Co., Ltd. (at Bassein).

Asiatic Steam Navigation Co., Ltd. (at Moulmein).

AGENTS IN SIAM FOR:

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Michelin Tyre India, Ltd.

Minimax, Ltd.

Seager, Evans & Co., Ltd.

United Turkey Red Co., Ltd.

and others.

assured was Rs. 1,555 for the Indian and Rs. 3,126 for the non-Indian companies. The totals in force at the end of 1933 of all the offices, home and foreign, were 867,000 policies, covering sums assured and bonuses of 193 crores, and having a premium income of 9½ crores. Indian companies alone account for 636,000 policies, 114 crores and 5½ crores respectively. The largest office, the "Oriental," has in force 230,000 policies representing sums assured and bonuses of 48 crores, and premium income of 2½ crores. There are a few other offices of substantial size, but the great majority are very small indeed. In respect of about one-half, the life assurance fund ranges downwards from 1 lakh to a negative quantity.

While in this country a new life office would be little short of a phenomenon, Indian life offices spring up each year in large numbers. For example, in the latest official

annual publication it is mentioned that during the year under review 28 new companies were established and more than 80 in the preceding five years. The lapsing of policies is extremely high among the young offices, suggesting uneconomical expenditure in search of business, which, of course, must have repercussions throughout the industry. A strong warning is given against the "indiscriminate flotation of such offices."

It would seem that Indian life assurance is at a stage when it would be much to the ultimate advantage of the offices to engage the services of fully-trained actuaries and to encourage Indian actuarial students to study for the full British degrees of F.I.A. or F.F.A. Their activities would find full scope not only in the valuation work but in the general day-to-day administration of the business.

ECONOMIC DEVELOPMENTS AND PROSPECTS IN BURMA

THE separation of Burma from India, in April, 1937, will end an anomalous situation. Physically, racially and socially Burma is quite distinct. Historically the countries were unrelated until under British rule. They were united for administrative convenience.

The total area of Burma—which is larger than any British Indian Province—amounts to some 230,000 square miles. The vast majority of the total population (i.e. 14.5 millions, less than that of any British Indian Province except Assam and the North-West Frontier Province) is of Mongol stock, professes Buddhism, and speaks Burmese. The caste system is unknown, and the Burmese are remarkable for tolerance, the freedom and independence of their women, and a high degree of literacy.

Owing to the extent of rugged, mountainous areas, and to the fact that over two-thirds of the area is forest—from which comes its valuable trade in teak—economic development has so far been practically confined to the Southern coastal regions, the basins of the Irrawaddy and its tributary, the Chindwin, and to the much narrower delta of the Sittang. The Yanangyaung and Singu oilfields of the Burma Oil Company, from which oil is brought by pipelines to Rangoon, lie in the Irrawaddy basin, but neither they nor many towns of the central "dry bone" are connected by rail with Rangoon. The main line of the Burma railway, State-owned and managed since 1926, runs down the Sittang valley to Mandalay, and another line runs from Rangoon up the Irrawaddy valley to Prome. The forests produce magnificent timber, especially teak, which is marketed in Rangoon, upon which port, indeed, Burma's commercial life is almost completely concentrated. The coastal and delta districts are extremely fertile and are the great rice-producing areas, while the rubber plantations are situated on the hilly slopes of the south and south-east.

Owing to the configuration of the country there is considerable variation in climate but except for the central dry zone, where millets, sesamum, beans, groundnuts and cotton are grown, the rains never fail; so Burma has no famine problem. Besides rice, timber and petroleum—all obtained mainly from Lower Burma—there are also plentiful mineral supplies, including tin, lead, gold, silver, copper, zinc, wolfram and precious stones, such as rubies, but these (except tin, which is found in Tenasserim, the narrow coastal strip between Siam and the Gulf of Martaban) are situated mainly in the north, and their commercial exploitation is of recent date.

Rangoon itself is a cosmopolitan city, with a population of 400,000, no other town, except Mandalay, having more than 100,000. The value of Rangoon's foreign trade, even when trade with India is excluded, is greater than that of any Indian port except Calcutta and Bombay. Including trade with India, Burma's exports amount normally to some Rs. 56 crores (£42 millions) and her imports to Rs. 28 crores (£21 millions) per annum. Nearly 50 per cent. of this trade is with India, and some 85 per cent. is conducted through Rangoon. When the new Constitution is fully

implemented, trade between India and Burma will become "foreign" trade to both countries. The rice-milling, petroleum refining and timber preparing industries are all situated in Rangoon.

Overseas trade consists mainly of the export of mineral oil, rice, timber, metals and ores, and rubber, in return for cotton goods (Indian and British), machinery and millwork, coal (from Bengal), sugar, hardware and miscellaneous manufactures. The trade between Rangoon and Calcutta is of outstanding importance. The bulk of Burma's mineral oil goes to India, supplying practically the whole of India's demand for petrol, and much kerosene, although Burma is unable to satisfy India's needs for the latter. Paraffin wax is the only petroleum product of which any considerable quantity is sent to other countries. Rice is exported mainly to Ceylon, China, Germany and the Straits Settlements, but some is always sent to Bengal, releasing a certain quantity of "Patna" rice for export, whilst in times of scarcity rice normally sent elsewhere is readily diverted to India. Timber is sent both to India and to other countries. The valuable teak trade is almost entirely in the hands of old-established British firms—and it is a source of revenue for British shipping. India, especially Calcutta, supplies a great part of Burma's need for manufactures, including cotton and iron and steel goods, and jute bags used in the rice trade.

A trade agreement, formed in August, 1935, provides that during the transitional period (while the new Constitution is being introduced) there shall be no restriction on trade or migration between the two countries, and that the existing tariff on goods from other countries shall remain in force. Eventually Burma may favour a different tariff policy, but can hardly afford to adopt one which might restrict trade with her most valuable market.

The financial position of Burma is not unsatisfactory, as after four years of depression and deficits a substantial surplus was achieved in 1934-35, owing to drastic retrenchment and some revival in prices and trade. Since then the Budget has been balanced. The Joint Committee on Indian Constitutional Reform was satisfied that Burma would not in the long run be worse off financially as a result of separation. Moreover, while separation will involve additional administrative expenditure, some Rs. 2½ crores previously paid over to the Central Government will in future be retained by Burma.

Burma is naturally favoured by her fertile soil and resources; her principal products find ready markets; and her greatest need appears to be not to limit overseas trade or the activity of foreign enterprise within her borders, but to encourage her own people, by education and training, to play an ever-increasing part in the development of their country.

* Of recent years India has produced some 300 million gallons of mineral oil per annum, of which Burma accounts for about 250 millions, and sends some 180 to 200 millions to India.

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TRADE SUPPLEMENT

New Series

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THE STATE OF TRADE

THE seasonal expansion of business activity, which began in September, continued during the past month, though it was less marked than a year ago, when activity was speeded up in anticipation of a coal strike. The seasonal quickening of the pulse of economic activity since September, moreover, has not been strong enough to raise *The Economist's* index of business activity—adjusted for normal seasonal movements—above the level attained in August. But the current level of business is appreciably higher than a year ago. The number of insured persons, aged 16 to 64, employed in Great Britain last month, at 11,120,000, showed an increase of no less than 560,000 compared with November, 1935.

Apart from seasonal movements, the lull in the progress of economic recovery in recent months is partly due to short-run physical limitations to a further expansion of activity in certain important industries. The metal industries, for example, have been working practically at capacity for some time. Since some of the capital equipment trades are unable even to satisfy home requirements,

the downward trend in exports of iron and steel, non-ferrous metals and manufactures, instruments and implements, machinery and electrical equipment is not surprising. But as demand for metal goods, reinforced by re-armament exigencies and the revival in shipbuilding, is still on the up-grade, activity may be expected to continue its upward trend as capacity is extended.

Owing to the cessation of shipments to Italy and a substantial reduction in Spanish purchases, exports of coal continued below last year's level. Compared with the first eleven months of 1935, exports and shipments for the use of steamers this year showed a reduction of 4,933,000 tons. But home demand has been so good that production during January-November this year was 4,600,000 tons higher than a year ago. As a result of the resumption of trade with Italy and larger French requirements, the outlook for export business is now more encouraging.

The building and public works contracting industries experienced a seasonal decline in activity during November. The current volume of construction, however, is still above the level of a year ago. In the absence of a prolonged period of unfavourable weather, the outlook for the building and ancillary trades during the next few months is still fairly promising. Though the steady decline in the value of building plans passed for dwelling-houses by 146 local authorities cannot be overlooked, the maintenance of "assisted" dwelling-house and commercial construction may be expected for some time to provide strong resistance to an abrupt recession in total building activity.

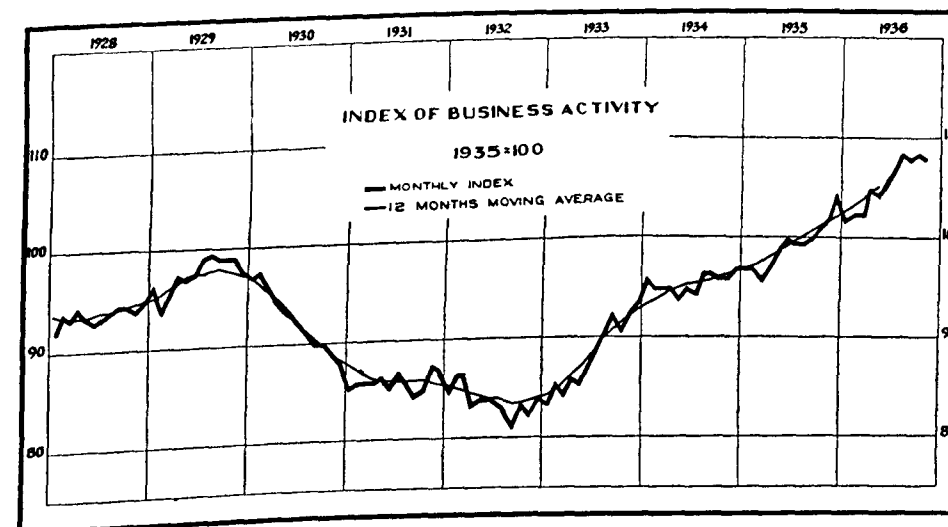
The physical limitations to a further rapid expansion in the metal industries at this stage, however, are not preventing the continued progress of the consumers' goods trades,

including those which, like cotton manufacture, depend largely on foreign markets. The constitutional issue earlier this month caused some hesitancy, but this was quickly brought to an end with the accession of George VI to the Throne and the news that the date of the Coronation was to remain unchanged. At home, consumers' purchasing power is steadily rising with the increase in employment and higher wages and dividends. Consequently, the demand for food, clothing, automobiles and services is steadily increasing. Moreover, the rise in the prices of primary products is beginning to be reflected in our exports. The marked rise in the prices of primary products is of good augury for the purchasing power of our overseas customers.

On the other hand, the rise in commodity prices is tending to increase manufacturing costs. But as the trend of profits shows, industrialists have so far been able to pass on to the consumer most of the increase. A point may come when consumers begin strenuously to resist any further increase in prices and when industrial profits consequently begin to decline, but that point seems still some way off.

Apart from political developments on the Continent, the international background is improving. Perhaps the most important feature is the strong upward movement of the prices of raw materials and crude food-stuffs, accompanied by an increasing volume of trade between primary producing and industrial countries. British American and Japanese imports are rapidly increasing, and the British Dominions, Scandinavia and South America, especially Argentina, are making steady progress. In the United States, business activity continues to expand, but there is some anxiety that labour difficulties may lead to temporary dislocation and setbacks in individual industries, especially in steel and automobile manufacture. Among other industrialised countries, France, Holland and Switzerland are showing signs of recovery, though little ground has so far been gained. Heavy re-armament expenditure is still stimulating activity in Germany, but there is a shortage of certain raw materials and foodstuffs which, if accentuated, may lead to serious difficulties next year unless Germany decides in the interval to resume co-operation with other countries.

In the absence of unfavourable political developments abroad, the outlook for 1937, both in this country and elsewhere, is not unpromising. The trend of activity in the United Kingdom remains strongly upwards, and there are no indications of an early recession in any of the major branches of activity. Moreover, the rise in commodity prices and the steady expansion of world industrial activity may lead to a continued, if slow, expansion of international trade. But time alone will show whether or not the year 1937 will mark the peak of the present cycle of prosperity.



HOME INDUSTRIES AND TRADE

The following reports on British industry cover, in most cases, the period to the middle of December. In the remainder they relate to the month of November.

COAL

The November employment and production figures reflect a further seasonal improvement in the coal-mining industry. In contrast to conditions on the home market, exports again made a poor showing last month and were substantially below the level of the two previous Novembers. Conditions in this section have, however, shown a noticeable improvement in recent weeks; business with France has broadened out and Italian buying has been resumed, following the visit to Rome of representatives of British coalowners. Meanwhile, the demand for house coal has been steadily increasing, and large orders are now passing to the collieries. The market in industrial fuels remains as strong as ever, and deliveries against contracts are occasionally in arrears. Supplies on the open market are accordingly scarce.

IRON AND STEEL

Production of iron and steel continued at a high level during November. Pig iron production during the first eleven months of 1936, at 7,014,300 tons, exceeded output during the whole of 1935 by 588,300 tons. Similarly, the output of steel ingots and castings during January-November this year showed an increase of 836,600 tons over the whole of 1935. Exports continued their downward trend, amounting to 2,000,900 tons in January-November, against 2,128,000 tons a year ago. Imports, on the other hand, rose from 1,038,700 tons in January-November, 1935, to 1,388,800 tons this year. But, despite the heavy increase in the volume of iron and steel available for home consumption, there is still acute stringency in numerous sections of the industry, and many manufacturers appear to be quite unable to satisfy all requirements within the time specified by consumers. The recent increase in the prices of iron and steel has had little effect on business.

ENGINEERING

The engineering industry as a whole is making headway, and the volume of new business continues to expand. The proportion of insured workers unemployed in the industry was only 6.6 per cent. in November, compared with 11.1 per cent. a year ago. As in the iron and steel industry, home requirements are so heavy that domestic production has had to be supplemented by increased imports. Under the circumstances the industry has been unable to expand its foreign business. The outlook for most branches of the industry remains good, but engineers are somewhat concerned about the stringency of the supply of iron and steel. As far as individual sections are concerned, business in agricultural machinery is seasonally dull, and the textile, locomotive and railway equipment sections are not quite as active as a few weeks ago; activity in most other branches has been maintained or increased in recent weeks.

ELECTRICAL ENGINEERING

The electrical engineering industry continues to expand; the proportion of insured workers unemployed in November was only 3.4 per cent. The volume of new orders for heavy electrical machinery, however, declined a little in the past month.

INDEX OF NEW ORDERS RECEIVED BY HEAVY ELECTRICAL MANUFACTURING INDUSTRY*

(1920 = 100)

Period	Home	Export	Total
1928—November	85	105	93
1929 "	71	216	109
1930 "	61	171	89
1931 "	53	119	65
1932 "	54	69	53
1933 "	51	96	64
1934 "	96	125	106
1935—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
September	151	204	168
October	161	213	178
November	157	204	171

* 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 in the automobile industry continues on a high level and demand shows no signs of slackening. New registrations of private cars and of goods vehicles in October, at 24,027 and 7,291 units, respectively, were 1,351 and 1,502 units above the previous year's level. The increase in sales has not been confined to the home market, for 6,322 private cars and chassis were sold abroad last month, against only 4,925 in November, 1935; exports of commercial vehicles in the same month amounted to 1,637, against 1,157 a year earlier. On the other hand, imports have also been

rising steadily, entries in November including 1,290 private cars and 111 commercial vehicles, against 756 and 26 units in the same month of last year.

CHEMICALS

Business in the home chemical market was on a very fair scale during November. Industrial chemicals were in more active demand than for some months past, and there were a fair number of inquiries for new business. A continued steady trade was reported in wood distillation products, but, as stocks are still available, no rise in prices has taken place. In the coal tar products market chief interest was shown in tar acids, business in the heavy products being dull. Only limited interest was shown in pharmaceutical chemicals. Overseas trade figures for November showed the same tendency as has been evident during the greater part of this year—an increase in imports and a fairly considerable decrease in exports, as compared with November, 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—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	155.6
July	1,403	163.6
August	1,332	155.2
September	1,544	180.0
October	1,860	216.8
November	2,010	234.2

* By authorised undertakers in Great Britain.

COTTON

A feature of the past month was the settlement of differences between operatives and employers in both the spinning and weaving sections. With the threat of a stoppage averted, the outlook is now much brighter. Although business in yarns and cloth has fallen off somewhat during the past month, sufficient orders have been booked to clear production, and the improved position of the industry has been well maintained. The advance over 1935 is reflected in the unemployment percentage, which fell from 17.5 to 13.6 during the past twelve months. In the spinning section production is now at 89 per cent. of capacity, against 86 per cent. a month ago and 83 per cent. last year. In the spinning section as a whole, the constitutional crisis caused anxiety regarding the disposal of Coronation goods, but the losses are likely to be much smaller than was at first feared.

WOOL

A further improvement in the wool textile industry occurred last month, the unemployment percentage falling to 6.7, against 7.6 in October and 8.2 in November, 1935. The constitutional crisis and the anticipation of a postponement of the Coronation caused the recovery process to falter early in December; raw material prices consequently lost ground. With the passing of uncertainty, however, business enjoyed a rapid recovery, and the outlook is now good. The carpet section is particularly well placed, with unemployment at a low level. Meanwhile, sales overseas last month were again smaller than in the corresponding month of 1935, the decline, which was especially marked in the case of Germany, being fairly widely distributed.

JUTE

After a period of hesitancy, prices in all sections are now firm, and show a rising trend. Despite the extension of working hours, the Indian Jute Mills have been able to dispose of their output and stocks are not increasing. Meanwhile, spinners and manufacturers in Dundee have experienced sufficient inquiry to absorb production, and export business has been quite good. Nevertheless, the outlook is obscured by the threat of labour troubles, following the demand by the operatives for a 12½ per cent. increase in wages.

RAYON

Despite a seasonal lull in new orders in certain sections, the general position remains fairly satisfactory. Yarn deliveries for the weaving trade are maintained on a high level, and there is a tendency for rush orders to be placed for delivery before the advance in weavers' wages comes into force.

LINEN

Business in flax has been restricted, owing to the reserve of sellers, but good quality fibre remains in general demand; prices

for all classes are firm. In the yarn market similar conditions have prevailed. Cloth prices have again moved upwards, with buyers following, both for home and export requirements.

BOOTS AND SHOES

Unemployment in the footwear trades showed a slight increase last month, when sales overseas were smaller than a year earlier. A high percentage of operatives are on short time, but in some instances overtime is being worked.

POTTERY

The employment position showed little change last month, but was considerably better than a year earlier. The improvement over 1935 was, however, entirely in the home market, exports being rather smaller than in November, 1935.

AGRICULTURE

Work on the land is fairly well forward and early-sown corn has germinated well. The quality and condition of the potato crop is fair generally, the total production being provisionally estimated at 2,813,000 tons. The quality of mangold roots, which are of medium size, is generally good, total production being put at about 4,625,000 tons. The yield per acre of swedes and turnips is estimated at 12.5 tons, or 0.8 tons above the ten years' average. The sugar beet crop generally is satisfactory, and present indications are that the sugar content will be

slightly above that of last year. Cattle and sheep have made average progress, and it is expected that the amount of winter keep will be sufficient. Milk yields have shown a seasonal fall.

SHIPPING

The steady expansion in the demand for tonnage is reflected in The Economist index of freight rates (1898-1913 = 100), which rose from 105.9 in October to 112.4 in November. The index is now no less than 17½ per cent. above the level of a year ago. In recent weeks the strength of the market has continued, and the outlook is bright.

BUILDING

There was a seasonal decline in building activity in November, but the current rate of construction remains above the level of a year ago. Activity in public works contracting also declined between October and November, but the proportion of insured workers unemployed, though still 42.9 per cent., showed a reduction of 4.8 per cent. on November, 1935. The value of building plans passed in November by 146 local authorities, however, was again well below last year's level. Plans for new dwelling-houses were substantially lower than in November, 1935, but those for other forms of building showed an increase over last year's corresponding figure. Although building activity may not expand further, there are no indications of a sudden recession in the near future.

HOME TRADE STATISTICS—NOVEMBER, 1936

	Oct., 1936	Nov., 1936	Compared with Nov., '35	Oct., 1936	Nov., 1936	Compared with Nov., '35
UNEMPLOYMENT— (State Insurance %)	12.1	12.2	+ 0.1	445	446	+ 1
PRODUCTION—				2,202	2,210	+ 8
Coal (million tons)	4.6	4.7	+ 0.1	860	863	+ 3
Iron (thous. ")	670.3	643.1	+ 118.0	9.9	10.2	+ 0.3
Steel (" ")	1,060.5	1,001.3	+ 98.0			
FOREIGN TRADE—						
Imports (million £'s)	80.5	78.7	+ 7.2	880	834	+ 123
Re-exports (" ")	4.5	4.3	+ 0.3	11.4	11.2	+ 1.6
British Exports (" ")	41.8	38.4	+ 1.0			
TRANSPORT—						
Railway Receipts (thous. £'s)	3,039	2,902	+ 31			
Shipping Freights (av. level)	91.1	96.6	+ 14.4			
COMMODITY PRICES (av. level)	74.6	76.3	+ 5.0			
TRADE DISPUTES (thous. working days lost)	148	156	+ 54			
SECURITY VALUES (av. level)	133.9	133.8	+ 8.3			

FINANCIAL DATA—

	Oct., 1936	Nov., 1936	Compared with Nov., '35
Bank of England Notes (Mill. £'s)	445	446	+ 1
Bank Deposits (" ")	2,202	2,210	+ 8
Bank Advances (" ")	860	863	+ 3
Banks' Cash Ratio (%)	9.9	10.2	+ 0.3
Bank Clearings:			
London (Million £'s)	880	834	+ 123
Manchester (" ")	11.4	11.2	+ 1.6
Three Months' Bank Drafts (Discount Rate %)			
Day-to-Day Loans (%)			

(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
929	98	103	68	127	76	95	60	97	111	98	137	108	91	109	98	...
930	94	98	68	115	80	96	65	84	82	88	108	107	89	112	93	...
931	91	92	69	98	83	95	62	73	86	82	80	97	86	96	84	...
Daily Average	932	90	71	86	86	94	57	59	94	84	82	94	86	88	87	...
	933	90	78	89	89	96	73	70	101	92	85	96	91	88	89	...
	934	97	88	100	95	97	88	93	98	100	92	98	95	96	96	...
	935	100	100	100	100	100	100	100	100	100	100	100	100	100	100	...
935—November	96	93	84	95	92	96	80	80	103	98	87	97	92	94	92	92
December	96	95	86	99	92	98	80	94	96	96	86	97	93	95	93	92
934—January	96	106	84	97	93	97	81	84	104	107	91	103	96	98	96	93
February	96	93	84	100	93	98	83	92	105	102	91	99	96	113	95	93
March	97	99	86	99	94	96	84	96	92	92	90	99	95	103	95	94
April	97	94	85	98	95	95	86	94	93	95	89	97	95	96	95	94
May	97	91	90	101	95	95	87	94	103	103	93	97	94	85	95	95
June	98	92	84	98	96	98	90	95	98	114	89	98	93	89	96	95
July	98	97	87	102	97	96	90	90	98	101	101	98	94	89	96	95
August	98	95	88	102	95	97	91	94	89	98	95	95	96	91	86	93
September	98	97	89	100	98	97	93	89	87	89	83	97	95	114	96	96
October	98	99	94	98	95	101	92	96	97	94	98	100	99	100	97	96
November	98	93	87	99	95	101	92	96	97	94	98	100	99	100	97	96
December	98	93	87	99	95	101	92	96	97	94	98	100	99	100	97	96
935—January	98	96	92	103	98	98	93	98	85	95	95	98	98	110	97	97
February	98	96	92	99	98	99	95	94	92	91	104	97	98	94	97	97
March	98	92	93	98	98	98	96	97	94	98	97	97	96	92	96	97
April	99	98	97	99	99	101	98	92	90	100	81	99	97	97	97	98
May	99	102	99	100	99	98	98	93	96	100	97	100	99	100	99	98
June	100	94	97	99	99	98	98	93	96	100	97	100	99	100	99	99
July	101	94	96	98	99	99	100	104	100	100	97	100	98	98	99	100
August	101	92	99	100	100	101	102	105	96	104	103	101	102	95	100	100
September	101	100	99	98	100	101	103	102	96	102	98	99	96	96	101	101
October	101	105	101	101	101	101	101	102	106	108	99	101	99	96	102	101
November	101	104	102	103	101	100	105	102	107	106	99	103	103	112	104	102
December	101	105	108	102	102	104	108	113	99	117	99	103	103	112	104	102
936—January	101	107	104	104	103	101	106	117	106	98	92	98	98	91	102	102
February	102	100	108	102	104	101	107	115	100	99	102	100	99	93	102	103
March	103	98	105	102	104	102	107	126	110	101	100	99	100	94	102	104
April	103	103	111	106	104	102	106	112	110	110	101	100	97	105	104	104
May	104	102	107	105	104	102	107	116	112	109	98	103	100	104	104	105
June	105	106	107	106	105	103	109	121	119	120	98	102	104	104	106	...
July	106	105	109	106	106	103	109	123	120	121	101	107	105	103	108	...
August	107	103	111	108	106	103	109	132	107	127	106	100	106	113	108	...
September	106	102	112	106	106	106	106	127	102	127	106	103	106	114	108	...
October	106	104	113	108	107	104	107	125	100	130	100	108	109	111	108	...
November	107	101	117	105	107	107	107	105	105	105	105	105	105	105	105	...

THE ECONOMIST OF JULY 25, 1936.

r. Revised.

o. Provisional

IMPORTS for Domestic Consumption—Merchandise Only—(000's omitted)

Period	U.K.	Irish Free State	Belgium	Bul- garia	Czecho- slovakia	Dan- mark	France	Fin- land	Germany	Greece	Italy	Jugo- Slavia	Nether- lands	Poland	Swed'n	Switzer- land	U.S.S.R.	Egypt
Monthly Average	£	£	Francs	Leva	Koruna	Kroner	Francs	Markka	Marks	Drachmæ	Lire	Dinars	Gulden	Zloty	Kronor	Francs	Koubouk or Gold Rbl.	£
	<i>k</i>		<i>l</i>	<i>l</i>	<i>l</i>		<i>g</i>	<i>f</i>		<i>h</i>	<i>b</i>		<i>c</i>				<i>d</i>	
1913	54,931	...	386,384	15,775	...	64,785	701,778	41,035	897,474	14,828	303,803	...	325,231	...	70,545	159,985	...	2,271
1913	92,589	5,020	2,951,520	693,719	1,661,820	142,907	4,851,719	553,026	1,120,565	1,106,270	1,805,397	632,896	229,358	259,248	148,549	231,987	73,386	4,453
1921	66,512	4,136	1,978,485	288,359	1,077,075	117,483	3,516,609	298,770	1,269,590	730,300	970,300	404,023	57,720	138,590	187,540	187,540	108,070	2,212
1929	54,352	3,937	3,447,000	289,275	621,785	90,860	2,485,487	286,500	388,875	654,300	687,256	238,300	108,283	71,832	90,240	146,890	58,670	2,212
1932	52,412	2,934	1,234,000	183,500	483,200	102,080	2,369,000	328,100	350,300	702,500	613,100	240,200	100,730	68,920	91,320	132,870	29,020	2,174
1933	56,750	3,231	1,142,000	187,300	530,300	108,880	1,925,000	397,600	370,900	732,500	638,900	297,800	86,520	66,500	108,730	119,540	19,370	2,390
1934	58,470	3,087	1,142,000	250,700	550,900	106,230	1,745,000	445,300	346,600	789,100	...	308,300	77,990	71,720	122,330	106,940	20,110	2,602
1935	68,650	3,478	1,711,000	314,500	657,800	121,290	1,723,000	557,100	335,800	959,000	...	395,400	94,520	79,240	144,700	116,576	112,530	3,307
1935-Oct.	66,884	3,499	1,824,000	274,500	688,200	108,000	1,933,000	493,000	385,800	1,037,300	...	395,400	85,260	76,260	129,130	108,590	80,850	3,341
1935-Dec.	66,088	3,481	1,804,000	288,300	754,800	104,900	1,933,000	441,300	373,000	979,800	...	336,700	79,670	76,260	133,280	125,000	110,300	3,341
1936	65,704	2,737	1,810,000	184,200	530,500	128,000	2,026,000	461,300	364,100	7895,700	...	342,500	79,230	76,260	133,480	87,450	77,420	2,858
Jan.	56,666	3,137	1,658,000	108,100	554,500	94,800	2,049,000	370,900	333,800	923,700	...	293,800	74,170	76,260	115,000	87,090	76,650	2,152
Feb.	62,152	3,217	1,758,000	219,500	585,800	93,630	1,954,000	394,900	355,400	7935,600	...	420,000	79,290	80,250	126,020	93,970	15,790	2,197
Mar.	60,744	3,190	1,660,000	218,800	554,600	90,850	2,126,000	499,400	360,600	7862,600	...	326,000	80,910	83,430	129,780	91,460	161,890	2,708
April	63,544	3,393	1,667,000	295,700	639,200	129,260	1,967,000	564,200	337,400	7,012,900	...	324,300	75,800	81,100	129,900	88,600	121,430	2,603
May	62,636	3,072	1,427,000	291,000	612,700	127,260	1,831,000	559,000	360,100	7,088,900	...	324,300	75,800	81,100	129,900	88,600	121,430	2,603
June	63,739	3,397	1,559,000	195,000	548,800	106,410	1,851,000	506,000	345,700	7,961,000	...	312,700	79,290	82,440	132,500	95,350	99,720	2,033
July	61,701	2,872	1,639,000	209,500	583,400	113,160	1,764,000	527,500	345,700	7,876,600	...	274,300	81,690	87,330	125,810	87,890	137,570	2,285
Aug.	68,037	3,237	1,856,000	248,400	762,200	148,990	1,862,000	600,900	336,400	7,970,800	...	353,100	81,850	97,070	142,310	96,560	110,230	2,807
Sept.	68,037	3,237	1,856,000	248,400	762,200	148,990	1,862,000	600,900	336,400	7,970,800	...	353,100	81,850	97,070	142,310	96,560	110,230	2,807
Oct.	76,069	4,039	1,916,000	263,310	778,600	140,510	2,247,000	616,600	356,000	7,171,500	...	345,800	92,390	94,330	159,780	128,010	121,380	3,199
Nov.	74,329	...	...	...	...	...	...	...	...	...	...	...	101,900	92,460	...	141,230	...	...

EXPORTS OF Domestic Produce—Merchandise Only—(000's omitted)																
	<i>k</i>	<i>i</i>	<i>j</i>	<i>g</i>	<i>f</i>	<i>e</i>	<i>d</i>	<i>c</i>	<i>b</i>	<i>a</i>	<i>a</i>	<i>c</i>	<i>f</i>	<i>a</i>	<i>a</i>	
1913	43,771	...	302,882	...	...	53,113	573,351	33,482	841,436	8,917	209,303	255,453	...	68,112	14,700	2,220
1929	60,779	3,900	2,649,000	532,005	1,707,100	134,634	4,178,263	535,811	1,055,278	580,000	1,269,665	660,142	165,786	234,447	151,028	175,371
1931	32,430	3,023	1,922,020	494,514	1,092,195	104,973	2,535,111	371,490	767,160	347,000	850,800	400,081	109,318	156,501	93,554	112,447
1932	30,428	2,150	1,294,698	381,925	611,322	90,530	1,641,100	335,818	478,100	381,300	567,600	254,831	70,511	90,317	78,550	66,751
1933	30,425	1,589	1,169,000	237,200	486,990	96,900	1,536,000	440,700	405,900	428,200	498,300	281,500	60,470	79,670	89,890	71,070
1934	33,010	1,521	1,128,000	211,200	603,300	97,900	1,488,000	518,800	347,200	456,000	435,400	323,200	59,320	81,280	108,530	70,360
1935	35,493	m,635	1,317,000	271,200	f618,000	100,710	1,288,000	517,000	355,800	f 591,800	...	335,900	56,260	77,200	107,570	68,500
1935—Oct.	39,860	1,998	1,655,000	555,700	771,400	107,800	1,353,000	621,900	392,700	1,047,000	...	493,500	69,910	83,470	121,600	75,860
Nov.	39,880	m,788	1,564,000	400,800	f823,500	104,800	1,421,000	576,600	399,700	1,056,800	...	409,700	60,400	82,370	123,340	79,380
Dec.	34,917	m1,559	1,537,000	295,900	f693,000	103,000	1,284,000	593,800	415,600	f796,000	f504-0	351,700	51,710	86,380	128,110	76,390
1936—Jan.	34,460	m,486	1,558,000	376,400	f498,000	95,700	1,205,000	437,000	381,800	f554,600	...	288,800	50,350	80,770	105,660	53,650
Feb.	35,110	m,510	1,462,000	298,800	f599,500	108,500	1,241,000	360,500	373,600	f438,600	...	304,500	50,400	77,880	90,870	64,010
Mar.	36,510	m,727	1,661,000	232,300	f631,000	106,800	1,242,000	375,600	...	f591,400	...	345,600	54,940	81,450	94,150	74,740
April	33,427	m,645	1,528,000	237,900	f576,000	102,200	1,195,000	398,500	365,500	f481,500	...	268,500	57,270	86,510	111,730	68,830
May	36,396	m,733	1,613,000	213,200	f650,100	110,500	1,170,000	573,700	372,100	f300,500	...	219,800	52,570	85,180	129,029	68,930
June	32,065	m,773	1,118,000	179,300	f535,000	111,300	1,131,000	703,700	395,900	f228,300	...	293,800	53,000	70,340	126,220	66,240
July	40,086	m2,029	1,712,000	163,700	f579,600	114,840	1,101,000	820,700	870,400	f202,100	...	330,000	59,640	85,010	131,870	66,550
Aug.	35,258	m2,046	1,618,000	220,900	f695,900	117,750	1,174,000	761,500	409,000	f283,100	...	372,300	63,190	85,790	135,940	67,970
Sept.	36,961	m2,069	1,702,000	379,000	f707,700	115,930	1,190,000	712,400	411,600	f285,400	...	504,200	71,800	89,350	140,070	75,810
Oct.	41,764	m2,189	1,773,000	538-7	f767,900	124,700	1,460,000	794-3	431,500	f809,700	...	468,500	75,380	93,430	145,290	84,600
Nov.	38,441	...	...	...	...	...	...	...	...	...	...	77,000	95,200	...	91,520	...

a Including bullion and specie.

e Until February, 1923, Julian Calendar.

Economique Belgo-Luxembourgeoise.

foreign trade of the Irish Free State.

b Since 1922 declared values.

f Including bullion.

h From April 1, 1923, including trade of Great Britain and Northern Ireland with the Irish Free State, and excluding the direct foreign trade of the Irish Free State.

l From February, 1935, Saar including with Germany instead of France.

n Method of valuation changed—1935 average of revised figures.

c Including Danzig.

g Since 1928 declared values.

i Since May, 1922, figures refer to "Union

d Trade across all frontiers. Exports exclude raw platinum.

h Old Greece only.

j Since May, 1922, figures refer to "Union

k Since May, 1922, figures refer to "Union

m Including parcel post for the half-year.

o Provisional figure.

a Value in new roubles.

EXPORTS FOR Domestic Consumption—Merchandise Only—(000's omitted)

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	4,069	84	...	3,739	...	661	494
1929	361,547	11,841	208,569	108,249	3,998	6,587	180,710	293,978	3,726	4,955	5,565	231	559	2,552	424	726	509
1931	174,038	3,336	103,487	52,342	2,156	4,144	100,528	156,745	3,257	4,841	3,397	212	719	2,492	244	757	266
1932	110,415	5,457	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	4,406	104,870	38,961	2,082	2,589	151,300	180,490	2,558	4,036	2,549	158	148	2,005	190	684	328
1934	136,330	5,522	104,760	42,790	2,564	3,366	187,200	208,600	2,644	3,701	3,701	166	197	1,895	213	666	331
1935	169,890	6,359	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—October	189,810	7,575	117,470	52,750	3,572	6,569	170,400	334,900	2,801	3,822	3,937	199	322	1,968	232	690	385
November	162,830	7,040	123,860	55,960	3,010	7,039	209,700	375,200	2,613	3,615	3,798	223	344	1,822	211	627	360
December	179,760	6,420	138,570	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	186,390	7,972	129,020	40,590	3,559	6,913	241,300	344,400	2,637	3,700	4,123	240	260	1,836	246	481	338
February	189,590	6,525	104,220	41,597	2,950	6,185	248,100	279,700	2,549	3,859	3,862	189	186	1,361	210	470	267
March	194,090	6,781	107,630	52,760	2,991	6,761	271,000	363,800	2,666	3,977	4,095	192	216	1,520	206	500	319
April	199,800	6,416	100,370	42,220	3,505	6,944	243,000	330,600	2,682	4,114	4,277	171	291	1,560	207	462	340
May	188,530	6,743	101,290	59,120	3,196	6,068	236,400	376,700	2,743	3,987	4,265	229	327	1,548	236	623	405
June	193,610	6,594	97,570	57,600	3,397	7,099	223,500	328,100	2,363	3,941	4,600	229	296	1,744	211	546	479
July	196,580	8,252	93,820	53,820	3,492	7,327	198,800	373,100	2,595	3,710	4,733	218	289	1,799	264	681	433
August	200,090	7,273	91,630	50,260	3,954	7,340	186,800	352,000	2,809	3,873	4,417	217	262	1,881	252	639	348
September	218,370	6,963	91,220	52,980	3,478	6,955	196,300	...	2,903	4,012	4,420	211	284	1,570	...	620	...
October	212,640	7,745	101,720	65,190	3,918	7,588	197,000	...	...	3,997	...	...	...	1,895	321	716	...
November	...	...	...	...	...	...	123,000	...	...	...	...	...	...	...	...	...	...

EXPORTS of Domestic Produce—Merchandise Only—(000's omitted)

EXPORTS OF Domestic Produce—Merchandise Only—(000's omitted)																				
		<i>e</i>	<i>b</i>	<i>m</i>		<i>m</i>	<i>c</i>	<i>a</i>	<i>q</i>		<i>d</i>	<i>h</i>	<i>k</i>	<i>e</i>		<i>i</i>		<i>j</i>	<i>d</i>	<i>f</i>
1913	204,024	6,070	200,993	36,333	1,751	2,294	52,393	81,814	1,740	1,840	8,143	<i>p</i>	50	...	...	...	2,451	...	71	168
1929	428,757	10,040	268,781	102,260	2,515	2,769	125,018	216,468	2,146	3,326	4,583	...	...	2,507	1,358	1,753	1,382	...	58	182
1931	199,165	7,429	137,673	54,270	2,860	5,709	93,137	283,180	2,032	2,527	4,527	...	...	1,566	1,022	1,559	58	...	71	186
1932	131,350	7,841	112,630	46,690	2,915	5,622	113,649	211,394	1,630	1,969	3,438	...	...	1,099	1,166	1,125	38	...	139	156
1933	137,270	9,209	120,370	51,310	3,367	7,720	152,300	235,000	1,661	2,097	3,456	...	...	56	154	1,064	1,082	41	136	...
1934	175,010	8,173	123,570	63,810	3,898	6,626	177,800	288,300	1,666	2,370	3,768	...	...	65	139	1,110	1,214	43	182	...
1935	186,830	9,232	130,960	69,860	3,838	8,325	204,500	342,000	1,692	2,443	4,178	...	...	72	136	1,037	1,120	36	...	...
1935—October	218,180	9,488	142,760	91,320	2,815	10,027	232,000	386,900	2,055	2,470	4,946	126	200	...	...	1,241	1,195	41	242	...
November	267,260	14,351	142,340	95,690	3,843	10,078	214,800	349,900	1,784	2,529	4,760	79	201	...	...	1,121	1,238	47	267	...
December	220,930	13,503	133,740	78,240	3,892	10,081	219,200	383,200	1,780	2,564	4,610	80	143	...	...	1,007	1,046	34	269	...
1936—January	195,700	9,638	139,690	64,740	3,060	8,013	170,900	404,600	1,786	2,306	4,395	64	80	...	...	1,024	1,181	24	254	...
February	179,390	13,911	151,140	64,740	3,060	8,013	170,900	404,600	1,786	2,306	4,395	64	80	...	...	1,024	1,181	24	254	...
March	192,480	14,028	160,100	74,580	7,402	9,830	210,500	334,300	1,907	1,992	3,912	96	96	...	...	1,106	1,062	33	261	...
April	189,550	9,251	149,640	57,960	6,083	10,676	201,100	342,100	1,802	2,467	4,056	72	109	...	...	1,102	1,001	31	231	...
May	196,650	8,810	142,260	79,520	5,025	13,229	215,600	390,200	1,851	2,492	4,127	77	120	...	...	1,022	993	100	250	...
June	180,500	7,655	132,040	74,940	4,184	8,436	202,700	368,600	1,263	2,370	4,569	70	179	...	...	969	890	39	254	...
July	164,700	6,747	129,890	64,970	4,643	9,263	218,400	466,500	1,634	2,257	4,237	73	228	...	...	1,133	1,029	49	281	...
August	175,560	5,699	139,170	93,590	3,107	8,341	225,300	451,800	2,049	2,361	4,430	80	243	...	...	1,103	1,065	42	254	...
September	217,540	9,413	146,500	89,580	3,936	8,168	238,300	...	1,916	2,413	4,682	93	278	...	...	1,111	1,187	42	...	...
October	261,930	12,237	161,090	113,000	2,538	10,529	225,000	...	...	2,460	...	...	...	...	...	1,364	1,227	52	...	...
November ...	...	...	...	...	...	...	247,000	...	...	...	...	...	...	...	...	...	...	...	...	...

a 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. *l* Including gold exports except in 1913. *m* 1914. *n* Since May, 1922, figures refer to "Union Economique Belgo-Luxembourgeoise". *o* From February, 1935, Saar included in Germany instead of France. *p* English currency values. *q* Including trade of Formosa and Korea. *r* Provisional figure.

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	£	Schillings	Koruna	Francs	Mark	Lire	Gulden	Zloty	Lei	Kronor	Francs	Ruppes	Yen	Dollars
1913	16.8	...	...	...	...	...	...	...	...	...	...	...	...	...
1929	23.8	8.6	55	1,259	80.2	607	29	17.8	318	23	63	56	45	849
1931	8.5	3.1	42	1,362	65.2	361	20	8.4	210	28	42	27	261	259
1932	15.7	4.9	27	511	12.3	304	31	11.6	37	11	32	33	318	299
1933	20.4	17.9	21	300	7.3	...	...	3.0	47	8	15	...	551	60
1934	14.1	...	...	...	...	...	...	...	...	...	...	...	...	118
1935	18.7	...	...	...	...	...	...	...	...	...	...	...	...	...
1936	...	...	...	...	...	...	...	...	...	...	...	...	...	...
February	11.1	...	...	...	...	...	...	...	...	...	...	...	...	231
March	11.1	...	...	...	...	...	...	...	...	...	...	...	...	130
April	10.3	...	...	...	...	...	...	...	...	...	...	...	...	176
May	17.0	...	...	...	...	...	...	...	...	...	...	...	...	112
June	40.1	...	...	...	...	...	...	...	...	...	...	...	...	217
July	19.1	...	...	...	...	...	...	...	...	...	...	...	...	103
August	6.5	...	...	...	...	...	...	...	...	...	...	...	...	217
September	7.6	...	...	...	...	...	...	...	...	...	...	...	...	179
October	24.0	...	...	...	...	...	...	...	...	...	...	...	...	189
November	76.0	...	...	...	...	...	...	...	...	...	...	...	...	156

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 Roumania and Czechoslovakia. In the case of the Netherlands, Switzerland and the U.K. both bonus shares and conversions are excluded. ^a Excluding Treasury Bills. ^b Excluding large railway issues. ^c "Rivista Bancaria." ^d Issues exceeding Fls. 100,000 on the Dutch market including Colonial, and since Jan., 1925, foreign issues. ^e Since 1924, excluding amalgamations and conversions. Until end 1922 paper mark. ^f "Société de Banque Suisse," figures of net amount of new capital paid-up. ^g Compiled by "Commercial and Financial Chronicle." ^h Up to 1927, authorised issues, excluding western departments; since 1928 amounts actually issued, whole territory.

UNEMPLOYMENT

End of Month	U.K.	Belgium	Denmark	Germany	Netherlands	Norway	Sweden	Australia
1921—June	17.8	9.9	18.8	3.0	8.1	20.6	27.7	12.5
December	16.2	6.6	25.2	1.6	16.6	23.4	33.2	9.5
1927—June	8.8	1.4	18.0	6.3	6.0	22.5	9.5	6.4
December	9.8	3.6	31.0	12.9	14.9	28.0	18.6	8.9
1928—June	10.7	0.6	13.5	6.2	4.4	24.4	7.6	11.2
December	11.1	1.9	28.4	16.7	11.5	22.1	17.3	9.9
1929—June	9.6	0.4	10.0	8.5	2.6	11.3	7.3	10.0
December	11.1	2.4	22.4	20.1	12.3	18.9	16.9	13.1
1930—June	15.8	1.9	8.7	19.6	5.5	10.8	8.3	18.5
December	20.2	9.2	25.1	31.7	18.2	25.6	23.4	17.0
1931—June	21.8	9.0	11.8	29.7	11.7	25.6	23.4	17.0
December	20.9	17.0	32.2	42.2	27.8	27.2	27.1	24.0
1932—June	22.3	18.7	24.9	43.1	27.2	26.2	19.1	30.0
December	21.7	18.6	42.8	43.1	34.5	42.4	31.5	28.1
1933—June	19.5	14.4	21.9	...	27.7	27.2	20.8	25.7
December	17.6	19.9	37.5	22.6	40.0	39.2	27.7	23.0
1934—June	16.4	17.1	15.5	13.3	29.1	27.2	14.9	20.9
December	16.1	22.2	30.3	14.8	37.9	32.8	25.0	18.0
1935—June	15.3	15.8	12.6	10.0	32.9	21.1	12.7	17.8
December	14.2	17.9	31.7	13.7	40.7	26.0	22.5	13.7
1936—June	13.1	11.0	11.2	6.8	34.2	12.8	10.3	12.8
August	12.3	11.4	12.3	5.8	34.1	13.2	9.2	12.0
September	12.1	11.3	12.9	5.3	34.3	14.2	9.5	10.8
October	12.1	11.1	16.1	5.5	33.0	...	...	11.0
November	12.2	...	19.6	6.2	...	...	...	...

Number of Workers Covered by Last Returns

Millions	12.8	0.8	0.42	6.9	0.6	0.07	0.4	0.4	0.11

^a Ex. Irish Free State since March, 1923.

BANK RATES

	1931	1932	1933	1934	1935	1936
	End of June	End of Dec.	End of June	End of Dec.	End of June	End of Nov.
London	2 1/2	2 1/2	2 1/2	2 1/2	2 1/2	2 1/2
Paris	2 1/2	2 1/2	2 1/2	2 1/2	2 1/2	2 1/2
Berlin	7 7/8	5 1/4	4 1/4	4 1/4	4 1/4	4 1/4
New York	1 1/4	2 1/4	2 1/4	2 1/4	2 1/4	2 1/4
Amsterdam	2 1/8	2 1/8	2 1/8	2 1/8	2 1/8	2 1/8
Brussels	2 1/8	2 1/8	2 1/8	2 1/8	2 1/8	2 1/8
Rome	5 1/2	7 1/2	6 1/2	6 1/2	6 1/2	6 1/2
Switzerland	2 1/2	2 1/2	2 1/2	2 1/2	2 1/2	2 1/2
Vienna	8 1/2	7 1/2	6 1/2	6 1/2	6 1/2	6 1/2
Warsaw	7 1/2	7 1/2	6 1/2	6 1/2	6 1/2	6 1/2
Tokyo	5 1/2	6 1/2	5 1/2	5 1/2	5 1/2	5 1/2
Calcutta	6 1/2	5 1/2	4 1/2	4 1/2	4 1/2	4 1/2

* Federal Reserve. † 2% as from December 2

LONDON BANKERS' CLEARING RETURNS

	Town	Metropolitan	Country	Total
1913	14,191,275	855,648	1,389,481	16,436,404
1929	39,395,924	1,881,989	3,078,764	44,896,677
1931	31,815,808	1,667,852	2,752,209	36,235,869
1932	27,833,633	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	3,229,064	37,559,751
1935 (Dec. 14)	31,296,989	1,825,593	3,133,175	36,255,757
1936 (Dec. 16)	33,496,724	1,959,243	3,409,234	38,865,201

SECURITY VALUES

	United Kingdom	Netherlands	Sweden	Switzerland	Canada	United States
	"Banque & Magazine"	Official	Official	Banque Nationale	Official	Standard Statistics
	Ordinary Industrial Shares	Industrial and Shipping Shares	Industrial and Shipping Shares	Industrial and Shipping Shares	Common Industrial Shares	Industrial Shares
Base	Dec., 1921 = 100	Dec., 1924 = 100	Dec., 1924 = 100	Nom. val. = 100	1926 = 100	1926 = 100
1930—June	110.0	135.5	119.0	85	148.2	299.3
Dec.	112.5	118.5	114.4	60	131.8	177.6
1931—June	111.1	103.6	108.6	50	120.1	180.7
Dec.	102.2	90.7	98.5	35	79.4	116.8
1932—June	111.0	78.9	100.6	25	80.7	106.3
Dec.	116.1	85.8	109.4	35	87.3	126.5
1933—June	118.7	105.1	114.3	39	94.5	126.5
Dec.	122.0	108.4	117.6	37	64.8	159.7(h)
1934—June	125.3	114.6	121.8	34	71.3	156.6
Dec.	132.7	115.6	126.5	28	83.0	151.6
1935—June	130.3	115.6	125.5	33	90.0	169.9
Dec.	129.5	120.1	126.4	34	89.3	162.3
1936—June	130.6	125.1	128.8	38	109.6	181.7
Aug.	131.6	129.5	131.0	38	114.8	177.2
Sept.	132.1	130.7	131.7	38	116.4	180.3
Oct.	132.9	135.0	133.9	53	129.0	228.8
Nov.	132.0	137.4	133.8	...	125.4	233.1

(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 5 million francs. (g) On 25th of month. (h) End of month. (i) 1927-1928, 79 shares; 1929, 82; 1930, 10 shares. (j) Not comparable with previous figures owing to change in the number of companies and revaluation of their capital.

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	23.5	34.3	34.3	34.3
1929	44.7	28.9	47.8	47.8	47.8
1932	31.1	13.7	23.0	23.0	23.0
1933	28.5	15.0	23.5	23.5	23.5
1934	28.5	17.5	25.4	25.4	25.4
1935	28.5	17.6	27.4	27.4	27.4
1936	28.5	20.0	28.0	28.0	28.0
April	31.1	19.9	28.0	28.0	28.0
May	31.1	19.3	28.0	28.0	28.0
June	31.1	19.3	28.0	28.0	28.0
July	29.0	20.1	28.0	28.0	28.0
August	29.0	18.8	28.0	28.0	28.0
September	32.9	19.6	28.0	28.0	28.0
October	38.9	21.5	28.0	28.0	28.0
November	37.1	22.3	28.0	28.0	28.0

RAILWAY STATISTICS—FREIGHT TRAFFIC.—(000,000's omitted)

	Austria	Germany	Italy	Canada	United States
	Tonnes-Km.	Tonnes-Km.	Tonnes-Km.	Tonnes-Km.	Tonnes-Km.
1929	379	5,745	1,017	4,831	5,597
1932	221	3,242	840	2,845	3,508
1933	245	3,479	759	3,002	3,875
1934	253	4,165	714	3,189	38,202
1935	262	4,682	...	3,294	37,992
1935—November	310	5,184	...	3,593	40,103
December	279	4,585	...	3,106	38,215
1936—January	229	4,827	...	2,880	40,672
February	218	4,539	...	2,947	42,563
March	243	5,153	...	3,350	40,868
April	228	4,575	...	3,411	41,091
May	248	4,881	...	3,335	43,645
June	280	5,036	...	3,020	41,989
July	269	5,214	...	3,273	46,830
August	286	5,059†	...	3,918	48,251
September	296	5,479†	...	4,895	...
October	...	6,018†	...	...	...

^a No. live stock. (a) "Reichsbahn." Exc. 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 = 2,240 lbs.; metric ton = 2,204.6 lbs. (g) Figures from 1933 not comparable with previous figures. (h) From January, 1932, onwards figures relate to 4-week periods. (i) Figures from 1933 not comparable with previous figures. (j) Fiscal year ending June 30. Printed in Great Britain by EYRE AND SPOTTISWOODE LIMITED, His Majesty's Printers, East Harding Street, London. Entered as Second Class Mail Matter, June 30, 1936. THE ECONOMIST NEWSPAPER, LTD., at 8 Boulevard St., Fleet St., E.C.4.—Saturday, Dec. 28, 1936.